

PAKISTAN GEMS AND JEWELLERY DEVELOPMENT COMPANY

A Subsidiary of Pakistan Industrial Development Corporation (PIDC)

A Company set up under section 42 of the Companies Ordinance, 1984

(Now Companies Act 2017).

Ministry of Industries & Production, Government of Pakistan

ANNUAL REPORT WITH DIRECTORS' REPORT

FOR THE YEAR ENDED

30TH JUNE - 2021

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ANNUAL REPORT WITH DIRECTORS REPORT OF THE COMPANY
BOARD OF DIRECTORS & ITS COMMITTEES (2019-20)

CHAIRMAN

- 1) Mr. Shahid Iqbal

MEMBERS BOARD OF DIRECTOR

- 2) Joint Secretary (MED), Ministry of Industries and Production, Government of Pakistan.
- 3) Secretary, Trade Development Authority of Pakistan.
- 4) Chief Executive Officer, Small and Medium Enterprise Development Authority (SMEDA).
- 5) Chief Executive Officer, Pakistan Industrial Development Corporation (PIDC).
- 6) Secretary, Mines & Minerals Development Department, Government of Khyber Pakhtunkhwa.
- 7) Secretary, Mines & Minerals Development Department, Government of Balochistan.
- 8) Secretary , Industries. Commerce Mineral Resources and Labour Department, Government of Azad Jammu & Kashmir.
- 9) Secretary, Mines Development, Industries, Commerce & Labour Department, Government of Gilgit-Baltistan.
- 10) Chief Executive Officer, PGJDC
- 11) Mr. Izhar Hunzai, Gilgit Baltistan.
- 12) Ms. Nadia Ahmed Chhotani, Sindh.
- 13) Mr. Imran Nazir, Khyber Pakhtunkhwa.
- 14) Malik Waliullah Khan Kasi, Balochistan.

BOARD COMMITTEES

1. Audit Committee:

- | | | |
|------|---|----------|
| i. | Malik Waliullah Khan Kasi | Chairman |
| ii. | Mr. Shahid Iqbal Qureshi | Member |
| iii. | Secretary Mines & Minerals
Development Department, KPK | Member |
| iv. | CEO, SMEDA | Member |

2. Nomination & Human Resource Committee:

- | | | |
|------|---|----------|
| i. | CEO, SMEDA | Chairman |
| ii. | Malik Waliullah Khan Kasi | Member |
| iii. | Secretary, Mines & Mineral
Development Deptt, Gilgit-Baltistan | Member |
| iv. | CEO, PGJDC | Member |

3. Marketing & Exhibition Committee.

- | | | |
|------|---------------------------------|----------|
| i. | Mr. Imran Nazir | Chairman |
| ii. | Ms. Nadia Chottani | Member |
| iii. | Sr.Joint Secretary (MED), MOI&P | Member |
| iv. | CEO, PGJDC | Member |

4. Assaying & Hallmarking Committee:

- | | | |
|------|--|-------------|
| i. | Ms. Nadia Chottani | Chairperson |
| ii. | Mr. Imran Nazir | Member |
| iii. | Secretary, Mine and Mineral
Development Department, Balochistan | Member |
| iv. | CEO, PGJDC | Member |

5. Finance & Procurement Committee:

- | | | |
|------|--|----------|
| i. | Sr.Joint Secretary (MED), MOI&P | Chairman |
| ii. | Ms. Nadia Chottani | Member |
| iii. | Secretary, Mine and Mineral
Development Department, AJK | Member |
| iv. | CEO, PGJDC. | Member |



PAKISTAN GEMS AND JEWELLERY DEVELOPMENT COMPANY

A company set up under section 42 of the Companies Ordinance, 1984.

Ministry of Industries & Production

Government of Pakistan.



Statement of Compliance with the Public Sector Companies (Corporate Governance) Rules, 2013

Name of company: Pakistan Gems and Jewellery Development Company

Name of the line ministry: Ministry of Industries and Production

For the year ended: 30th June, 2021

I. This statement presents the overview of the compliance with the Public Sector Companies (Corporate Governance) Rules, 2013 (hereinafter called "the Rules") issued for the purpose of establishing a framework of good governance, whereby a public sector company is managed in compliance with the best practices of public sector governance.

II. The company has complied with the provisions of the Rules in the following manner:

S. No.	Provision of the Rules	Rule no.	Y	N																																				
1.	The independent directors meet the criteria of independence, as defined under the Rules.	2(d)	✓																																					
2.	The Board has at least one-third of its total members as independent directors. At present the Board includes: <table><tr><th>Category</th><th>Names</th><th>Date of Appointment</th></tr><tr><td rowspan="5">Independent Directors</td><td>Ms. Nadia Ahmed Chhotani</td><td>23-01-18</td></tr><tr><td>Mr. Imran Nazir</td><td>23-01-18</td></tr><tr><td>Malik Waliullah Khan Kasi</td><td>23-01-18</td></tr><tr><td>Mr. Izhar Ali Hunzai</td><td>25-04-18</td></tr><tr><td>Mr. Shahid Iqbal Qureshi</td><td>23-01-18</td></tr><tr><td>Executive Director</td><td>Mr. Muhammad Riazuddin</td><td>08-06-21</td></tr><tr><td rowspan="8">Non-Executive Director</td><td>Mr. Waqar-Ud-Din Siddiqui</td><td>06-04-21</td></tr><tr><td>Mr. Muhammad Ahsan</td><td>22-08-19</td></tr><tr><td>Syed Nazar Hussain Shah</td><td>08-07-19</td></tr><tr><td>Syed Zafar Ali Bukhari</td><td>28-11-19</td></tr><tr><td>Mr. Zulfiqar Ali Shah</td><td>22-03-19</td></tr><tr><td>Mr. Ahsan Ali Mangi</td><td>04-08-20</td></tr><tr><td>Mr. Rizwan Ahmed Bhatti</td><td>09-08-19</td></tr><tr><td>Mr. Hashim Raza</td><td>15-01-20</td></tr><tr><td>Mr. Sanaullah</td><td>20-04-21</td></tr></table>	Category	Names	Date of Appointment	Independent Directors	Ms. Nadia Ahmed Chhotani	23-01-18	Mr. Imran Nazir	23-01-18	Malik Waliullah Khan Kasi	23-01-18	Mr. Izhar Ali Hunzai	25-04-18	Mr. Shahid Iqbal Qureshi	23-01-18	Executive Director	Mr. Muhammad Riazuddin	08-06-21	Non-Executive Director	Mr. Waqar-Ud-Din Siddiqui	06-04-21	Mr. Muhammad Ahsan	22-08-19	Syed Nazar Hussain Shah	08-07-19	Syed Zafar Ali Bukhari	28-11-19	Mr. Zulfiqar Ali Shah	22-03-19	Mr. Ahsan Ali Mangi	04-08-20	Mr. Rizwan Ahmed Bhatti	09-08-19	Mr. Hashim Raza	15-01-20	Mr. Sanaullah	20-04-21	3(2)	✓	
Category	Names	Date of Appointment																																						
Independent Directors	Ms. Nadia Ahmed Chhotani	23-01-18																																						
	Mr. Imran Nazir	23-01-18																																						
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Mr. Sanaullah	20-04-21																																							

3	The directors have confirmed that none of them is serving as a director on more than five public sector companies and listed Companies simultaneously, except their subsidiaries.	3(5)	✓	
4.	The appointing authorities have applied the fit and proper criteria given in the Annexure to the Rules in making nominations of the persons for election as Board members under the provisions of the Act.	3(7)	✓	
5.	The chairman of the Board is working separately from the chief executive of the Company.	4(1)	✓	
6.	The chairman has been elected by the Board of directors except where Chairman of the Board has been appointed by the Government	4(4)	✓	
7.	The Board has evaluated the candidates for the position of the chief executive on the basis of the fit and proper criteria as well as the guidelines specified by the Commission. (Not applicable where the chief executive has been nominated by the Government)	5(2)	N/A	
8.	(a) The company has prepared a "Code of Conduct" to ensure that professional standards and corporate values are in place. (b) The Board has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures, including posting the same on the company's website. (Address of website : www.pgjdc.org) (c) The Board has set in place adequate systems and controls for the identification and redressal of grievances arising from unethical practices.	5(4)	✓ ✓ ✓	
9.	The Board has established a system of sound internal control, to ensure compliance with the fundamental principles of probity and propriety; objectivity, integrity and honesty; and relationship with the stakeholders, in the manner prescribed in the Rules.	5(5)	✓	
10.	The Board has developed and enforced an appropriate conflict of interest policy to lay down circumstances or considerations when a person may be deemed to have actual or potential conflict of interests, and the procedure for disclosing such interest.	5(5)(b)(ii)	✓	
11.	The Board has developed and implemented a policy on anti-corruption to minimize actual or perceived corruption in the company.	5(5)(b)(vi)	✓	
	The Board has ensured equality of opportunity by establishing open	5(5)(c)		

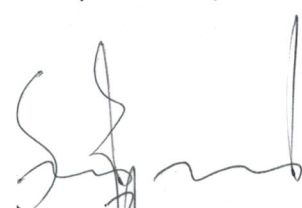
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12.	and fair procedures for making appointments and for determining terms and conditions of service.	(ii)	✓	
13.	The Board has ensured compliance with the law as well as the company's internal rules and procedures relating to public procurement, tender regulations, and purchasing and technical standards, when dealing with suppliers of goods and services.	5(5)(c) (iii)	✓	
14.	The Board has developed a vision or mission statement and corporate strategy of the company.	5(6)	✓	
15.	The Board has developed significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended, has been maintained.	5(7)	✓	
16.	The Board has quantified the outlay of any action in respect of any service delivered or goods sold by the Company as a public service obligation, and has submitted its request for appropriate compensation to the Government for consideration.	5(8)	N/A	
17.	The Board has ensured compliance with policy directions requirements received from the Government.	5(11)	✓	
18.	(a) The Board has met at least four times during the year. (b) Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. (c) The minutes of the meetings were appropriately recorded and circulated.	6(1) 6(2) 6(3)	✓ ✓ ✓	
19.	The Board has monitored and assessed the performance of senior management on annual/half-yearly/quarterly basis* and held them accountable for accomplishing objectives, goals and key performance indicators set for this purpose. * Strike out whichever is not applicable	8 (2)		✓
20.	The Board has reviewed and approved the related party transactions placed before it after recommendations of the audit committee. A party wise record of transactions entered into with the related parties during the year has been maintained.	9	✓	
21.	(a) The Board has approved the profit and loss account for, and	10		



	balance sheet as at the end of, the first, second and third quarter of the year as well as the financial year end.		✓										
	(b)In case of listed PSCs, the Board has prepared half yearly accounts and undertaken limited scope review by the auditors.		N/A										
	(c)The Board has placed the annual financial statements on the company's website.		✓										
22.	All the Board members underwent an orientation course arranged by the company to apprise them of the material developments and information as specified in the Rules.	11		✓									
23.	(a) The Board has formed the requisite committees, as specified in the Rules. (b) The committees were provided with written term of reference defining their duties, authority and composition. (c) The minutes of the meetings of the committees were circulated to all the Board members. (d) The committees were chaired by the following non-executive directors: <table><tr><th>Committee</th><th>Number of members</th><th>Name of Chair</th></tr><tr><td>Audit Committee</td><td>4</td><td>Malik Waliullah Khan Kasi</td></tr><tr><td>Human Resources & Nomination Committee</td><td>4</td><td>Mr. Hashim Raza</td></tr></table>	Committee	Number of members	Name of Chair	Audit Committee	4	Malik Waliullah Khan Kasi	Human Resources & Nomination Committee	4	Mr. Hashim Raza	12	✓ ✓ ✓ ✓	
Committee	Number of members	Name of Chair											
Audit Committee	4	Malik Waliullah Khan Kasi											
Human Resources & Nomination Committee	4	Mr. Hashim Raza											
24.	The Board has approved appointment of Chief Financial Officer, Company Secretary and Chief Internal Auditor, by whatever name called, with their remuneration and terms and conditions of employment.	13		✓									
25.	The Chief Financial Officer and the Company Secretary have requisite qualification prescribed in the Rules.	14	✓										
26.	The company has adopted International Financial Reporting Standards notified by the Commission in terms of sub-section (1) of section 225 of the Act.	16	✓										
	The directors' report for this year has been prepared in compliance	17	✓										

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27.	with the requirements of the Act and the Rules and fully describes the salient matters required to be disclosed.													
28.	Financial Statements have been prepared by the management and presents fairly its state of affairs, the results of its operations, cash flows and changes in equity (IAS-19)	17(2)(b)		✓										
29.	Proper books of account of the company have been maintained.	17(2)(c)		✓										
30.	The directors, CEO and executives, or their relatives, are not, directly or indirectly, concerned or interested in any contract or arrangement entered into by or on behalf of the company except those disclosed to the company.	18	✓											
31.	(a) A formal and transparent procedure for fixing the remuneration packages of individual directors has been set in place and no director is involved in deciding his own remuneration. (b) The annual report of the company contains criteria and details of remuneration of each director.	19	✓ ✓											
32.	The financial statements of the company were duly endorsed by the chief executive and chief financial officer before consideration and approval of the audit committee and the Board.	20	✓											
33.	The Board has formed an audit committee, with defined and written terms of reference, and having the following members: <table><tr><th>Name of member</th><th>Category</th></tr><tr><td>Mr. Shahid Iqbal Qureshi</td><td>Independent</td></tr><tr><td>Malik Waliullah Khan Kasi</td><td>Independent</td></tr><tr><td>Syed Nazar Hussain Shah</td><td>Non Executive</td></tr><tr><td>Mr. Hashim Raza</td><td>Non Executive</td></tr></table> The chief executive and chairman of the Board are not members of the audit committee.	Name of member	Category	Mr. Shahid Iqbal Qureshi	Independent	Malik Waliullah Khan Kasi	Independent	Syed Nazar Hussain Shah	Non Executive	Mr. Hashim Raza	Non Executive	21 (1) and 21(2)	✓ ✓	
Name of member	Category													
Mr. Shahid Iqbal Qureshi	Independent													
Malik Waliullah Khan Kasi	Independent													
Syed Nazar Hussain Shah	Non Executive													
Mr. Hashim Raza	Non Executive													
34.	(a) The chief financial officer, the chief internal auditor, and a representative of the external auditors attended all meetings of the audit committee at which issues relating to accounts and audit were discussed. (b) The audit committee met the external auditors, at least once a year, without the presence of the chief financial officer, the chief internal auditor and other executives. (c) The audit committee met the chief internal auditor and other members of the internal audit function, at least once a year, without	21(3)		✓ ✓ ✓										

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	the presence of chief financial officer and the external auditors.			
35.	(a) The Board has set up an effective internal audit function, which has an audit charter, duly approved by the audit committee. (b) The chief internal auditor has requisite qualification and experience prescribed in the Rules. (c) The internal audit reports have been provided to the external auditors for their review.	22	✓	✓
36.	The external auditors of the company have confirmed that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on Code of Ethics as applicable in Pakistan.	23(4)	✓	
37.	The auditors have confirmed that they have observed applicable guidelines issued by IFAC with regard to provision of non-audit services.	23(5)	✓	



(Muhammad Riazuddin)
Chief Executive Officer



(Shahid Iqbal)
Chairman of the Board/
Independent Director



A company set up under section 42 of the Companies Ordinance, 1984.

Ministry of Industries & Production

Government of Pakistan.

Explanation for Non-Compliance with the

Public Sector Companies (Corporate Governance) Rules, 2013 Year ending 30th June, 2021

We confirm that all other material requirements envisaged in the Rules have been complied with [except for the following, toward which reasonable progress is being made by the company to seek compliance by the end of next accounting year]:

S.No.	Rule/sub-Rule no.	Reasons for non-compliance	Future course of action
2.	8(2)	The Board has to develop a procedure to monitor and assess the performance of senior management on annual basis.	Compliance shall be ensured in future.
4.	11	The Board members did not undergo orientation course arranged by the company.	Orientation course will be arranged in future subject to available of funds and approval.
6.	13	There is no Chief Internal Auditor and there is an internal arrangement under which Assistant Manager Internal Audit is performing duties of Chief Internal Auditor	The Job advertisement for the position of Chief Internal Auditor (CIA) has been published on 14 th October 2020. The appointment of CIA is in process.
7.	17(2)(b)	Financial Statements have been prepared by the management and presents fairly its state of affairs, the results of its operations, cash flows and changes in equity (IAS-19)	(IAS- 19) related to post retirement benefit. We have only un- funded Gratuity as retirement benefit for our employee of Head Office. The proposal for funded gratuity has been sent to the Ministry.
8.	17(2)(c)	In the year 2014, a fire was broke out resulting loss of accounting records. However, the company have accounting records in accounting software.	All audited accounts of the company are safe since inception and all accounting data is also available in soft form except hard copies of vouchers upto 2013.
10.	21(3)	There was no Chief Internal Auditor during the year therefore there was no meeting of Audit Committee in the presence of Chief Internal Auditor without the presence of Chief Financial Officer and external Auditors.	All the Audit Committee meetings were attended by acting CFO of the Company. The positions for CFO & CIA have been advertised on 14 th October 2020.
11.	22	There was no Chief Internal Auditor during the year. Internal audit reports were not prepared for the year ended June 30, 2020.	Chief Internal Auditor will be appointed very soon against advertisement on 14 th October 2020. Audit plan will be prepared after appointment of Internal Auditor.

Muhammad Riazuddin

(Muhammad Riazuddin)
Chief Executive Officer

(Shahid Iqbal)
Chairman of the Board/
Independent Director

**PAKISTAN GEMS AND JEWELLERY
DEVELOPMENT COMPANY**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

Baker Tilly Mehmood Idrees Qamar
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**REVIEW REPORT TO THE MEMBERS ON THE STATEMENT OF COMPLIANCE WITH THE
PUBLIC SECTOR COMPANIES (CORPORATE GOVERNANCE) RULES, 2013**

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Public Sector Companies (Corporate Governance) Rules, 2013 (the Rules) prepared by the Board of Directors of **Pakistan Gems and Jewellery Development Company** (the Company) for the year ended June 30, 2021.

The responsibility for compliance with the Rules is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Rules and report if it does not and to highlight any non-compliance with the requirements of the Rules. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Rules.

As a part of our audit of the financial statements, we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

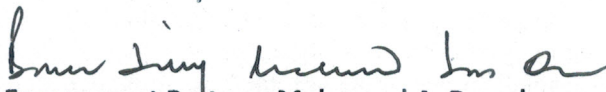
The Rules requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.



Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Rules as applicable to the Company for the year ended June 30, 2021.

We draw attention to instances of non-compliances with the requirements of the Rules as reflected in the last section to the Statement of Compliance with the Rules, under the heading "Explanation for Non-Compliance with the Public Sector Companies (Corporate Governance) Rules, 2013".

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Engagement Partner: Mehmood A. Razzak

Karachi

Date:

19 NOV 2021

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**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF PAKISTAN GEMS AND JEWELLERY DEVELOPMENT COMPANY**

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Qualified Opinion

We have audited the annexed financial statements of **PAKISTAN GEMS AND JEWELLERY DEVELOPMENT COMPANY** (the Company), which comprise the statement of financial position as at **June 30, 2021**, and the income and expenditure account, the statement of changes in equity, the cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matters described in paragraphs (a) to (c) below, the statement of financial position, the income and expenditure account, the statement of changes in equity and the cash flow statement together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan including Accounting Standard for Not for Profit Organizations (Accounting Standard for NPOs) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017 and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2021 and of the deficit, the changes in equity and its cash flows for the year then ended.

Basis for Qualified Opinion

- a) As fully explained in note No. 3.7 to the financial statements, the Company operates an unfunded gratuity scheme. Accordingly, the Company has accounted for deferred liability under gratuity scheme based on 'completed period of service' using 'current salary level' which works out to Rs. 15,146,240 (2020: Rs. 17,407,943) as disclosed in note No. 13 to the financial statements. The aforesaid policy as stated in note No. 3.7 is not in accordance with the requirements of International Financial Reporting Standards (IFRSs) which require that amounts of gratuity should be recorded on 'projected unit credit method' to determine the present value of its staff gratuity obligations and the related current service cost and where applicable, past service cost. Had the Obligation been accounted for on the 'projected unit credit method' as required by the IFRSs, various elements in the accompanying financial statements would have been materially affected. As the management has not carried out actuarial valuation for determination to its staff gratuity obligation, financial affects thereof on various elements of these financial statements cannot be determined with reasonable accuracy. Accordingly, we are unable to obtain reasonable assurance as to whether any adjustment should be made in the amount of deferred liability under gratuity scheme;

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- b) As fully stated in note No. 1.5 to the financial statements, in the year 2015, the Company has deposited an amount of Rs. 37,522,675 into the Government Treasury, representing revenue generated by the Company from operation of its projects since inception till June 30, 2014, in compliance of the condition given in the PC-1 document. The management was of the view that projects of the Company were developed and operated by the funding of Government of Pakistan (GOP) through PSDP and not by the Company, therefore, the revenue generated from operations of the projects was deposited in GOP account as per condition of Umbrella PC-1 approved by the highest forum of Executive Committee of the National Economic Council (ECNEC). Further, the management has routed the abovementioned payment through 'Statement of Changes in Equity' which was not in accordance with the requirements of Approved Accounting Standards.

In our opinion, this ultra vires the provisions of the Company's Memorandum and Articles of Association and Section 42 of the Companies Act, 2017 (previously repealed Ordinance, 1984) which inter alia restricts the application of Company's income in promoting its objects and prohibits the payment of any dividend to its members. Had the Company not paid this amount to the Government Treasury in year 2015, cash and bank balances would have increased and accumulated deficit would have decreased by an equal amount of Rs. 37,522,675 (2020: Rs. 37,522,675); and

- c) As fully explained in note No. 4.2 to the financial statements, the Company carried out an external assignment of fixed assets verification during last year. As per the report, there were certain observations which included shortage of items of property, plant and equipment. The aggregate written down value of those fixed assets is Rs. 925,642 (2020: Rs.1,075,154).

The report also included an observation that certain items of property, plant and equipment were obsolete and damaged. The aggregate amount of those fixed assets is Rs. 852,977 (2020: Rs. 1,002,328).

Based on these observations and as per the requirements of IAS 36, the management of the company did not charge the appropriate amount to the income and expenditure account during the year to account for shortage, obsolete and damaged assets.

Hence, we are unable to quantify its impact on the income and expenditure account for the year ended June 30, 2021 and ascertain the actual written down value of fixed assets to be reflected in the financial statements as at June 30, 2021.

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Material Uncertainty relating to Going Concern

We draw attention to Note 1.3 to the accompanying financial statements which states that the Company has incurred a deficit of Rs. 18,354,164/- (2020: Rs. 20,773,118/-) which has resulted in an accumulated deficit of Rs. 1,701,639,304/- (2020: Rs. 1,683,285,140/-). This indicate that material uncertainty exists that may cast significant doubt on the Company's ability to continue as going concern. Our opinion is not modified in respect of this matter.

Emphasis of Matter

We draw attention towards Note 14.1 to the accompanying financial statements which states that, the Company had received loan from Pakistan Industrial Development Corporation (PIDC), a major shareholder, to meet working capital requirements with the condition that the Company will not declare or pay any cash dividends or authorize or make any other distribution on any class of equity securities of the Company. Our opinion is not modified in respect of this matter.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information obtained at the date of this auditor's report is information included in the director's report, but does not include the financial statements of the company and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If based on the work we have performed, on other information obtained prior to the date of this auditor's report, we conclude 'that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan including Accounting Standard for Not for Profit Organizations (Accounting Standard for NPOs) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017 and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Sh

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Based on our audit, as explained in note No. 25 to the financial statements, due to a fire at the Company's premises on September 1, 2014, certain records, documents and books of accounts of the Company related to prior years were destroyed. However, records in electronic form remained intact.

In our opinion:

- a) except for the matter referred above, proper books of account have been kept by the Company as required by the Companies Act, 2017(XIX of 2017);
- b) In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matters described in paragraphs (a) to (c) the statement of financial position, income and expenditure account, the statement of changes in equity and the cash flow statement together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017), Accounting Standard for Not for Profit Organizations (Accounting Standard for NPOs) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017 and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is **Mehmood A. Razzak**.

A handwritten signature in dark ink, appearing to read "Mehmoode A. Razzak".A handwritten signature in dark ink, appearing to read "Baker Tilly Mehmoode Idrees Qamar".

Baker Tilly Mehmoode Idrees Qamar
Chartered Accountants

Karachi

Date:

19 NOV 2021

PAKISTAN GEMS AND JEWELLERY DEVELOPMENT COMPANY
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2021

	Note	2021 Rupees	2020 Rupees
ASSETS			
Non - Current Assets			
Property, plant and equipment	4	102,999,803	116,805,079
Intangible assets	5	583,007	833,135
Long term security deposits	6	4,898,120	4,898,120
		108,480,930	122,536,334
Current Assets			
Advances	7	1,406,036	1,401,572
Prepayments	8	617,379	802,852
Other receivables		3,636,084	3,636,084
Income tax refundable	9	7,231,600	7,231,600
Advance income tax		9,879,049	10,213,439
Cash and bank balances	10	1,557,411	1,906,545
		24,327,559	25,192,092
TOTAL ASSETS		132,808,489	147,728,426
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized Share Capital			
155,000,000 Ordinary shares of Rs. 10/- each	11	1,550,000,000	1,550,000,000
Issued, Subscribed and Paid-up Share Capital			
147,992,070 (2020: 147,992,070) Ordinary shares of Rs. 10 each	11	1,479,920,700	1,479,920,700
Accumulated deficit		(1,701,639,305)	(1,683,285,140)
		(221,718,605)	(203,364,440)
Advance against future issue of shares	12	213,514,776	213,514,776
LIABILITIES			
Non - Current Liability			
Deferred liability	13	15,146,240	17,407,943
Current Liabilities			
Payable to PIDC	14	78,317,000	78,317,000
Accrued and other liabilities	15	47,549,078	41,853,147
		125,866,078	120,170,147
Contingencies and commitments	16	-	-
TOTAL EQUITY AND LIABILITIES		132,808,489	147,728,426

The annexed notes form an integral part of these financial statements.

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Muhammad Farooq

Chief Executive Officer

Director

PAKISTAN GEMS AND JEWELLERY DEVELOPMENT COMPANY
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2021

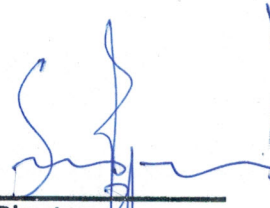
	Note	2021 Rupees	2020 Rupees
INCOME			
Profit on saving accounts		59,849	50,413
Grant related to income		29,350,000	40,000,000
Other income - net	17	113,917	212,727
		29,523,766	40,263,140
EXPENDITURE			
Direct cost	18	(26,677,271)	(32,015,996)
Administrative expenses	19	(21,199,373)	(29,010,467)
Bank charges		(1,287)	(9,795)
		(47,877,931)	(61,036,258)
Excess of expenditure over income		<u>(18,354,165)</u>	<u>(20,773,118)</u>

The annexed notes form an integral part of these financial statements.

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Muhammad Razauddin

Chief Executive Officer


Director

PAKISTAN GEMS AND JEWELLERY DEVELOPMENT COMPANY
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2021

	Issued, subscribed and paid-up share capital	Accumulated deficit	Total
	----- Rupees -----		
Balance as at July 01, 2019	1,479,920,700	(1,662,512,022)	(182,591,322)
Deficit for the year	-	(20,773,118)	(20,773,118)
Balance as at June 30, 2020	1,479,920,700	(1,683,285,140)	(203,364,440)
Deficit for the year	-	(18,354,165)	(18,354,165)
Balance as at June 30, 2021	<u>1,479,920,700</u>	<u>(1,701,639,305)</u>	<u>(221,718,605)</u>

The annexed notes form an integral part of these financial statements.

for

Muhammad Raza

Chief Executive Officer

[Signature]

Director

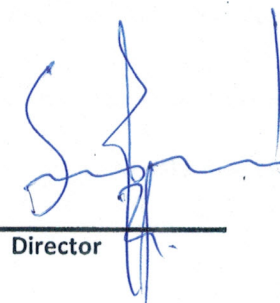
PAKISTAN GEMS AND JEWELLERY DEVELOPMENT COMPANY
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021 Rupees	2020 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Deficit for the year		(18,354,165)	(20,773,118)
Adjustment for:			
Depreciation		13,812,776	15,130,033
Amortization		250,128	1,113,606
Profit on saving accounts		(59,849)	(50,413)
Gain on disposal of property, plant and equipment		-	(104,727)
Grant related to income		(29,350,000)	(40,000,000)
Provision for gratuity		1,079,445	1,002,257
Cash used in operating activities before working capital changes		(32,621,665)	(43,682,362)
Decrease / (increase) in current assets			
Advances, prepayments and other receivables		181,008	(3,409,280)
Income tax refundable		334,390	3,088,499
Increase in current liabilities			
Accrued and other liabilities		5,695,932	3,565,427
Gratuity paid		(3,341,148)	-
Taxes paid		-	(122)
Net cash (used in) operating activities		(29,751,483)	(40,437,839)
CASH FLOW FROM INVESTING ACTIVITIES			
Additions in property, plant and equipment		(7,500)	-
Proceeds from disposal of Property, plant and equipment		-	300,000
Long term security deposits		-	380,000
Profit received on saving accounts		59,849	50,413
Net cash inflow from investing activities		52,349	730,413
CASH FLOW FROM FINANCING ACTIVITIES			
Grant received		29,350,000	40,000,000
Net cash inflow from investing activities		29,350,000	40,000,000
Net (decrease) / increase in cash and cash equivalents		(349,134)	292,574
Cash and cash equivalents at the beginning of the year		1,906,545	1,613,971
Cash and cash equivalents at the end of the year	10	1,557,411	1,906,545

The annexed notes form an integral part of these financial statements.




Chief Executive Officer

Director

PAKISTAN GEMS AND JEWELLERY DEVELOPMENT COMPANY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

1. THE COMPANY AND ITS OPERATIONS

- 1.1 Pakistan Gems and Jewellery Development Company ('the Company') was incorporated in 2006 as a Company limited by guarantee having share Capital under section 42 of the repealed Companies Ordinance, 1984 (now Companies Act, 2017). The registered office of the Company is situated at Suite No. 115-118, 1st Floor, Progressive Plaza, Beaumont Road, Karachi, Pakistan. The primary objective of the Company is to develop the gems and jewellery industry and to enhance its competitiveness internationally by facilitation, technology upgradation, skill development, marketing and branding.
- 1.2 As of the date of statement of financial position, Pakistan Industrial Development Corporation (PIDC) and Ministry of Industries and Production, Government of Pakistan held 16.11% and 83.89% shares of the Company respectively.
- 1.3 During the year, the Company has incurred a deficit of Rs. 18,354,164 (2020: Rs. 20,773,118) which resulted in an accumulated deficit of Rs. 1,701,639,304 (2020: Rs. 1,683,285,140) as of the date of financial position. However, as the Company is formed as a non-profit organization, the management believes that the adverse financial position will not affect the primary objectives of the Company as the Company expects continued financial support from the Government of Pakistan. Accordingly, the Company will continue its operations in foreseeable future.
- 1.4 In year 2018, Ministry of Industries and Production, Government of Pakistan (MOIP) through letter no. 2(47)/2017-ME-II Dated December 21, 2017 directed the Company to hold a meeting with concerned secretaries of Provincial Government to discuss the possibility of transferring training centers of the company to respective provincial governments. In pursuance of this decision, No Objection Certificate (NOC) received from Pakistan Industrial and Development Corporation (PIDC) dated: September 30, 2019 and from MOIP dated October 24, 2019. In this regard, a meeting of the Board of Directors of the Company was held on October 25, 2019 in which the Board resolved that the provincial training centers will be transferred to respective Provincial Governments subject to fulfillment of all legal and regulatory requirements. However, the Board did not extend the employment contracts of projects employees beyond 30th June 2019.

Consequently, the GJTMC Peshawar has been transferred / handed over to Technical Education and Vocational Training Authority Khyber Pakhtunkhwa (KP TEVTA) while the transfer of the rest of regional centers are under process.

- 1.5 In the year 2015, the Company has deposited an amount of Rs. 37,522,675 in the Government Treasury in respect of the revenue generated by the Company from Operation of its projects since its inception upto 30 June 2014. This was decided in the meeting with Ministry of Industries and production that, as mentioned in umbrella PC-I, the revenue generated by the Company will be deposited in Government Account.

2. BASIS OF PRESENTATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The approved accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standard Board (IASB) as notified under Companies Act, 2017;
- Accounting Standard for Not for Profit Organizations (Accounting Standard for NPOs) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards or Accounting Standard for NPOs, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 New and amended standards and interpretations

Standards, amendments to approved accounting standards effective in current year

There are certain new standards and interpretations of and amendments to existing accounting and reporting standards that have become applicable to the Company for accounting periods beginning on or after July 01, 2020. These are considered either to not be relevant or not to have any significant impact on the Company's financial statements.

Standards, amendments to approved accounting standards and interpretations that are not yet effective and have not been early adopted by the Company

There are number of other standards, amendments and interpretations to the approved accounting standards that are not yet effective and have not been early adopted by the Company and therefore, have not been presented here.

2.3 Basis of preparation

These financial statements have been prepared under the "historical cost convention".

2.4 Method of preparation of cash flow statement

The cash flow statement is prepared using indirect method.

2.5 Functional and presentation currency

These financial statements are presented in Pakistan Rupee (Rs. / Rupees) which is the Company's functional currency. Amounts presented in the financial statements have been rounded off to the nearest of Rs. / Rupees, unless otherwise stated.

2.6 Critical accounting estimates and judgments

The preparation of financial statements in conformity with the above requirements requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually valuated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Significant assumptions or judgments used in the preparation of these financial statements are in respect of areas / policies disclosed in note 3 below.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

3.1 Property, plant and equipment

These are stated at cost less accumulated depreciation and impairment, if any.

Depreciation is charged to income applying the reducing balance method whereby the cost of an asset is written-off over its estimated useful life. Depreciation on additions and deletions is charged in proportion to the period, rounded to the number of months of use during the year. The residual values, useful life and depreciation methods are reviewed and adjusted, if appropriate, at each financial year end.

Maintenance and normal repairs are charged to income and expenditure account as and when incurred. Major renewals and improvements which increases the assets' remaining useful economic life or the performance beyond the current estimated levels are capitalized and the assets so replaced, if any, are retired.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount of the relevant assets. These are included in the income and expenditure account when incurred.

3.2 Intangible assets

These are stated at cost less accumulated amortization and impairment loss, if any.

Amortization is charged to income and expenditure account using reducing balance method so as to write-off the cost of an asset over its estimated useful life. Amortization on additions is charged from the month in which an asset comes into operation while no amortization is charged in the month of disposal.

3.3 Impairment of assets

The carrying value of an assets is reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying value exceeds the estimated recoverable amount, the assets are written down to their recoverable amount.

3.4 Financial assets

All the financial assets and financial liabilities are recognized at the time when the company becomes a party to the contractual provisions of the instruments.

Initial measurement

The company classifies its financial assets in to following three categories:

- measured at amortized cost;
- fair value through profit or loss (FVTPL); and
- fair value through other comprehensive income (FVOCI).

A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

Subsequent measurement

i. Equity instruments as FVOCI

These assets are subsequently measured at fair value. Dividends are recognized as income in the statement of profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to the statement of profit or loss.

ii. Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest / markup or dividend income, are recognized in profit or loss.

iii. Financial assets measured at amortized cost

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest / markup income, foreign exchange gains and losses and impairment are recognized in the statement of profit or loss.

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De-recognition

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its financial assets. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The Company applies the simplified approach to recognise lifetime expected credit losses for trade and other receivables.

Off-setting of financial assets and financial liabilities

A financial asset and financial liability is off-set and the net amount is reported in the statement of financial position when there is a legally enforceable right to set-off the transaction and also there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

3.5 Financial liabilities

Financial liabilities are classified as measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in the statement of profit or loss. Any gain or loss on de-recognition is also recognized in the statement of profit or loss.

3.6 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents comprises of cash in hand, bank balances and short-term highly liquid investments, stated at cost, with original maturities of three months or less.

3.7 Gratuity scheme

The Company operates an un-funded gratuity scheme covering all of its employees of head office who have completed their qualifying period of service. Liability is recorded based on the completed period of services using current salary levels. Provision is made annually, to cover obligations under the scheme, by way of a charge to the income and expenditure account.

3.8 Taxation

In accordance with letter No. CIR/Legal/R.T.O./KYC/2009-10/1110 dated October 19, 2010 of the Commissioner Inland Revenue, the Company is sector development Company and not a trading or manufacturing business entity. The funds issued from the Government are utilized for establishment of development projects and marketing and branding of the country trade of Gems & Jewellery. Accordingly, no provision is required for current or deferred tax in these financial statements.

3.9 Provision

Provisions are recognized in the balance sheet where the Company has a present legal or constructive obligation as result of past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect current best estimate.

3.10 Related parties transactions

All transactions involving related parties arising in the normal course of business and are conducted on an arm's length basis. Prices for these transactions are determined on the basis of admissible valuation method.

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3.11 Receivables

Receivables are recognized at fair value of consideration receivable. The Company applies the simplified approach to recognise lifetime expected credit losses for receivables.

3.12 Payables

Payables are recognized initially at fair value plus directly attributable cost, if any, and subsequently measured at amortized cost.

3.13 Revenue recognition

Return on Investments and bank deposits are recognized on accrual basis.

Training fee, income from exhibitions and other income are recognized as and when performance obligations are satisfied by transferring promised services.

3.14 Government grant

Government grant is recognized in income and expenditure account on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate.

3.15 Contingent liabilities

A contingent liability is disclosed when the Company has a possible obligation as a result of past events, whose existence will be confirmed only by the occurrence or non-occurrence, of one or more uncertain future events not wholly within the control of the Company; or the Company has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

3.16 Foreign currency transactions and translation

Transactions in foreign currencies are translated into Pakistani Rupees at the rate of exchange prevailing on the date of transaction. Monetary assets and liabilities denominated in the foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are taken to the income and expenditure account.

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4. PROPERTY, PLANT AND EQUIPMENT

Machinery	Lease hold improvement	Vehicle	Furniture and fixtures	Office equipment	Computers	Books	Total
Rupees							

At June 30, 2019

Cost	273,130,450	43,501,675	10,756,788	14,149,279	22,842,613	10,960,665	1,998,043	377,339,513
Accumulated depreciation	(176,181,373)	(24,740,900)	(9,462,548)	(8,391,549)	(15,245,216)	(9,498,567)	(1,688,975)	(245,209,128)
Net book value	96,949,077	18,760,775	1,294,240	5,757,730	7,597,397	1,462,098	309,068	132,130,385

Year ended June 30, 2020

Opening net book value	96,949,077	18,760,775	1,294,240	5,757,730	7,597,397	1,462,098	309,068	132,130,385
Additions	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Cost	(894,652)	-	-	-	-	-	-	(894,652)
Accumulated depreciation	699,379	-	-	-	-	-	-	699,379
	(195,273)	-	-	-	-	-	-	(195,273)
Depreciation charge	(11,039,743)	(1,794,344)	(236,390)	(550,043)	(1,069,979)	(383,086)	(56,448)	(15,130,033)
Closing net book value	85,714,061	16,966,431	1,057,850	5,207,687	6,527,418	1,079,012	252,620	116,805,079

At June 30, 2020

Cost	272,235,798	43,501,675	10,756,788	14,149,279	22,842,613	10,960,665	1,998,043	376,444,861
Accumulated depreciation	(186,521,737)	(26,535,244)	(9,698,938)	(8,941,592)	(16,315,195)	(9,881,653)	(1,745,423)	(259,639,782)
Net book value	85,714,061	16,966,431	1,057,850	5,207,687	6,527,418	1,079,012	252,620	116,805,079

Year ended June 30, 2021

Opening net book value	85,714,061	16,966,431	1,057,850	5,207,687	6,527,418	1,079,012	252,620	116,805,079
Additions	-	-	-	-	-	7,500	-	7,500
Disposals	-	-	-	-	-	-	-	-
Cost	-	-	-	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-	-	-	-
Depreciation charge	(10,030,015)	(1,696,669)	(211,560)	(520,632)	(979,344)	(324,032)	(50,524)	(13,812,776)
Closing net book value	75,684,046	15,269,762	846,290	4,687,055	5,548,074	762,480	202,096	102,999,803

At June 30, 2021

Cost	272,235,798	43,501,675	10,756,788	14,149,279	22,842,613	10,968,165	1,998,043	376,452,361
Accumulated depreciation	(196,551,752)	(28,231,913)	(9,910,498)	(9,462,224)	(17,294,539)	(10,205,685)	(1,795,947)	(273,452,558)
Net book value	75,684,046	15,269,762	846,290	4,687,055	5,548,074	762,480	202,096	102,999,803

Rate of depreciation (%)

10-30	10	20	10	15	30	20
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4.1 The depreciation charge for the year has been allocated as follows:

	Note	2021 Rupees	2020 Rupees
Direct cost	18	13,510,774	14,743,479
Administrative expenses	19	302,002	386,554
		<u>13,812,776</u>	<u>15,130,033</u>

4.2 During the year 2019, the company carried out an external assignment of fixed assets verification. The report of such assignment contains observations on shortage of items of property, plant and equipment as well as presence of obsolete / damaged assets. The aggregate Written Down Value and class of those items of property, plant and equipment are as follows:

	Furniture and fixtures	Office equipment	Vehicles	Computers	Machinery	Total
Rupees						
Shortage of assets	566,216	140,246	58,519	42,692	117,969	925,642
Obsolete / damaged assets	228,304	533,341	-	25,121	66,211	852,977
Total written down value	<u>794,520</u>	<u>673,587</u>	<u>58,519</u>	<u>67,813</u>	<u>184,180</u>	<u>1,778,619</u>

5. INTANGIBLE ASSETS

At June 30, 2019

Computer Software	Training of master trainers	Total
----- Rupees -----		
Cost	14,805,555	1,546,486
Accumulated amortization	(13,676,635)	(728,665)
Net book value	1,128,920	817,821

Year ended June 30, 2020

Opening net book value	1,128,920	817,821	1,946,741
Additions	-	-	-
Disposal	-	-	-
Cost	-	(1,546,486)	(1,546,486)
Accumulated amortization	-	1,546,486	1,546,486
Amortization charge	(295,785)	(817,821)	(1,113,606)
Closing net book value	833,135	-	833,135

At June 30, 2020

Cost	14,805,555	-	14,805,555
Accumulated amortization	(13,972,420)	-	(13,972,420)
Net book value	833,135	-	833,135

Year ended June 30, 2021

Opening net book value	833,135	-	833,135
Additions	-	-	-
Disposal	-	-	-
Cost	-	-	-
Accumulated amortization	-	-	-
Amortization charge	(250,128)	-	(250,128)
Closing net book value	583,007	-	583,007

At June 30, 2021

Cost	14,805,555	-	14,805,555
Accumulated amortization	(14,222,548)	-	(14,222,548)
Net book value	583,007	-	583,007

Rate of amortization (%)

30 20

5.1 The Amortization charge for the year has been allocated as follows:

	Note	2021 Rupees	2020 Rupees
Direct cost	18	229,830	1,084,921
Administrative expenses	19	20,298	28,686
		250,128	1,113,607

6. LONG TERM SECURITY DEPOSITS

Security deposit against rent	4,599,120	4,412,250
Deposit against bank guarantee	278,000	278,000
Others	21,000	207,870
	4,898,120	4,898,120

by

7. ADVANCES

Unsecured considered good:

- to employees
- to others

2021
Rupees

2020
Rupees

1,406,036

1,401,572

1,406,036

1,401,572

8. PREPAYMENTS

Insurance

617,379

802,852

617,379

802,852

9. INCOME TAX REFUNDABLE

During the year 2017, the Assistant Commissioner of Inland Revenue (ACIR) has passed an order u/s 122(9) of the Income Tax Ordinance, 2001, creating tax demand of Rs. 36,357,688/- and has recovered an amount of Rs. 18,572,062 from company's bank accounts. The Company has filed an appeal before the Commissioner Inland Revenue (CIR) who vacated the aforesaid order of ACIR. The Company has filed application for allowing appeal effect which was duly granted by creating income tax refund to the extent of income tax demand recovered through attachment of the Company's bank accounts. The Company e-filed refund application dated:24-04-2018 for refund under section 170(1) of the Income Tax Ordinance, 2001 amounting to Rs. 18,572,062. After examination and perusal of record, the tax department has issued partial refund of Rs. 11,340,461 during the year 2020 in three installments whereas the balance amount of Rs. 7,231,600 is under consideration.

10. CASH AND BANK BALANCES

Cash in hand

Note

2021
Rupees

2020
Rupees

610,820

570,820

Cash at banks:

- Current accounts
- Saving accounts

10.1

62,110

37,664

884,481

1,298,061

1,557,411

1,906,545

10.1 These carry profit ranging from 4.5% to 7% (2020: 4.5% to 7%) per annum.

11. SHARE CAPITAL AND RESERVES

Authorized share capital

Number of shares

2021

2020

155,000,000

155,000,000

Ordinary share of Rs. 10/- each

1,550,000,000

1,550,000,000

Issued, subscribed and paid-up share capital

Number of shares

2021

2020

147,992,070

147,992,070

11.1

1,479,920,700

1,479,920,700

11.1 Ordinary share of Rs. 10/- each fully paid in cash.

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	Note	2021 Rupees	2020 Rupees
12. ADVANCE AGAINST FUTURE ISSUE OF SHARES	12.1	213,514,776	213,514,776

12.1 Represents amount received from Government of Pakistan for future issue of shares.

Movement during the year is as under:

Balance at the beginning of the year	213,514,776	213,514,776
Amount received	-	-
Issue of share capital	-	-
	213,514,776	213,514,776

13. DEFERRED LIABILITY

Staff gratuity	13.1	15,146,240	17,407,943
		15,146,240	17,407,943

13.1 Movement during the year is as under:

Balance at the beginning of the year	17,407,943	16,405,686
Charge for the year	1,079,445	1,002,257
	18,487,388	17,407,943
Paid / adjusted during the year	(3,341,148)	-
Balance at the year end	15,146,240	17,407,943

14. PAYABLE TO PIDC	14.1	78,317,000	78,317,000
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14.1 This represents amount received from Pakistan Industrial Development Corporation (PIDC), a major shareholder, to meet working capital requirements. The said loan is interest free and payable in the normal course of business. The loan was made to the Company on the condition that the Company will not declare or pay any cash dividends or authorize or make any other distribution on any class of equity securities of the Company.

	Note	2021 Rupees	2020 Rupees
15. ACCRUED AND OTHER LIABILITIES			
Salaries payable		7,544,719	7,544,718
Accrued expenses	15.1	38,009,351	32,301,248
Retention, earnest money and security deposit		982,277	982,277
Payable against participants fee		435,000	435,000
Auditors' remuneration		175,000	150,000
Others		402,731	439,904
		47,549,078	41,853,147

15.1 This includes an amount of Rs. 2,768,089 (2020: Rs. 4,248,837) payable to Pakistan Industrial Development Corporation on account of rent.

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		2021 Rupees	2020 Rupees
16.	CONTINGENCIES AND COMMITMENTS		
	Letter of guarantee issued by bank on behalf of the Company	278,000	278,000
	Contingencies		
16.1	An ex-employee Syed Muhammad Zafar-ul-Imam has filed a Constitutional Petition against the Company in the High Court of Sindh for claim of salary and medical expenses. The matter is currently at the hearing stage.		
16.2	During the year, Ex-Projects' employees of the Company, Mr. Khurram Riaz etc. filed petition before the Islamabad High Court on non-disbursement of salaries for the period from May 2019 to December 2019. The matter is currently at the hearing stage.		
17.	OTHER INCOME - NET	Note	
	Income from tender documents	8,000	-
	Others	105,917	212,727
		113,917	212,727
18.	DIRECT COST		
	Salaries and benefits	-	-
	Rent	10,342,327	11,981,048
	Depreciation	4.1 13,510,774	14,743,479
	Amortization	5.1 229,830	1,084,921
	Repair and maintenance	-	28,594
	Travelling and conveyance	-	2,130
	Utilities	-	253,470
	Communication charges	-	6,373
	Security charges	2,594,340	3,481,680
	Legal and professional charges	-	35,000
	Consumables	-	2,080
	Vehicle running expenses	-	11,640
	Generator fuel	-	14,564
	Entertainment expenses	-	26,920
	Printing and stationary	-	18,352
	Janitorial expenses	-	133,070
	Others	-	192,675
		26,677,271	32,015,996

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19. ADMINISTRATIVE EXPENSES	Note	2021 Rupees	2020 Rupees
Salaries and benefits	19.1	7,980,934	16,026,143
Rent		7,616,786	6,722,460
Depreciation	4.1	302,002	386,554
Amortization	5.1	20,298	28,686
Repair and maintenance		775,840	686,540
Travelling and conveyance		410,961	1,071,161
Utilities		278,630	353,240
Communication charges		282,052	254,915
Insurance expense		893,422	1,010,330
Security charges		558,886	388,315
Legal and professional charges		595,203	719,426
Auditors' remuneration	19.2	175,000	150,000
Advertisement		527,313	286,214
Generator fuel		7,000	8,000
Vehicle running expenses		414,701	297,310
Entertainment		150,777	175,155
Printing and stationary		187,185	178,145
Janitorial		22,383	267,093
Others		-	780
		21,199,373	29,010,467

19.1 This includes expense recognized in respect of defined benefit plan of Rs. 979,445 (2020: Rs. 1,002,257).

19.2 Auditors' remuneration	2021 Rupees	2020 Rupees
Audit services		
Annual audit fee	150,000	125,000
Out of pocket expenses	12,035	13,890
Sindh sales tax	12,965	11,110
	175,000	150,000

20. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	Chief Executive		Executives	
	2021	2020	2021	2020
Managerial remuneration	30,194	-	-	4,557,296
Medical expenses	-	-	-	218,079
Vehicle running expenses	192,983	-	-	-
	223,177	-	-	4,775,375
Number of persons	1	1	-	3

20.1 During the year, additional charge allowance of Rs. 30,194/- has been paid to Chief executive. Moreover, the Company maintained car has been provided to him.

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21. TRANSACTION WITH RELATED PARTIES

The Company's related parties comprises of individual shareholder, Companies and key management personnel. Advance received against future issue of shares, Payable to PIDC and remuneration of key management personnel have been disclosed in Note 12, 14 and 20 respectively to these financial statements.

22. FINANCIAL RISK FACTORS AND RISK MANAGEMENT

22.1 Financial Risk Factors

The Company has exposed to the following risks from its use of financial Instruments:

Credit risk;

Liquidity risk; and

Market risk (including currency risk, interest rate risk and other price risk).

The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

Risk management is carried out by the Company's finance department under policies approved by the Board. The Company's finance department evaluates financial risks based on principles for overall risk management, as well as policies covering specific areas, such as investment of excess liquidity, credit risk, interest rate risk and foreign exchange risk.

Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties fail completely to perform as contracted. Credit risk mainly arises from income tax refundable, advances, deposits, other receivables and bank balances. Excess funds of the Company are held with banks having highest capacity for timely repayment (i.e. having credit rating of at least 'A+'). Accordingly, management does not expect any counter party to fail in meeting their obligations.

Concentration of credit risk exists when changes in economic and industry factors similarly affect the group of counter parties whose aggregated credit exposure is significant in relation to the Company's total credit exposure. The financial assets of the Company are broadly diversified and transactions are entered into with diverse credit worthy parties thereby mitigating any significant concentration risk. The Company believes that it is not exposed to major concentration of credit risk.

Liquidity risk

Liquidity risk reflects the entity's inability in raising funds to meet commitments. The Company manages liquidity risk by maintaining sufficient cash and balances with banks. The Company believes that it has maintained sufficient liquid position that would result in no maturity mismatch between its financial assets and liabilities to exposes the Company to liquidity risk.

Market risk

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial Instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Currency risk

Currency risk is the risk that the fair value of the future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is not exposed to foreign exchange risk because none of the Company's monetary assets and liabilities are denominated in foreign currency.

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Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect the value or future cash flow of financial instruments.

At the reporting date, the interest rate profile of the Company's significant financial assets is as follows:

	2021 Rupees	2020 Rupees
Balances maintained with banks	<u>884,481</u>	<u>1,298,061</u>

As at June 30, 2021, if the interest rate on the Company's deposit had been higher / lower by 100 basis point with all other variables held constant, finance income for the year would have been higher / lower by Rs. 8,845 (2020: Rs. 12,981) mainly as a result of higher / (lower) interest income.

22.2 Financial Instrument by Category

	Fair value through profit and loss	Fair value through other comprehensive income	Amortised cost	Total
	----- Rupees -----			
Financial assets as per Statement of financial position				
As at June 30, 2021				
Long term security deposits	-	-	4,898,120	4,898,120
Other receivables	-	-	3,636,084	3,636,084
Income tax refundable	-	-	7,231,600	7,231,600
Cash and bank balances	-	-	1,557,411	1,557,411
	-	-	<u>17,323,215</u>	<u>17,323,215</u>
Financial assets as per Statement of financial position				
As at June 30, 2020				
Long term security deposits	-	-	4,898,120	4,898,120
Other receivables	-	-	3,636,084	3,636,084
Income tax refundable	-	-	7,231,600	7,231,600
Cash and bank balances	-	-	1,906,545	1,906,545
	-	-	<u>17,672,349</u>	<u>17,672,349</u>
Financial liabilities carried at amortized cost			2021 Rupees	2020 Rupees
Deferred liability			15,146,240	17,407,943
Payable to PIDC			78,317,000	78,317,000
Accrued and other liabilities			47,549,078	41,853,147
			<u>141,012,318</u>	<u>137,578,090</u>

22.3 Fair Value Estimation

All financial Instruments carried at fair value are categorized in three categories defined as follows:

- Level 1: Quoted prices in active markets for identical assets.
- Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
- Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The Company did not hold any investment as at year end.

23. NUMBER OF EMPLOYEES

Number of employees as at year end

2021

2020

12

20

Average number of employees during the year

16

21

24. LOSS OF CERTAIN ACCOUNTING RECORDS

A fire broke out at the Company's head office on September 1, 2014. The fire destroyed certain records, documents and books of accounts of the Company related to prior years, although, electronic data remained intact.

25. DATE OF AUTHORIZATION

These financial statements were authorized for issue on 19 NOV 2021 by the Board of Directors of the Company.

26. CORRESPONDING FIGURES

Corresponding figures have been re-classified, wherever necessary for the purposes of comparison.

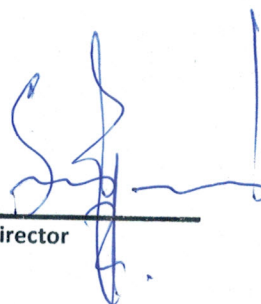
27. GENERAL

Figures have been rounded off to the nearest rupee.

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Chief Executive Officer



Director

VISION, MISSION STATEMENT & CORE VALUES

Vision Statement:

The Company endeavors for the development of the Gems and Jewellery Industry of the Country from mine to market and to enhance its competitiveness internationally by Facilitation, Technology Up-gradation, Skill Development and Marketing/Branding.

Mission Statement:

To work together across regions and activities for establishing Pakistan as high value added, internationally competitive, world-class hub for precious stone cutting, jewellery manufacturing and designing by focusing on development of female gender and skill development.

Core Values

- Striving for continuous improvement and innovation with commitment and responsibility;
- Treating stakeholders with respect, courtesy and competence;
- Practicing highest personal and professional integrity;
- Maintaining teamwork, trust and support, with open and candid Communication;
- Ensuring cost consciousness in all decisions and operations.

STRATEGIC GOALS

- Raise value chain productivity
- Strengthen policies for increased competitiveness
- Invest in workforce development and innovation capacity
- Strengthen industry organization and supporting institutions
- Improve marketing and branding.

CODE OF ETHICS AND BUSINESS PRACTICES

- Maintaining integrity and scrupulous dealings
- Maintaining correct books and records of the company
- Strictly observing the laws of the country
- Strictly avoiding questionable and improper payments, or use of the company's assets
- Strictly avoiding conflicts of interest
- Strictly avoiding political contributions
- Expediting due payments
- Strictly avoiding giving and receiving of gifts
- Treating means to be as important as ends

KEY OPERATING AND FINANCIAL DATA

The data for six years is as under:

Balance Sheet

Rs. (Million)

ASSETS	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Property Plant & Equipment	165.502	152.927	148.827	132.130	116.805	102.999
Intangible Assets	8.665	7.876	2.638	1.947	0.8332	0.583
Long term Security Deposit	5.181	5.181	5.348	5.278	4.898	4.898
TOTAL:	179.347	165.983	156.813	139.355	122.536	108.480
Cash, Bank & Investment	20.821	106.501	57.545	1.614	1.906	1.557
Adv. Prepayment & Other receivable	25.211	36.856	32.413	22.965	23.285	22.77
TOTAL CURRENT ASSETS	46.032	143.357	89.958	24.579	25.192	24.327
TOTAL ASSETS	225.379	309.340	246.771	163.934	147.728	132.808
Paid up Capital	1,297.824	1,415.561	1,466.691	1,479.921	1,479.921	1,479.921
Less: Accumulated Deficit	(1,288.504)	(1,431.321)	(1,536.438)	(1,662.512)	(1,683.285)	(1,701.639)
NET EQUITY	9.320	(15.761)	(69.747)	(182.591)	203.364	221.718
Adv. against Shares from PSDP Funds	117.737	223.511	213.515	213.515	213.515	213.515
Other Payables	98.322	101.590	103.004	133.010	137.578	141.012
TOTAL LIABILITIES & CAPITAL	225.379	309.340	246.771	163.934	147.728	132.808

Revenue (Income) and Expenditure Account

Heads	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Income from investment/Saving Account	3.513	0.650	2.876	1.702	0.050	
Grant related to income	-	40.00	50.00	-	40	29.350
Other Income	11.107	18.271	10.523	5.364	0.212	0.113
Total Income	14.62	58.921	63.399	7.066	40.263	29.523
Direct costs	(117.525)	(155.745)	(122.363)	(101.296)	(32.015)	(26.677)
Administrative Expenses	(41.423)	(45.840)	(43.627)	(31.812)	29.010	(21.199)
Financial Charges	(0.036)	(0.063)	(0.061)	(0.031)	0.009	0.001
Other Expenses	(0.171)	(0.092)	(2.464)	-	-	-
Total Expenses	(159.155)	(201.74)	(168.515)	(133.139)	(61.036)	47.877
Deficit for the year	(144.535)	(142.822)	(105.112)	(126.074)	(20.773)	(18.354)

PATTERN OF SHAREHOLDINGS

1. Pattern of holding of the shares held by the shareholders as at

3	0
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0	6
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2	0	2	1
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2. No of shareholders	<u>Shareholdings</u>	<u>Total shares held</u>
3	shareholding from 1 to 100 shares	3
--	shareholding from 101 to 500 shares	---
--	shareholding from 501 to 1000 shares	---
--	shareholding from 1001 to 5000	---
--	shareholding from 5001 to 10000	---
1	10001 to 30,000,000 (Add appropriate slabs of shareholdings)	23,834,850
1	Total 30,000,001 to 129,782,370	124,157,220
Total		147,992,070

3. Categories of shareholders	share held	Percentage
3.1 Directors/Members.	3	0.00
3.2. Pakistan Industrial Development Corporation	23,834,850	16.11
3.3 Ministry of Industries and Production	124,157,220	83.89
Total	147,992,070	100.00%

COMPANY'S INFORMATIONS

i. Registered Office:

The registered office of the company is located at:
Suite # 115 – 118, 1st floor, Progressive Plaza, Beaumont Road, Karachi,
Pakistan

Telephone Nos: 021-35631395-7, 021-35631468-9

Fax No: 021-35631398 Website: www.pgjdc.org Email: info@pgjdc.org

ii. Projects:

Gems & Jewellery Training & Manufacturing Centers at:
Karachi, Lahore, Quetta, Sargodha, Gilgit, Muzafarabad (AJK)

Gems Identification Laboratories at:
Karachi, Lahore, Peshawar, Quetta, Sargodha, Gilgit, Muzafarabad (AJK)

Assaying and Hallmarking Centers at:
Karachi &
Lahore.

iii. Auditors:

M/s. Baker Tilly Mehmood Idrees Qamar, “Chartered Accountants”
(An international member of Baker Tilly International).

iv. Bankers:

- a. Faysal Bank Limited
- b. National Bank of Pakistan
- c. Meezan Bank Limited

v. Legal Advisor:

M/s. Surridge & Beecheno

vi. Company Secretary & CFO

Ms. Zeenat Lakho