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Independent Auditor's Report

**To the members of Punjab Industrial Estate
Development and Management Company**

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **Punjab Industrial Estate Development and Management Company** (the Company), which comprise the statement of financial position as at **June 30, 2020**, and the statement of income and expenditure and other comprehensive income, the statement of changes in equity, the statement of cash flows 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, the statement of financial position, statement of income and expenditure and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan 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, 2020 and of the surplus and other comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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.

Emphasis of Matter

As disclosed in note 16 to the financial statements, the Company has received various lands for estates development in the form of loan from Government of Punjab. These loans have been classified as current liabilities due to the fact that terms of these loans have not been formalized with the Finance Department of Government of Punjab through agreements.





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

Management is responsible for the other information. The other information comprises directors' report, but does not include the financial statements 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, 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 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.

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.

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- 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, we further report that in our opinion:

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of income and expenditure and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 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 Imran Afzal.


GRANT THORNTON ANJUM RAHMAN
CHARTERED ACCOUNTANTS
Lahore

Dated: January 26, 2023

PUNJAB INDUSTRIAL ESTATE DEVELOPMENT AND MANAGEMENT COMPANY

(a company set up under section 42 of the repealed Companies Ordinance, 1984. Now Companies Act, 2017)

Statement of Financial Position

As At June 30, 2020

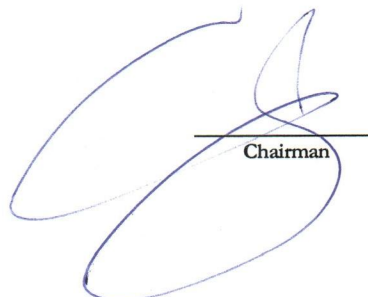
	Note	June 2020 Rupees	June 2019 Rupees
Equity and liabilities			
Equity			
Share Capital	7	50,000,000	50,000,000
Accumulated Surplus		5,044,271,787	4,466,918,407
Total equity		5,094,271,787	4,516,918,407
Liabilities			
<u>Non-current liabilities</u>			
Long term financing - Government of Punjab	8	1,960,350,952	1,319,008,569
Deferred income	9	180,288,581	197,940,762
Deferred credit	10	780,749,048	299,308,098
Deferred grants	11	201,522,810	204,405,210
Deferred liability	12	33,490,253	30,847,075
Total non-current liabilities		3,156,401,644	2,051,509,714
<u>Current liabilities</u>			
Current portion of long term financing	8	6,843,550,000	6,136,883,333
Accrued mark upon financing	13	232,870,136	99,326,102
Trade and other payables	14	1,542,429,959	1,451,409,216
Security deposits	15	493,844,383	429,764,831
Other financial liabilities	16	1,429,854,949	1,429,854,949
Advance from customers against consultancy services	17	212,924,311	240,906,254
Advances from customers against sale of plots	18	1,488,866,835	2,067,728,004
Total current liabilities		12,244,340,573	11,855,872,689
Total Equity and Liabilities		20,495,014,004	18,424,300,810
Contingencies and Commitments	19		
Assets			
<u>Non-current assets</u>			
Property, plant and equipment			
Operating fixed assets	20	571,254,765	634,169,783
Capital work in progress	21	311,908,160	96,117,063
Intangibles	22	39,201	91,461
Long term deposits	23	219,008,717	172,641,913
Total non-current assets		1,102,210,843	903,020,220
<u>Current assets</u>			
Stores, spare parts and loose tools		71,031,830	50,186,784
Inventory (projects in progress)	24	12,032,689,409	12,102,236,838
Trade debts	25	1,152,513,777	902,175,753
Advances, deposits, prepayments and other receivables	26	309,662,295	831,481,343
Income tax refundable	27	678,496,715	690,342,761
Short term investments	28	3,590,000,000	2,140,000,000
Accrued interest		132,974,598	28,452,807
Cash and bank balances	29	1,425,434,537	776,404,304
Total current assets		19,392,803,161	17,521,280,590
Total Assets		20,495,014,004	18,424,300,810

The annexed notes from 1 to 50 form an integral part of these financial statements.

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Chief Executive Officer



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PUNJAB INDUSTRIAL ESTATE DEVELOPMENT AND MANAGEMENT COMPANY

(a company set up under section 42 of the repealed Companies Ordinance, 1984. Now Companies Act, 2017)

Statement of Income and Expenditure and Other Comprehensive Income

For the Year Ended June 30, 2020

	Note	June 2020 Rupees	June 2019 Rupees
Revenue			
Amortization of grants	11	2,882,400	5,901,336
Sale of developed plots	30	1,160,935,290	625,307,279
Income from construction and supervision services		27,981,943	130,458,627
Electricity billing	31	6,958,202,485	4,803,387,229
Fees	32	88,646,212	337,927,024
Operations, maintenance and allied service billing	33	388,494,709	292,615,333
Other income	34	782,091,905	705,104,562
Total income		9,409,234,944	6,900,701,390
Expenditure			
Cost of sales	35	849,923,296	416,261,965
Development expenditure of managed estates	36	16,536,699	35,743,976
Construction and supervision cost of QASP	37	27,981,943	130,458,627
Cost of operations, maintenance and allied service billing	38	362,159,662	355,176,390
Cost of electricity sold	39	6,910,824,100	4,608,303,502
Administrative expenses	40	332,311,202	804,878,479
Selling expenses	41	23,339,637	24,624,230
Finance cost	42	306,040,117	395,148,395
Total expenditure		8,829,116,656	6,770,595,564
Net surplus for the year		580,118,288	130,105,826
Taxation	43	-	-
Net surplus after tax		580,118,288	130,105,826
Other comprehensive income			
Items that will not be reclassified to income & expenditure		-	-
Items that may be reclassified subsequently to income & expenditure:			
Remeasurement of post employment benefit obligation - actuarial gain/(loss)	12.6	(2,764,908)	5,621,837
Other comprehensive income/(loss) for the year		(2,764,908)	5,621,837
Total comprehensive income for the year		577,353,380	135,727,663

The annexed notes from 1 to 50 form an integral part of these financial statements.

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Chief Executive Officer

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PUNJAB INDUSTRIAL ESTATE DEVELOPMENT AND MANAGEMENT COMPANY

(a company set up under section 42 of the repealed Companies Ordinance, 1984. Now Companies Act, 2017)

**Statement of Changes in Equity
For the Year Ended June 30, 2020**

Note	Paid Up Share Capital Rupees	Accumulated Surplus Rupees	Total Rupees
Balance as at July 01, 2018 - restated	50,000,000	4,331,190,744	4,381,190,744
Surplus for the year	-	130,105,826	130,105,826
Other comprehensive income for the year ended 30 June 2019	-	5,621,837	5,621,837
	-	135,727,663	135,727,663
Balance as at June 30, 2019	50,000,000	4,466,918,407	4,516,918,407
Surplus for the year	-	580,118,288	580,118,288
Other comprehensive loss for the year ended 30 June 2020	-	(2,764,908)	(2,764,908)
	-	577,353,380	577,353,380
Balance as at June 30, 2020	50,000,000	5,044,271,787	5,094,271,787

The annexed notes from 1 to 50 form an integral part of these financial statements.

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Chief Executive Officer



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PUNJAB INDUSTRIAL ESTATE DEVELOPMENT AND MANAGEMENT COMPANY

(a company set up under section 42 of the repealed Companies Ordinance, 1984. Now Companies Act, 2017)

Statement of Cashflows

For the Year Ended June 30, 2020

	Note	2020 Rupees	2019 Rupees
Cash (used in) operations	44	197,848,482	(1,739,688)
Interest paid		(1,205,500)	(1,356,188)
Return on bank deposits received		375,476,028	230,163,416
Deferred credit			-
(Increase) in long term deposits		(46,366,804)	(2,482,720)
Gratuity contributions paid		(26,362,332)	(27,838,061)
Net cash from/(used in) operating activities		499,389,874	196,746,759
<u>Cash flows from investing activities</u>			
Capital expenditure incurred		(15,170,299)	(137,482,567)
Additions in capital work in progress		(217,904,341)	(88,191,711)
Proceeds from sale of assets		3,264,999	4,019,091
Net cash (used in) investing activities		(229,809,641)	(221,655,187)
<u>Cash flow from financing activities</u>			
Repayment of long term loan		(120,550,000)	(120,550,501)
Loan received		1,950,000,000	-
Net cash (used in) financing activities		1,829,450,000	(120,550,501)
Net (decrease) in cash and cash equivalents		2,099,030,233	(145,458,928)
Cash and cash equivalents at the beginning of the year		2,916,404,304	3,061,863,233
Cash and cash equivalents at the end of the year		5,015,434,537	2,916,404,305
 Cash and cash equivalents			
Cash and bank balances	29	1,425,434,537	776,404,304
Short term investments	28	3,590,000,000	2,140,000,000
Cash and cash equivalents at the end of the year		5,015,434,537	2,916,404,304

The annexed notes from 1 to 50 form an integral part of these financial statements.

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Chief Executive Officer

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PUNJAB INDUSTRIAL ESTATES DEVELOPMENT AND MANAGEMENT COMPANY

(a company set up under section 42 of the repealed Companies Ordinance, 1984. Now Companies Act, 2017)

Notes to the Financial Statements

For the year ended June 30, 2020

1 Legal status and nature of business

- 1.1 Punjab Industrial Estates Development and Management Company ("the Company") was incorporated in Pakistan on 18 September 2003 as a public company limited by guarantee having a share capital, licensed as a non-profit organization under section 42 of the Repealed Companies Ordinance, 1984 (now Companies Act, 2017). The Company is wholly owned by the Government of Punjab. The principal activity of the Company is to develop new industrial estates together with updating and managing the existing industrial estates as may be assigned by the Government of Punjab. The registered office of the Company is situated at Commercial Area (North) Sundar Industrial Estate, Raiwind road, Lahore.
- 1.2 The Company is managing Quaid e Azam Industrial Estate ("QIE") and Sundar Industrial Estate ("SIE") in Lahore while Multan Industrial Estate - Phase I ("MIE I") in Multan while the following projects are in development phase:
- Multan Industrial Estate - Phase II ("MIE II") in Multan;
 - Rahim Yar Khan Industrial Estate in Rahim Yar Khan;
 - Bhalwal Industrial Estate in Bhalwal;
 - Vehari Industrial Estate in Vehari;
 - Quaid-e-Azam Business Park in Sheikhpura.
 - Chunian Industrial Estate in Chunian; and
 - Bahawalpur Industrial Estate in Bahawalpur

2 Basis of preparation

2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board Accounting Standard for Not for Profit Organization issued by ICAP as are notified under the Companies Act, 2017 and provisions of and directives issued under the Companies Act, 2017. In cases where requirements differ, the provisions of and directives issued under the Companies Act, 2017 shall prevail.

2.2 Standards, amendments and interpretations to the published standards that may be relevant to the Company and adopted in the current year

The Company has adopted the following new standards, amendments to published standards and interpretations of IFRSs which became effective during the current year.

New or Revised Standard or Interpretation

Effective Date (Annual periods beginning on or after)

Annual improvements to IFRS standards 2018 - 2020 Cycle

January 1, 2022

IFRS 3 - References to Conceptual Framework

January 1, 2022

IAS 16 - Proceeds before intended use

January 1, 2022

IAS 37 - Onerous Contracts - Cost of Fulfilling a contract

January 1, 2022

IFRS 16 - Covid-19-Related Rent Concessions beyond June 30, 2021

April 1, 2021

2.3 Standards, amendments and interpretations to the published standards that may be relevant but not yet effective and not early adopted by the Company

The following new standards, amendments to published standards and interpretations would be effective from the dates mentioned below against the respective standard or interpretation.

Standard or Interpretation

Effective Date (Annual periods beginning on or after)

IAS 1 - Classification of Liabilities as Current or Non-current

January 1, 2023

IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction

January 1, 2023

Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)

January 1, 2023

IAS 8 - Definition of Accounting Estimates

January 1, 2023

The Company is in the process of assessing the impact of these Standards, amendments and interpretations to the published standards on the financial statements of the Company.

2.4 Standards, amendments and interpretations to the published standards that are not yet notified by the Securities and Exchange Commission of Pakistan

Following new standards have been issued by the International Accounting Standards Board (IASB) which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standard or Interpretation

IASB effective date (Annual periods beginning on or after)

IFRS 17 'Insurance Contracts' and amendments to IFRS 17

January 1, 2023

4/2021

PUNJAB INDUSTRIAL ESTATES DEVELOPMENT AND MANAGEMENT COMPANY

(a company set up under section 42 of the repealed Companies Ordinance, 1984. Now Companies Act, 2017)

Notes to the Financial Statements

For the year ended June 30, 2020

3 Basis of measurement

These financial statements have been prepared under the historical cost convention except for certain items which are stated otherwise in specific accounting policies.

4 Functional and presentational currency

These financial statements have been prepared in Pak Rupees which is also the Company's functional currency. All financial information presented in Rupees has been rounded off to the nearest rupee, unless otherwise stated.

5 Use of estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that effect the application of policies and reported amount of assets and liabilities and income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under circumstances, and the results of which form the basis for making judgment about carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods. The areas where assumptions and estimates are significant to the Company's financial statements or where judgment was exercised in application of accounting policies are as follows:

5.1 Leave Encashment

Balance/un-availed Annual Leaves are encashed at the rate of current gross salary of the employees at the end current of fiscal year. Days to be reimbursed of new employees are counted on pro-rata basis.

5.2 Taxation

Provision for current taxation is based on taxable income at the current rates of taxation after considering rebates and tax credits available, if any. The charge for the current tax also includes adjustments where necessary, relating to prior periods which arise from assessment framed / finalized during the period, if any.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted at the date of statement of financial position.

5.3 Impairment

The management of the Company reviews carrying amounts of its assets including inventory, receivables and advances and cash generating units for possible impairment and makes formal estimates of recoverable amount if there is any such indication. In particular, judgment by management is required in the estimation of the amount and timing of the future cash flows, when determining the level of provision required. Such estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the provisions.

5.4 Contingencies

Where it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligations or the amount of the obligations can not be measured with sufficient reliability, it is disclosed as contingent liability.

5.5 Gratuity

The Company operates a funded gratuity scheme covering all eligible employees completing the minimum qualifying period of service as specified by the scheme. Annual provision is made on the basis of actuarial valuation to cover obligations under the scheme for all employees eligible to gratuity benefits respective of the qualifying period. The projected unit credit method used the valuation of the scheme is based on assumptions stated in Note 12.

5.6 Depreciation method, rates and useful lives of property, plant and equipment

The management of the Company reassesses useful lives, depreciation method and rates for each item of property, plant and equipment annually by considering expected pattern of economic benefits that the Company expects to derive from that item and the maximum period up to which such benefits are expected to be available. Any change in estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on depreciation charge and impairment.

5.7 Amortisation method, rates and useful lives of intangible assets

The management of the Company reassesses useful lives, amortisation method and rates for each intangible asset having finite lives annually by considering expected pattern of economic benefits that the Company expects to derive from that item and the maximum period up to which such benefits are expected to be available.

5.8 Stores, spare parts and loose tools

The Company reviews its stores, spare parts and loose tools for possible impairment on an annual basis. Any change in estimates might affect the carrying amounts of the respective items of stores and spare parts and loose tools with a corresponding effect on the impairment.

5.9 Inventory

The Company reviews carrying amount of inventory on a regular basis. Carrying amount of inventory is adjusted where the net realizable value is below the cost. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

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PUNJAB INDUSTRIAL ESTATES DEVELOPMENT AND MANAGEMENT COMPANY

(a company set up under section 42 of the repealed Companies Ordinance, 1984. Now Companies Act, 2017)

Notes to the Financial Statements

For the year ended June 30, 2020

6 Summary of significant accounting policies

These accounting policies stated below have been consistently applied to all periods presented in these financial statements.

6.1 Long term financing

These are classified as 'financial liabilities at amortized cost'. On initial recognition, these are measured at fair values less attributable transaction costs. Subsequent to initial recognition, these are measured at amortized cost with any difference between cost and value at maturity recognized in the statement of income and expenditure over the period of the borrowings on an effective interest rate basis.

Loans at a below-market rate of interest from Government are recognized and measured at amortized cost (i.e. the present value of the future cash flows discounted at a market rate of interest). The benefit, that is the difference between the fair value of the loan on initial recognition and the amount received, is accounted for as additional government grant. The benefit is accounted for as deferred credit and is amortized over the period of borrowings.

6.2 Government grants

Government grants are recognized when there is reasonable assurance that the Company will comply with all conditions attaching to them and these will be received.

When the grant relates to expense item, it is recognized as income over the period necessary to match the grant on systematic basis to the cost that is intended to compensate. When the grant relates to an asset, it is recognized as deferred income and changes to the income in equal amounts over the expected useful life of related assets.

Non monetary grants are recognised at fair value of the assets received in kind.

6.3 Post retirement benefit

The Company operates approved funded gratuity scheme covering all its full time permanent workers who have completed the minimum qualifying period of service as defined under the respective scheme. The gratuity scheme is managed by trustees. The calculation of the benefit requires assumptions to be made of future outcomes, the principal ones being in respect of increase in remuneration and the discount rate used to convert future cash flows to current values. The assumptions used for the plan are determined by independent actuary on annual basis using projected unit credit method.

6.4 Trade and other payables

Liabilities relating to trade and other payables are carried at fair value of consideration to be paid in the future for goods and services received, whether or not billed to the Company. Subsequently, these are measured at amortized cost.

6.5 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying asset is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognized in the statement of income and expenditure as incurred.

6.6 Provisions

Provisions are recognized when the Company has a legal or constructive obligation as a result of past event, 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 can be made. Provisions are reviewed at date of each statement of financial position and adjusted to reflect the current best estimate.

6.7 Property, plant and equipment

Property and equipment are stated at cost less accumulated depreciation and impairment, if any. Cost of property plant and equipment consists of historical costs and directly attributable costs in bringing the assets to their working condition.

The management of the Company reassesses useful lives, depreciation method and rates for each item of property, plant and equipment annually by considering expected pattern of economic benefits that the Company expects to derive from that item and the maximum period up to which such benefits are expected to be available. Any change in estimate may affect the depreciation charge or impairment.

Depreciation is calculated by applying the rates mentioned in the Note 20 on reducing balance method. Depreciation is charged on additions from the month the asset is available for use and on disposals up to the month preceding the month of disposal. The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each reporting date.

Normal repair and maintenance is charged to income as and when incurred whereas major renewals and improvements are capitalized. Gain or loss on disposal of assets is charged to the statement of income and expenditure.

6.8 Capital work-in-progress

Capital work in progress represents expenditure on property, plant and equipment in the course of construction and installation including material, labour and overheads directly relating to the project. Capital work-in-progress is stated at cost less any identified impairment loss. All expenditure connected with specific assets incurred during installation and construction period are carried under capital work-in progress. These are transferred to specific assets as and when these are available for use.

6.9 Intangible assets

Expenditure incurred to acquire intangibles is capitalized as intangible and stated at cost less accumulated amortization and any identified impairment. The estimated useful life and amortization method is reviewed at the end of each annual reporting period, with effect of any changes in estimate being accounted for on a prospective basis.

Intangibles are amortized using straight-line method over a period of three years. Amortization on additions to intangible assets is charged from the month the asset is available for use and on disposals up to the month preceding the month of disposal.

PUNJAB INDUSTRIAL ESTATES DEVELOPMENT AND MANAGEMENT COMPANY

(a company set up under section 42 of the repealed Companies Ordinance, 1984. Now Companies Act, 2017)

Notes to the Financial Statements

For the year ended June 30, 2020

6.10 Stores, spare parts and loose tools

These are stated at lower of cost and net realizable value. Cost is determined using the weighted average method. Items in transit are valued at cost comprising invoice value plus other charges paid thereon.

6.11 Inventory

This represents saleable land received from Government of Punjab and land purchased for various projects and includes development cost, and is intended to be sold in the ordinary course of business.

Expenditure incurred on development of infrastructure forms part of the cost of over all project and is included in the cost of inventory as and when incurred.

Inventory is valued at lower of the cost and net realizable value. Net realizable value is the estimated selling price of plots in the ordinary course of business less the estimated costs of completion of projects in progress. Cost is determined on worked performed basis.

6.12 Cash and cash equivalents

Cash and cash equivalents comprise of cash in hand and at bank and short term investments with maturities of three months or less. These are readily convertible to known amount of cash therefore they are subject to insignificant risk of changes in value and are used by the Company in the management of its short-term commitments.

6.13 Loans and receivables

Loans and receivables are recognized initially at fair value, plus attributable transaction costs. Subsequent to initial recognition, loans and receivables are stated at amortized cost with any difference between cost and redemption value being recognized in the statement of income and expenditure over the period of the investments on an effective yield method less impairment.

6.14 Financial instruments

6.14.1 Financial assets at amortised cost

Assets that are held for collection of contractual cash flows where those cash flow represents solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets, impairment, foreign exchange gains and losses, and gain or loss arising on derecognition are recognised directly in statement of income and expenditure and other comprehensive income.

6.14.2 Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

6.14.3 Financial assets at fair value through profit or loss

Assets that do not meet the criteria for amortised cost or fair value through other comprehensive income or assets that are designated at fair value through profit or loss using fair value option, are measured at fair value through profit or loss. A gain or loss on debt investment that is subsequently measured at fair value through statement of income and expenditure is recognised in profit or loss in the period in which it arises.

Such equity instruments are measured at fair value at and subsequent to initial recognition. Changes in fair value of these financial assets are normally recognised in statement of income and expenditure. Dividends from such investments continue to be recognised in profit or loss when the Company's right to receive payment is

Where an election is made to present fair value gains and losses on equity instruments in other comprehensive income there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment.

Financial assets are derecognized when the Company loses control of the contractual rights that comprise the financial asset. Assets or liabilities that are not contractual in nature and that are created as a result of statutory requirements imposed by the Government are not the financial instruments of the Company.

Financial liabilities

Financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities at amortised cost are initially measured at fair value less transaction costs. Financial liabilities at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed on profit or loss.

Financial liabilities, other than those at fair value through profit or loss, are subsequently measured at amortised cost using the effective yield method.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. Where an existing financial liability is replaced by another from the same lender or substantially different terms, or the terms of an existing liability are substantially modified, such an exchange and modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognised in profit or loss.

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PUNJAB INDUSTRIAL ESTATES DEVELOPMENT AND MANAGEMENT COMPANY

(a company set up under section 42 of the repealed Companies Ordinance, 1984. Now Companies Act, 2017)

Notes to the Financial Statements

For the year ended June 30, 2020

6.15 Impairment

Financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its financial assets. The Company applies the simplified approach to recognise lifetime expected credit losses for trade debts, contract assets. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. The Company recognises in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date.

Non-financial assets

The carrying amounts of non-financial assets are assessed at each reporting date to ascertain whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated to determine the extent of impairment loss, if any. An impairment loss is recognized as an expense in the statement of profit or loss. The recoverable amount is the higher of an asset's fair value less cost of disposal and value-in-use. Value-in-use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risk specific to the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

An impairment is reversed if there is a change in the estimates used to determine the recoverable amount. An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Offsetting of financial assets and financial liabilities

A financial asset and financial liability is offset and the net amount is reported in the statement of financial position if the Company has a legally enforceable right to set off the transaction and also intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

6.16 Revenue

In accordance with IFRS 15, revenue is recognised when following conditions are met:

- Identify the contract(s) with a customer;
 - Identify the performance obligations in the contract;
 - Determine the transaction price;
 - Allocate the transaction price to the performance obligations in the contract;
 - Recognise revenue when (or as) the entity satisfies a performance obligation.
- Revenue from sale of industrial plots is recognized when the customers obtains control of the plots and chances of cancellation of the allotment of the plot is remote, i.e. the following conditions are fulfilled:
 - Full payment is received from customers;
 - Agreement to sell is executed with customers; and
 - Physical possession of developed plot is given to customers;
 - Revenue from sale of electricity is recognized on the basis of electricity supplied to customers at rates determined by NEPRA for DISCOs. Electricity sale is recorded over the period of time i.e. when the consumers have consumed the electricity supplied.
 - Fee and other charges are charged to customers at prescribed rates and they are recognized as income over the period of time.
 - Operations and maintenance charges billed to customers are recorded over the period of time.
 - Transfer fee is charged to customers at prescribed rates and it is recognized as income on accrual basis.
 - Return on bank deposits/interest income is recognized as and when accrued on effective interest method.
 - Miscellaneous income represents fee for providing temporary connections and repair/replacement of cables and temporary meters. The fee for installation/replacement of temporary connections is recognized on installation of meters at allottees' sites. The income related to repair of meters and cables is recognised on performance of repair and maintenance services.
 - Grants related to assets are recognized in statement of profit and loss over the life of the depreciable assets.
 - Grants related to income are recognized in statement of profit and loss over the period of grant agreement.
 - Deferred credit is amortised over the period of loan agreement.

6.17 Advances received for sale of plots

Advances received from customers against sale of plots are stated at cost. They are recognized as revenue when customers obtain control of the plot and chances of cancellation of the allotment of the plot is remote.

6.18 Deferred income

Amount received from customers for electric transformers are recognised as deferred income and recognized as income over the useful life of the transformers from the date of installation.



PUNJAB INDUSTRIAL ESTATES DEVELOPMENT AND MANAGEMENT COMPANY

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	Note	2020 Rupees	2019 Rupees
7 Share capital			
Authorized share capital			
15,000,000 (2019: 15,000,000) ordinary shares of rupees 10 each		150,000,000	150,000,000
Issued, subscribed and paid up share capital			
5,000,000 (2019: 5,000,000) ordinary shares of rupees 10 each fully paid in cash		50,000,000	50,000,000
Total		50,000,000	50,000,000
100% Shares of the Company are held by the Government of the Punjab (through Industries, Commerce Investment & Skill Development Department).			
8 Long term financing			
Loan from Government of Punjab I - SIE	8.1	935,000,000	935,000,000
Loan from Government of Punjab II - VIE	8.2	151,000,000	151,000,000
Loan from Government of Punjab III - SIE	8.3	100,000,000	100,000,000
Loan from Government of Punjab IV - PEETCO	8.4	19,500,000	19,500,000
Sub total	8.5	1,205,500,000	1,205,500,000
Loan from Government of Punjab V - VIE	8.6	150,000,000	150,000,000
Loan from Government of Punjab VI - SIE	8.7	100,000,000	100,000,000
Loan from Government of Punjab VII - QABP	8.8	3,315,668,000	3,315,668,000
Loan from Government of Punjab VII - QABP	8.9	1,587,332,000	1,587,332,000
Loan from Government of Punjab VIII - CIE	8.10	470,000,000	470,000,000
Loan from Government of Punjab IX - QABP	8.11	1,650,000,000	1,650,000,000
Loan from Government of Punjab X - Bahawalpur	8.12	250,000,000	-
Loan from Government of Punjab XI - QABP	8.13	1,700,000,000	-
Sub total		9,223,000,000	7,273,000,000
Total long term financing		10,428,500,000	8,478,500,000
Less: Repayment of loan		(843,850,000)	(723,300,000)
Less: Deferred credit	10	(2,927,109,496)	(2,254,954,917)
		6,657,540,504	5,500,245,083
Opening balance of amortization of deferred credit		1,955,646,819	1,573,981,767
Add: Amortization of deferred credit during the year	42	190,713,629	381,665,052
	8.14 & 8.15	2,146,360,448	1,955,646,819
Total Financing	8.17	8,803,900,952	7,455,891,902
Current portion of long term financing	8.16	(6,843,550,000)	(6,136,883,333)
		1,960,350,952	1,319,008,569

8.1 This represents loan for development of infrastructure and ancillary facilities at Sundar Industrial Estate. (For terms, refer to Note 8.5)

8.2 This represents loan for establishment of Vehari Industrial Estate. (For terms, refer to Note 8.5)

8.3 This represents loan for shifting of Hazardous Industries from city to Sundar Industrial Estate. (For terms, refer to Note 8.5)

8.4 This represents loan on behalf of Punjab Environmental Effluent Treatment Company ("PEETCO"), a related party, for combined effluent treatment plant at Sundar Industrial Estate. (For terms, refer to Note 8.5)

8.5 Aggregate loan of Rs.1,205.50 million is repayable in ten equal annual instalments commencing from 31 December 2013 and carries mark-up at the rate at 0.25% per annum. Penalty on overdue payments is chargeable at the rate of 4% per annum.

8.6 This loan of Rs. 150 million is for establishment of Vehari Industrial Estate. The loan is repayable in three equal annual installments commencing from 30 June 2017 and carries mark-up at the rate at 0.25% per annum. Penalty on overdue payments is chargeable at the rate of 4% per annum.

8.7 This loan of Rs. 100 million is for shifting of Hazardous Industries from City to Sundar Industrial Estate. The loan is repayable in three equal annual installments commencing from 30 June 2017 and carries mark-up at the rate at 0.25% per annum. Penalty on overdue payments is chargeable at the rate of 4% per annum.

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PUNJAB INDUSTRIAL ESTATES DEVELOPMENT AND MANAGEMENT COMPANY*(a company set up under section 42 of the repealed Companies Ordinance, 1984. Now Companies Act, 2017)***Notes to the Financial Statements****For the year ended June 30, 2020**

- 8.8 This loan received is for establishment of Quaid-e-Azam Business Park Sheikhupura. The loan was received in the form of land having award value of Rs. 3,316 million with area measuring 1,562 acres during the year ended 30 June 2014. The loan is repayable in three equal annual installments commencing from 30 June 2017 and carries mark-up at the rate at 0.25% per annum. Penalty on overdue payments is chargeable at the rate of 4% per annum.
- 8.9 This loan is for the establishment of Quaid-e-Azam Business Park Sheikhupura. The loan is repayable in three equal annual installments commencing from 30 June 2018 and carries mark-up at the rate at 0.25% per annum. Penalty on overdue payments is chargeable at the rate of 4% per annum.
- 8.10 This loan is for the establishment of Chunian Industrial Estate. The loan is repayable in three equal annual installments commencing from 30 June 2019 and carries mark-up at the rate at 0.25% per annum. Penalty on overdue payments is chargeable at the rate of 4% per annum.
- 8.11 This loan is for the establishment of Quaid-e-Azam Business Park, Sheikhupura. The loan is repayable in three equal annual installments commencing from 30 June 2019 and carries mark-up at the rate at 0.25% per annum. Penalty on overdue payments is chargeable at the rate of 4% per annum.
- 8.12 This loan is for the establishment of Bahawalpur Industrial Estate. The loan is repayable in three equal annual installments commencing from 30 June 2023 and carries mark-up at the rate at 0.25% per annum. Penalty on overdue payments is chargeable at the rate of 4% per annum.
- 8.13 This loan is for the establishment of Quaid-e-Azam Business Park, Sheikhupura. The loan is repayable in three equal annual installments commencing from 30 June 2023 and carries mark-up at the rate at 0.25% per annum. Penalty on overdue payments is chargeable at the rate of 4% per annum.
- 8.14 This represents difference between amortized cost and face value of subsidised loan. Amortized cost has been determined using effective mark-up at 8.75 % to 12.95% per annum (2019: 8.75% to 12.95%).
- 8.15 The Company has recognized present value effect of low interest bearing loan from Government of Punjab in statement of financial position as deferred credit.
- 8.16 These include overdue loans amounting to Rs. 5114.77 million (2019: Rs. 406.66 million).
- 8.17 In the last year, Government of Punjab had decided to defer the loan repayment, amounting to Rs. 6,553 million till 31 December, 2019.

		2020 Rupees	2019 Rupees
9 Deferred income (Against Transformer Sharing)	Note		
Opening balance		197,940,762	201,832,629
Received from customers against cost of sharing transformers		911,730	16,291,403
Amortization for the year	34	(18,563,911)	(20,183,270)
Closing balance as at 30 June	9.1	180,288,581	197,940,762
9.1 Amount received from customers for sharing of electric transformers are recognised as deferred income which is amortized over the useful life of the transformers from the date of installation.			
10 Deferred Credit			
Total Ammortisation as on 1 July	10.1	2,927,109,496	2,254,954,917
Less Opening Amortization	8.14	(1,955,646,819)	(1,573,981,767)
Less Amortization for the year	8.15	(190,713,629)	(381,665,052)
Closing balance as at 30 June		780,749,048	299,308,098
10.1 Ammortisation as on 1 July			
Opening balance		2,254,954,917	2,254,954,917
Charge during the year		672,154,579	-
Closing balance as at 30 June		2,927,109,496	2,254,954,917
10.2 Deferred Credit presents effects of subsidized loan obtained from Government of Punjab (related parties) in statement of financial position.			

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		2020	2019
		Rupees	Rupees
11 Deferred grants	Note		
Opening balance	11.1	204,405,210	210,306,546
Grants received during the year		-	-
		<u>204,405,210</u>	<u>210,306,546</u>
Grants amortized related to income		-	-
Grants amortized related to assets		(2,882,400)	(5,901,336)
Closing balance as at 30 June		<u>201,522,810</u>	<u>204,405,210</u>
11.1	This includes grant of Rs. 80 million from Government of Punjab for setting up a pharmaceutical laboratory at Sundar Industrial Estate and Rs. 180 million received in cash for acquisition of land and development of new industrial estate in Gujrat. No development work has been started till 30 June 2020 in Gujrat Industrial Estate.		
12 Deferred liabilities			
The latest actuarial valuation of the Company's defined benefit gratuity scheme was conducted on 30 June 2020 using projected unit credit method. Details of obligation for defined benefit gratuity scheme is as follows:			
12.1 Present value of defined benefit obligation	12.2	177,358,108	156,112,519
Fair value of plan assets		(147,286,884)	(125,265,444)
Benefits Payable as at year end		3,419,029	-
Liability as at 30 June		<u>33,490,253</u>	<u>30,847,075</u>
12.2 Movement in liability for defined benefit obligation			
Present value of defined benefit obligation at beginning of the year		156,112,519	134,058,736
Current service cost for the year		27,986,179	29,746,321
Interest cost for the year		21,079,927	10,305,275
Benefits paid during the year		(16,362,652)	(10,485,585)
Advance benefits paid		-	-
Benefits Payable EoY		(3,419,029)	-
Experience adjustments (actuarial loss/gain)		(8,038,836)	(7,512,228)
Present value of defined benefit obligation at end of year		<u>177,358,108</u>	<u>156,112,519</u>
12.3 Comparative amounts of five years			Rupees
30 June 2019			156,112,519
30 June 2018			134,058,736
30 June 2017			93,239,370
30 June 2016			76,264,035
30 June 2015			64,329,173
12.4 Changes in fair value of plan assets		2020	2019
		Rupees	Rupees
Fair value of plan assets		125,265,444	101,027,092
Contributions during the year		26,362,332	27,838,061
Interest income on plan assets (Expected refund)		18,846,319	8,776,267
Benefits paid during the year		(12,383,467)	(10,485,585)
Advance benefits paid		-	-
Experience adjustments on return on plan assets (Actuarial loss)		(10,803,744)	(1,890,391)
Fair value of plan assets		<u>147,286,884</u>	<u>125,265,444</u>
12.5 Expenses to be recognized in statement of income and expenditure			
Current service cost		27,986,179	29,746,321
Interest cost on defined benefit obligation		21,079,927	10,305,275
Interest income on plan assets		(18,846,319)	(8,776,267)
Expenses chargeable to statement of income and expenditure		<u>30,219,787</u>	<u>31,275,329</u>
12.6 Remeasurement chargeable in other comprehensive income			
Experience adjustments on plan obligations		(8,038,836)	(7,512,228)
Experience adjustments on return on plan assets		10,803,744	1,890,391
		<u>2,764,908</u>	<u>(5,621,837)</u>

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		2020	2019
12.7 Significant actuarial assumptions			
Discount rate used for interest cost in statement of income and expenditure		8.5%	14.3%
Discount rate used for year end obligation		7.5%	13.3%
Salary increase used for year end obligations:			
Salary increase FY 2017		N/A	N/A
Salary increase FY 2018 & onwards		7%	7%
Next salary is increased at		1/9/2020	1/9/2019
Mortality rates		SLIC 2001-05	SLIC 2001-05
		Setback 1 Year	Setback 1 Year
Withdrawals rates		Age-based	Age-based
		(per appendix)	(per appendix)
Retirement assumption		Age 60	Age 60
		2020	2019
		Rupees	Rupees
12.8 Expected expense for next year	Note		
Current service cost		31,325,877	30,770,523
Interest cost on defined benefit obligation		14,380,026	21,498,936
Interest income on plan assets (Expected refund)		(12,944,371)	(17,365,224)
Amount chargeable to statement of income and expenditure		32,761,532	34,904,235
12.9 Year end sensitivity analysis on defined benefit obligation			
Discount rate increase by 100 bps		165,423,848	145,607,855
Discount rate decrease by 100 bps		190,151,874	167,373,730
Salary increase by 100 bps		190,152,087	167,373,730
Salary decrease by 100 bps		165,425,109	145,607,855
13 Accrued mark upon financing			
Accrued interest			
Overdue interest		88,833,951	66,631,743
Interest accrued during the year		22,811,928	23,558,396
Paid during the year		(1,205,500)	(1,356,188)
		110,440,379	88,833,951
Accrued penalty / Overdue interest			
Opening balance		10,492,151	-
Penalty accrued during the year		111,937,606	10,492,151
Paid during the year		-	-
		122,429,757	10,492,151
		232,870,136	99,326,102
14 Trade and other payables			
Creditors		686,943,803	495,678,542
Advances from customers- unsecured		225,623,418	177,485,995
Accrued liabilities		38,041,313	37,817,597
Bills payable		58,890,892	242,164,765
Retention money payable		331,260,354	302,938,733
Withholding Tax payable		97,907,280	100,224,239
Payable To Tannery Zone allottees		2,923,403	2,923,403
Other payables		100,839,496	92,175,942
		1,542,429,959	1,451,409,216
15 Security Deposits- secured			
Security deposits against electricity connections	15.1	490,077,133	425,997,581
Security deposit against rent		3,767,250	3,767,250
		493,844,383	429,764,831

15.1 These represent security deposits received from customers of Sundar Industrial Estate and Rahim Yar Khan Industrial Estate against their electricity connections.

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PUNJAB INDUSTRIAL ESTATES DEVELOPMENT AND MANAGEMENT COMPANY

(a company set up under section 42 of the repealed Companies Ordinance, 1984. Now Companies Act, 2017)

Notes to the Financial Statements

For the year ended June 30, 2020

	Note	2020 Rupees	2019 Rupees
16 Other financial liabilities			
Due towards Government of Punjab I - BIE	16.1	127,328,437	127,328,437
Due towards Government of Punjab II - BIE	16.1	3,238,125	3,238,125
Due towards Government of Punjab III - VIE	16.2	132,000,000	132,000,000
Due towards Government of Punjab IV - CIE	16.3	103,203,387	103,203,387
Due towards Government of Punjab V - BWP	16.4	1,064,085,000	1,064,085,000
		1,429,854,949	1,429,854,949

16.1 This represents a payable against land sold by the Government of Punjab (GoPb) to the Company for establishment of Bhalwal Industrial Estate having award value of Rs. 127.33 million and Rs. 3.24 million with area measuring 385.84 acres and 4.91 acres during the year ended 30 June 2011 and 2013, respectively. In accordance with letter received from the GoPb, purchase price of such land will be converted into long term loan after finalization of specific terms and conditions with the Finance Department. Since loan agreement is not signed between both parties, accordingly, this payable has been classified as short term loan.

16.2 This represents a payable against land sold by the Government of Punjab (GoPb) to the Company for establishment of Vehari Industrial Estate having award value of Rs. 132 million with area measuring 200 acres during the year ended 30 June 2013. In accordance with letter received from the GoPb, purchase price of such land will be converted into long term loan after finalization of specific terms and conditions with the Finance Department. Since loan agreement is not signed between both parties, accordingly, this payable has been classified as short term loan.

16.3 This represents a payable against land sold by the Government of Punjab (GoPb) to the Company for establishment of Chunian Industrial Estate having award value of Rs. 103.20 million with area measuring 130.11 acres during the year ended 30 June 2014. In accordance with letter received from the GoPb, purchase price of such land will be converted into long term loan after finalization of specific terms and conditions with the Finance Department. Since loan agreement is not signed between both parties, accordingly, this payable has been classified as short term loan.

16.4 This represents a payable against land sold by the Government of Punjab (GoPb) to the Company for establishment of Bahawalpur Industrial Estate having award value of Rs. 1,064.09 million with area measuring 483.18 acres during the year ended 30 June 2017. In accordance with letter received from the GoPb, purchase price of such land will be converted into long term loan after finalization of specific terms and conditions with the Finance Department. Since loan agreement is not signed between both parties, accordingly, this payable has been classified as short term loan.

17 Advance from customers against consultancy services - QASP

In accordance with agreement executed between the Company and the Energy Department, the Government of Punjab (Energy Department) was entered on 06 March 2015 where under Energy Department has released Rs. 1,619.57 million to the Company in advance for Engineering, Construction & Procurement Services of all works as per approved development plan of the Quaid-e- Azam Solar Park, Bahawalpur. Out of Rs. 1,619.57 million transferred by Energy Department, the Company has charged Rs. 1,406.64 million (2019: Rs. 1,378.66 million) to statement of profit or loss up to 30 June 2020 against expenditure incurred of Rs. 1,406.64 million (2019: Rs. 1,378.66 million).

18 Advances from customers against sale of plots

	Note	2020 Rupees	2019 Rupees
Sundar Industrial Estate		519,151,322	489,808,582
Multan Industrial Estate Phase I		74,407,510	68,901,110
Multan Industrial Estate Phase II		2,417,409	753,148,209
Rahim Yar Khan		329,676,948	360,981,028
Bhalwal		380,543,547	228,351,701
Vehari		182,670,099	166,537,374
		1,488,866,835	2,067,728,004

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PUNJAB INDUSTRIAL ESTATES DEVELOPMENT AND MANAGEMENT COMPANY

(a company set up under section 42 of the repealed Companies Ordinance, 1984. Now Companies Act, 2017)

Notes to the Financial Statements

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19 Contingencies and Commitments

Contingencies

- 19.1 The Company is distributing electricity in SIE, Bhalwal, Vehari and RIE without having a distribution license from National Electric Power Regulatory Authority (NEPRA). As per Section 20 of the Electric Power Project Act, 1997, no person can engage in distribution of electric power without having a distribution license issued by NEPRA under the Act. The Company by engaging in the distribution of electric power is acting in violation of the said section of the Act. Under Rule 3 of the National Electric Power Regulatory Authority (Fines) Rules, 2002 (the "Rules") NEPRA can impose fines as specified in the first schedule to the said Rules.

In this regard, the Company submitted applications to NEPRA on 9 October 2006 and 17 October 2016 for SIE and RIE respectively. SIE application was turned down on 17 October 2006. The Company again submitted an application to NEPRA which was admitted for consideration of grant of distribution license on 25 July 2011. In response to this Lahore Electric Supply Company submitted its comments on 25 August 2011. Consequently NEPRA sought the Company's view point vide its letter dated 29 August 2011. The Company, in this regard, submitted its reply to NEPRA on 28 February 2012 through its legal consultant hired for this purpose. After a long time, NEPRA asked the Company to submit another application for power supplier license vide its letter dated 15 October 2018 in view of amendments in NEPRA Act. The Company again submitted an application for electric power supplier license to NEPRA on 26 March 2019. The Company requested NEPRA for early issuance of Distribution License through its letter dated 30 May 2019 after meeting of Chairman PIEDMC with Chairman NEPRA on 6 May 2019. The Company again submitted its application to NEPRA on 26 July 2021 for grant of license for distribution of electricity in SIE, RIE, BIE and QABP.

In January 2022, NEPRA rejected the application on ground of judgement passed by Islamabad High Court (IHC) that during the terms of existing license, the Distribution Companies will continue to hold exclusive rights for providing distribution/ supplier services. Subsequently to this Company submitted fresh applications to MEPCO, FESCO and LESCO for grant of supply/distribution of licenses.

NEPRA has issued public notice for comments in respect of application submitted to MEPCO and FESCO on 14th September 2022, whereas application submitted to LESCO is still under verification process by NEPRA.

The management is confident that distribution license will be granted to the Company and accordingly, no adverse impact in these financial statements is expected.

- 19.2 There are 146 (2019: 135) cases pending in various courts relating to land, contractors, consultants and employees at Sundar, Quaid-e-Azam, Multan and Rahim Yar Khan Industrial Estates and Quaid-e-Azam Business Park. Because of the number of cases involved and their uncertain nature, it is not possible to quantify their financial effect at present. However, based on the opinion of legal advisors, no adverse impact on the financial statements is expected to arise on settlement of these cases.
- 19.3 Proceedings U/S 161 of the Income Tax Ordinance, 2001 were finalized by the Assistant Commissioner Inland Revenue (ACIR) on 28-06-2016 for the tax year 2012 to 2015 by raising an impugned demand u/s 235 of the Income Tax Ordinance, 2001 amounting to Rs. 294.16 along with default surcharge of Rs. 126.55 million. Appeal against the order for tax years 2012 to 2015 was filed before the Commissioner Inland Revenue-Appeals (CIR-A), who although confirmed the demand raised u/s 235 but remanded the case back in respect of the default surcharge stating that the taxpayer had available refunds in presence of which the default surcharge was not applicable, so the same may be deleted after verification. The order of the CIR-A has been challenged before the ATIR, whereas the demand for the said tax years u/s 235 has already been discharged in full amounting to Rs. 294.16 million (without default surcharge) against demand raised by ACIR for Tax Years 2012 to 2015. However, the management and tax advisor are of the view that the matter regarding the default surcharge will not be levied as the case remanded back has already attained finality along with the fact that no default surcharge or penalty is applicable in presence of available refunds, accordingly, no further provision regarding default surcharge of Rs. 126.55 million is liable to be created in these financial statements.
- 19.4 Certain petitioners of Civil Society filed a petition in the Honourable Lahore High Court on 23 October 2017 challenging incorporation of the Company along with other companies incorporated u/s 42 of the repealed Companies Ordinance, 1984 which are operating in Punjab. Currently, proceedings of the Courts are in process. Based on opinion of the legal advisor, the Company would be able to continue as going concern as such petition is most likely to be dismissed.

	2020 Rupees	2019 Rupees
<u>Commitments</u>		
Commitments in respect of development projects	788,703,000	2,111,284,516

Signature

PUNJAB INDUSTRIAL ESTATES DEVELOPMENT AND MANAGEMENT COMPANY

(a company set up under section 42 of the repealed Companies Ordinance, 1984. Now Companies Act, 2017)

Notes to the Financial Statements

For the year ended June 30, 2020

20 Operating fixed assets	Note	2020			2019		
		Rupees			Rupees		
		571,254,765			634,169,783		

Description	Cost				Accumulated depreciation				Book value as at June 30, 2020	Annual rate of depreciation %
	Cost as at July 1, 2019	Additions during the year	Disposal during the year	Cost as at June 30, 2020	as at July 1, 2019	Depreciation for the year	Depreciation on disposals	as at June 30, 2,020		
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.		
Land	12,480,403	-	-	12,480,403	-	-	-	-	12,480,403	0%
Buildings	242,744,324	9,185,707	-	251,930,031	(78,830,370)	(14,860,568)	-	(93,690,938)	158,239,093	10%
Office equipments	42,662,719	398,654	-	43,061,373	(23,907,920)	(4,528,255)	-	(28,436,175)	14,625,198	20%
Lab Equipments	66,827,753	-	-	66,827,753	(53,097,170)	(3,995,928)	-	(57,093,098)	9,734,655	30%
Computers	57,223,936	2,427,571	-	59,651,507	(36,017,638)	(6,688,832)	-	(42,706,470)	16,945,037	30%
Furniture and fixtures	26,260,722	476,753	-	26,737,475	(18,018,376)	(1,701,426)	-	(19,719,802)	7,017,673	20%
Electric installations	3,297,794	-	-	3,297,794	(2,787,996)	(101,959)	-	(2,889,955)	407,839	20%
Machinery	39,297,164	1,851,858	(1,804,103)	39,344,919	(24,062,492)	(4,044,834)	1,451,888	(26,655,438)	12,689,481	20%
Vehicles	188,248,790	2,943,000	(5,136,708)	186,055,082	(98,127,688)	(21,282,637)	4,748,735	(114,661,590)	71,393,492	20%
Transformers	267,060,231	911,730	-	267,971,961	(69,119,466)	(18,563,911)	-	(87,683,377)	180,288,584	10%
Grid Stations	93,200,064	-	-	93,200,064	(1,165,001)	(4,601,753)	-	(5,766,754)	87,433,310	5%
	1,039,303,900	18,195,273	(6,940,811)	1,050,558,362	(405,134,117)	(80,370,103)	6,200,623	(479,303,597)	571,254,765	

Description	Cost				Accumulated depreciation				Book value as at June 30, 2019	Annual rate of depreciation %
	Cost as at July 1, 2018	Additions during the year	Disposal during the year	Cost as at June 30, 2019	as at July 1, 2018	Depreciation for the year	Depreciation on disposals	as at June 30, 2019		
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.		
Land	12,480,403	-	-	12,480,403	-	-	-	-	12,480,403	0%
Buildings	157,256,397	85,487,927	-	242,744,324	(62,759,758)	(16,070,612)	-	(78,830,370)	163,913,954	10%
Office equipments	38,779,743	3,882,976	-	42,662,719	(18,909,962)	(4,997,958)	-	(23,907,920)	18,754,799	20%
Lab Equipments	66,827,753	-	-	66,827,753	(47,219,462)	(5,877,708)	-	(53,097,170)	13,730,583	30%
Computers	51,487,401	5,736,535	-	57,223,936	(27,198,197)	(8,819,441)	-	(36,017,638)	21,206,298	30%
Furniture and fixtures	23,660,890	2,599,832	-	26,260,722	(15,927,470)	(2,090,906)	-	(18,018,376)	8,242,346	20%
Electric installations	3,297,794	-	-	3,297,794	(2,660,546)	(127,450)	-	(2,787,996)	509,798	20%
Machinery	29,764,008	9,533,156	-	39,297,164	(19,507,317)	(4,555,175)	-	(24,062,492)	15,234,672	20%
Vehicles	178,131,942	15,537,620	(5,420,772)	188,248,790	(79,742,504)	(22,579,553)	4,194,369	(98,127,688)	90,121,102	20%
Transformers	250,768,828	16,291,403	-	267,060,231	(48,936,204)	(20,183,262)	-	(69,119,466)	197,940,765	10%
Grid Stations	-	93,200,064	-	93,200,064	-	(1,165,001)	-	(1,165,001)	92,035,063	5%
	812,455,159	232,269,513	(5,420,772)	1,039,303,900	(322,861,420)	(86,467,066)	4,194,369	(405,134,117)	634,169,783	

20.1 Details of disposal of property, plant and equipment

Assets Particulars	Cost	Carrying Amount	Sale Price	Gain on Disposal	Particulars of the Purchaser	Mode of Disposal	Relationship with the Purchaser
Rupees.....							
Suzuki Cultus Car-LEJ-08-9488	684,721	55,876	405,999	350,123	Muhammad Wanis Fayaz	Auction	N/A
Hyundai Shezore-LEG-07-1335	702,000	42,774	1,065,000	1,022,226	Muhammad Altaf	Auction	N/A
Mercedes Benz Van-LEG-06-1054	2,469,547	137,038	210,000	72,962	Muhammad Altaf	Auction	N/A
Scissor Lift (Hydraulic Aerial Platform) - LEJ-78-2590	1,804,103	352,215	567,000	214,785	Muhammad Altaf	Auction	N/A
Honda City -LEC-10-3780	1,280,440	152,285	1,017,000	864,715	Syed Yasir Hussain Shah	Auction	N/A
	6,940,811	740,188	3,264,999	2,524,811			

20.2 Depreciation charged for the year has been allocated as follows:	2020	2019
	Rupees	Rupees
Operations and maintenance expenses	24,544,230	22,243,115
Cost of electricity	4,601,753	6,763,025
Administrative expenses	51,224,120	57,460,926
	80,370,103	86,467,066

20.3 It includes depreciation expense on laboratory equipment and building of PDTRC amounting to Rs. 2,882,400 (2019: Rs. 5,901,336) for which grant was provided by the Government of Punjab (related party).

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PUNJAB INDUSTRIAL ESTATES DEVELOPMENT AND MANAGEMENT COMPANY

(a company set up under section 42 of the repealed Companies Ordinance, 1984. Now Companies Act, 2017)

Notes to the Financial Statements

For the year ended June 30, 2020

		2020	2019
		Rupees	Rupees
21 Capital work in progress	Note		
Balance as at 1 July		96,117,063	86,420,403
Additions during the year		217,904,341	88,191,711
Transfers to operating fixed assets		(2,113,244)	(78,495,051)
Balance as at 30 June	21.1	311,908,160	96,117,063
21.1 Capital Work in progress			
Office building SIE		309,592	309,592
Office building MIE-I		-	1,426,409
Office building QIE		2,491,178	-
Surveillance System		7,615,760	7,615,760
Grid station SIE (T-4)		131,908,789	84,883,702
Grid station RIE		169,582,841	1,881,600
		311,908,160	96,117,063
22 Intangible assets			
Cost			
Opening balance		3,285,954	3,285,954
Additions during the year		-	-
Closing balance		3,285,954	3,285,954
Accumulated Amortization			
Opening balance		3,194,493	2,981,279
Amortization for the year		52,260	213,214
Closing balance		3,246,753	3,194,493
NBV as at 30 June		39,201	91,461
23 Long term deposits	Note	2020	2019
		Rupees	Rupees
Security deposits	23.1	219,008,717	172,641,913
		219,008,717	172,641,913
23.1	This includes amount of Rs. 192.17 million (2019: Rs. 161.68million) paid to DESCO (related party) as security against electricity connection		
24 Inventory (projects in progress)	Note	2020	2019
		Rupees	Rupees
Sunder Industrial Estate (plots)		70,710,334	64,474,637
Multan Industrial Estate II		-	576,081,663
Bhalwal Industrial Estate	24.1 & 24.2	1,861,913,924	1,971,022,917
Rahim Yar Khan Industrial Estate	24.1	1,802,909,518	1,917,859,230
Bahawalpur Industrial Estates	24.1	1,357,480,360	1,258,979,914
Vehari Industrial Estate	24.1 & 24.2	1,041,088,565	1,051,293,311
Quaid-e-Azam Business Park (Quaid-e-Azam Apparel Park)		5,486,091,209	4,933,495,904
Chunian Industrial Estate	24.1	414,972,754	411,876,297
Quaid-e-Azam Industrial Estate (plots)		25,341,651	25,341,651
P. D. Khan Industrial Estate		12,282,216	11,733,100
Others		68,451,622	61,671,330
		12,141,242,153	12,283,829,954
Less: NRV adjustment	24.3	(108,552,744)	(181,593,116)
		12,032,689,409	12,102,236,838

24.1 This includes land measuring area 667 acres in Multan Industrial Estate Phase II, 483 acres in Bahawalpur Industrial Estate, 200 acres in Vehari Industrial Estate, 130.11 acres in Chunian Industrial Estate and 390.75 acres in Bhalwal Industrial Estate, Title of these estates have not been transferred in the name of the Company.

24.2 390 Acres and 200 Acres have been allotted in Bhalwal Industrial Estate and Vehari Industrial Estate respectively. However, the Company holds possession of 427 Acres and 277 Acres in these estates. Allotment letters for remaining land are still awaited and adjustment, if any, would be made in subsequent financial statements (year of issuance of allotment letters of such additional land).

24.3 This includes borrowing cost capitalized amounting to Rs. 110.44 million (2019: Rs. 88.23 million) against loans received from the Government of Punjab.

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PUNJAB INDUSTRIAL ESTATES DEVELOPMENT AND MANAGEMENT COMPANY

(a company set up under section 42 of the repealed Companies Ordinance, 1984. Now Companies Act, 2017)

Notes to the Financial Statements

For the year ended June 30, 2020

		2020 Rupees	2019 Rupees
25 Trade debts	Note		
- Considered good		1,148,268,795	902,175,753
- Considered doubtful		599,940,331	631,578,894
	25.1	1,752,454,108	1,533,754,647
Less: Provision for doubtful debts	25.2	(599,940,331)	(631,578,894)
		1,152,513,777	902,175,753
25.1 Trade debts - unsecured			
Accrued electricity billing		710,455,644	631,884,282
Electricity bills receivables		180,201,470	40,005,053
Operation and maintenance charges receivable		122,262,922	94,028,232
Water charges receivable		23,846,821	22,253,236
Aquifer charges receivable	25.3	3,321,666	7,509,808
Sewerage charges receivable		27,181,783	23,734,402
Lease rentals receivable		1,041,506	1,070,106
Rent receivables		1,992,537	133,652
Annual recurring expenses receivable		961,029	961,029
Sub letting fee receivable		7,124,598	5,762,732
Receivables against fee and penalties (NUF)		633,055,822	672,988,547
Mark-up on outstanding dues		41,008,310	33,423,568
		1,752,454,108	1,533,754,647
25.2 Provision for doubtful debts - unsecured			
Opening balance		(631,578,894)	(219,174,981)
Provision for the year (including ECL)		(66,871,883)	(426,568,246)
Recoveries / adjustments made during the year		98,510,446	14,164,333
Closing balance		(599,940,331)	(631,578,894)
25.3 These are net off effects of Supreme Court of Pakistan Order of 2020.			
26 Advances, deposits prepayments and other receivables	Note		
Advances to suppliers - <i>unsecured</i>	26.1	166,965,616	600,233,373
Advances to employees - <i>considered good</i>	26.2	32,447,848	32,603,650
Security deposits		3,379,427	3,437,427
Prepayments		6,395,028	7,522,438
Donations recoverable from plot owners - considered doubtful		173,621	177,742
Sales tax adjustable		154,793,260	241,945,106
Receivable from related party (PEETCO)	26.3	19,500,000	19,500,000
Others		6,731,154	6,785,266
		390,385,954	912,205,002
Less: Provision for doubtful advances and other receivables	26.4	(80,723,659)	(80,723,659)
		309,662,295	831,481,343
26.1 This represents:			
Mobilization advances to contractors - good		25,913,201	68,393,889
Material advances to contractors - good		23,433,287	23,860,577
Advances to suppliers - good		37,326,268	24,634,315
Advance to contractors (Deposits Work)	26.1.1	80,292,860	483,344,592
		166,965,616	600,233,373

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PUNJAB INDUSTRIAL ESTATES DEVELOPMENT AND MANAGEMENT COMPANY

(a company set up under section 42 of the repealed Companies Ordinance, 1984. Now Companies Act, 2017)

Notes to the Financial Statements

For the year ended June 30, 2020

		2020	2019
	Note	Rupees	Rupees
26.1.1 These includes advances given to following related parties:			
LESCO		80,292,860	151,000,000
SNGPL (QABP)		-	274,400,000
NTDC		-	55,446,012
MEPCO		-	2,498,580
		<u>80,292,860</u>	<u>483,344,592</u>
26.1.2 The ageing analysis of advance given to related parties is as follows:			
up to 1 year		-	400,553,152
1 to 2 years		-	2,498,580
2 to 3 years		-	-
3 to 4 years		-	-
5 years and more		80,292,860	80,292,860
		<u>80,292,860</u>	<u>483,344,592</u>
26.1.3 Maximum aggregate balance due from related party is Rs.80 million (2019: Rs.483 million). This includes an amount of Rs. 80 million (2019: Rs. 80 million) which is doubtful.			
26.2 This comprise:		2020	2019
Advances to employees against salary		Rupees	Rupees
		8,111,613	7,072,397
Advances to employees against expenses		24,336,235	25,531,253
		<u>32,447,848</u>	<u>32,603,650</u>
26.3 The Company has received a loan , on 19 August 2009, from Government of Punjab for Punjab Environmental Effluent Treatment Company ("PEETCO"), a related party, for combined effluent treatment plant at Sundar Industrial Estate. The funds were transferred to PEETCO on 10 September 2009. Winding up order has been passed by the PEETCO and such balance would be received after completion of winding up process.			
26.3.1 The maximum aggregate amount of receivables due from related parties at the end of any month during the year was Rs. 19,500,000 (2019: Rs 19,500,000).			
26.3.2 The ageing analysis of receivable from related party PEETCO is as follows:		2020	2019
		Rupees	Rupees
up to 1 year		-	-
1 to 2 years		-	-
2 to 3 years		-	-
3 to 4 years		-	-
5 years and more		19,500,000	19,500,000
26.4 Provision for doubtful advances and other receivables		2020	2019
		Rupees	Rupees
Opening balance		80,723,659	80,723,659
Reversal of provision during the year		-	-
Recovery during the year		-	-
Write-off during the year		-	-
Closing balance		<u>80,723,659</u>	<u>80,723,659</u>
27 Income tax refundable			
Income tax		678,496,715	690,342,761
		<u>678,496,715</u>	<u>690,342,761</u>
28 Short term investments - at amortized cost			
Maturity within 3 months		3,300,000,000	1,850,000,000
Maturity within 6 months		275,000,000	275,000,000
Maturity within 1 Year		15,000,000	15,000,000
Total		<u>3,590,000,000</u>	<u>2,140,000,000</u>
28.1 This represents investment in term deposit receipts of the Bank of Punjab (related party) carrying mark up ranging from 7.5% to 13.60% per annum (2019: 5.5% to 9% per annum).			

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PUNJAB INDUSTRIAL ESTATES DEVELOPMENT AND MANAGEMENT COMPANY

(a company set up under section 42 of the repealed Companies Ordinance, 1984. Now Companies Act, 2017)

Notes to the Financial Statements

For the year ended June 30, 2020

	Note	2020 Rupees	2019 Rupees
29 Cash and bank balances			
Cash in hand		810,615	855,976
Current accounts		910,190	911,385
Deposit accounts	29.2	<u>1,423,713,732</u>	<u>774,636,943</u>
		<u>1,425,434,537</u>	<u>776,404,304</u>

29.1 Cash and Bank include bank balances of Rs. 496.51 million (2019: Rs. 134.59 million) held in accounts not bearing title of the Company. i.e. 'Punjab Industrial Estate Management and Development Company'.

29.2 Balances in deposit accounts carry mark up @ 6.5% to 11.25% (2019: 4.5% to 10.25%) per annum.

29.3 Balance maintained with related party (Bank of Punjab) is amounting to Rs. 1376 million (2019: Rs. 757 million).

	Note	2020 Rupees	2019 Rupees
30 Sale of developed plots			
Sale of developed plots - Sundar Industrial Estate		95,614,000	156,138,469
Sale of developed plots - Multan Industrial Estate Phase II		751,944,404	222,729,870
Sale of developed plots - Rahimyar Khan Industrial Estate		195,131,700	82,791,850
Sale of developed plots - Bhalwal Industrial Estate		28,458,300	42,607,550
Sale of developed plots - Vehari Industrial Estate		81,938,700	64,942,650
Others - Quaid-e-Azam Industrial Estate		7,848,186	56,096,890
Total		<u>1,160,935,290</u>	<u>625,307,279</u>
31 Electricity billing			
Electricity billing	31.1	8,151,522,645	5,444,746,688
Less: Sales tax		<u>(1,193,320,160)</u>	<u>(641,359,459)</u>
Total		<u>6,958,202,485</u>	<u>4,803,387,229</u>

31.1 This represents sale of electricity (purchased from LESCO and MEPCO) to plot owners in Sunder Industrial Estate & Rahim Yar Khan Industrial Estate.

	Note	2020 Rupees	2019 Rupees
32 Fees			
Fees	32.1	<u>88,646,212</u>	<u>337,927,024</u>
Total		<u>88,646,212</u>	<u>337,927,024</u>

32.1 These includes non utilization fee, transfer fee, map approval fee, water meter fees, bidding fees and possession fees etc.

33 Operations, maintenance and allied service billing			
Operations & maintenance		218,365,760	166,971,686
Water		64,264,352	66,066,430
Aquifer		<u>105,864,597</u>	<u>59,577,217</u>
		<u>388,494,709</u>	<u>292,615,333</u>
34 Other Income			
Return on bank deposits and investments		479,997,819	234,670,606
Gain on disposal of vehicles		2,524,811	2,792,688
Rental Income		28,361,330	22,603,375
Mark up on outstanding dues		9,200,118	6,231,516
Amortization of deferred income	9	18,563,911	20,183,262
Amortization of deferred credit	10	190,713,629	381,665,052
Reversal of provision		31,638,563	14,164,333
Sales of electrical material		322,400	550,441
Miscellaneous income		<u>20,769,324</u>	<u>22,243,289</u>
		<u>782,091,905</u>	<u>705,104,562</u>

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PUNJAB INDUSTRIAL ESTATES DEVELOPMENT AND MANAGEMENT COMPANY

(a company set up under section 42 of the repealed Companies Ordinance, 1984. Now Companies Act, 2017)

Notes to the Financial Statements

For the year ended June 30, 2020

	Note	2020 Rupees	2019 Rupees
35 Cost of Sales			
Cost of plots sold	35.1	922,963,666	504,324,002
Net Realizable Value Adjustments	35.2	(73,040,370)	(88,062,037)
		<u>849,923,296</u>	<u>416,261,965</u>
35.1 Cost of plots sold			
Sundar Industrial Estate		4,929,364	218,196,652
Multan Industrial Estate		644,896,108	120,334,512
Rahim Yar Khan Industrial Estate		24,289,690	71,231,451
Bhalwal Industrial Estate		173,155,226	37,455,898
Vehari Industrial Estate		75,693,278	57,105,489
		<u>922,963,666</u>	<u>504,324,002</u>
35.2 NRV adjustment			
Rahim Yar Khan Industrial Estate		(9,290,674)	(31,325,886)
Vehari Industrial Estate		(33,171,537)	(7,834,897)
Bhalwal Industrial Estate		(30,578,159)	(48,901,254)
		<u>(73,040,370)</u>	<u>(88,062,037)</u>
36 Development Expenditure of Managed Estates			
Road and water supply development cost		16,536,699	35,743,976
	36.1	<u>16,536,699</u>	<u>35,743,976</u>
36.1 This includes development expenditure incurred on development and major rehabilitation of Sundar Industrial Estate, Multan Industrial Estate (Phase I), and Quaid-e-Azam Industrial Estates.			
37 Cost on construction and supervision of QASP			
Development cost (outsourced)		2,186,654	79,904,214
Salaries & benefits		16,039,151	15,307,930
Consultancy		-	3,180,000
Cost of CCTVs		-	9,270,905
Utilities		8,110,279	12,004,255
Others		1,645,859	10,791,323
	37.1	<u>27,981,943</u>	<u>130,458,627</u>
37.1 This cost is being incurred on development of QASP in accordance with agreement executed between the Company and Energy Department, GoPb.			
38 Cost of operations, maintenance and allied services			
Salaries & benefits		169,207,050	155,325,238
Road, drain and sewerage cleaning		26,699,070	57,027,886
Security		4,860,290	3,008,754
Maintenance of disposal station		28,486,197	25,816,349
Fuel & Power		13,453,912	16,988,221
Repair and maintenance		19,402,423	7,218,640
Depreciation	20.2	24,544,230	22,243,115
General maintenance		28,912,149	31,326,956
Insurance		329,213	306,588
Uniform and liveries		19,200	2,284,327
Utilities		45,597,957	32,848,542
Miscellaneous		647,971	781,774
		<u>362,159,662</u>	<u>355,176,390</u>

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PUNJAB INDUSTRIAL ESTATES DEVELOPMENT AND MANAGEMENT COMPANY

(a company set up under section 42 of the repealed Companies Ordinance, 1984. Now Companies Act, 2017)

Notes to the Financial Statements

For the year ended June 30, 2020

	Note	2020 Rupees	2019 Rupees
39 Cost of electricity			
Electricity		6,822,892,118	4,552,485,388
Stores consumed		27,525,442	9,529,681
Salaries & benefits		50,998,523	33,853,064
Fuel and utilities		2,758,242	3,494,459
Repair and maintenance		334,880	1,143,002
Depreciation	20.2	4,601,753	6,763,025
Uniform and liveries		907,394	234,520
Miscellaneous expenses		805,748	800,363
		<u>6,910,824,100</u>	<u>4,608,303,502</u>
40 Administrative expenses			
Salaries & benefits		197,022,537	230,172,981
Rent, rates and taxes		8,404,222	2,086,250
Repair and maintenance		7,703,874	8,319,774
Fuel		17,048,814	18,172,548
Insurance		8,244,831	8,622,115
Travelling and conveyance		5,866,710	6,921,777
Utilities		7,945,950	8,572,328
Printing and stationery		3,440,464	4,302,836
Network and website expenses		4,890,590	3,126,549
Advertisement		2,212,209	2,583,466
Security charges		57,862	2,600
Entertainment		2,339,614	3,082,973
Depreciation	20.2	51,224,120	57,460,926
Amortization of intangible assets	22	52,260	213,214
Postage		1,349,332	1,442,349
Legal and professional		7,895,764	17,822,978
Bad debts		1,316,216	21,930
Impairment of financial assets	25.2	-	426,568,246
Inventory written off		-	2,826,450
Auditor's remuneration	40.1	950,000	950,000
Books and periodicals		135,359	91,976
Janitorial services		293,731	314,643
Fees and subscriptions		356,873	78,922
Uniform and liveries		2,595,358	64,050
Miscellaneous		964,512	1,056,598
		<u>332,311,202</u>	<u>804,878,479</u>
40.1 Auditor's remuneration			
Audit fee		950,000	950,000
Total		<u>950,000</u>	<u>950,000</u>
41 Selling expenses			
Image Building & Branding		350,790	2,799,668
Foreign collaboration		-	2,079,210
Marketing & Promotion		4,028,318	2,480,252
Advertisement		616,434	2,032,358
Salaries & benefits		9,684,123	12,479,474
Rent, rates and taxes		6,177,440	599,514
Repair and maintenance		90,485	179,381
Fuel		-	74,791
Insurance		325,754	307,700
Utilities		1,042,814	1,220,203
Entertainment		103,517	151,008
Printing and stationery		20,810	75,517
Others		899,152	145,154
		<u>23,339,637</u>	<u>24,624,230</u>

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PUNJAB INDUSTRIAL ESTATES DEVELOPMENT AND MANAGEMENT COMPANY

(a company set up under section 42 of the repealed Companies Ordinance, 1984. Now Companies Act, 2017)

Notes to the Financial Statements

For the year ended June 30, 2020

	Note	2020 Rupees	2019 Rupees
42 Finance cost			
Unwinding of discount on subsidized loans - GoPb	8	190,713,629	381,665,052
Interest on long term loan - GoPb		1,196,155	1,606,177
Penalty on overdue loan	42.1	112,046,259	10,492,151
Bank charges		2,084,074	1,385,015
		<u>306,040,117</u>	<u>395,148,395</u>

42.1 This represents late payment penalty @ 4 % on overdue loans obtained from GoPb (related party).

43 Taxation

43.1 No provision for income tax including deferred tax has been made in these financial statements as the Company being a non-profit organization under section 42 of the repealed Companies Ordinance, 1984 is registered with tax authorities under section 2(36) of the Income Tax Ordinance, 2001 and tax credit equal to the tax payable including minimum tax and final tax payable is allowed under section 100C.

43.2 Numerical reconciliation between average effective tax rate and applicable tax rate is not required keeping in view the fact stated in Note 43.1

44 Cash generated from operations

Surplus of income over expenditure		577,353,380	135,727,663
<i>Adjustments for non cash and other items:</i>			
Depreciation		80,370,103	86,467,066
Amortization		52,260	213,214
Finance cost		325,728,960	415,715,599
Amortization of deferred credit		(190,713,629)	(381,665,052)
Amortization of deferred Income		(18,563,911)	(20,183,262)
Amortization of deferred grants		(2,882,400)	(5,901,336)
Bad debts		1,316,216	21,930
Inventory written off		-	2,826,450
Impairment of financial assets		-	426,568,246
Reversal of provision		(31,638,563)	(14,164,333)
(Gain) on sale of property, plant and equipment		(2,524,811)	(2,792,688)
Return on bank deposits		(479,997,819)	(234,670,606)
Staff gratuity		32,984,695	25,653,492
Operating surplus before working capital changes		<u>291,484,481</u>	<u>433,816,383</u>
Working capital changes	44.1	(93,635,999)	(435,556,071)
Net cash generated from/(used in) operations		<u>197,848,482</u>	<u>(1,739,688)</u>

44.1 Working capital changes

(Increase) / decrease in current assets

Stores, spare parts and loose tools	(20,845,046)	(10,315,722)
Inventory	69,547,429	(607,817,526)
Trade debts	(224,260,659)	(123,370,857)
Advances, deposits, prepayments and other receivables	533,665,094	255,529,957
	<u>358,106,818</u>	<u>(485,974,148)</u>

Increase / (decrease) in current liabilities

Trade and other payables	91,020,743	(91,961,835)
Advances from customers against sale of plots	(578,861,169)	251,385,615
Advance from customers against consultancy services	(27,981,943)	(130,458,627)
Security deposits	64,079,552	21,452,924
	<u>(451,742,817)</u>	<u>50,418,077</u>
	<u>(93,635,999)</u>	<u>(435,556,071)</u>

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PUNJAB INDUSTRIAL ESTATES DEVELOPMENT AND MANAGEMENT COMPANY

(a company set up under section 42 of the repealed Companies Ordinance, 1984. Now Companies Act, 2017)

Notes to the Financial Statements

For the year ended June 30, 2020

45 Financial risk management

45.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, other price risk and interest rate risk), credit risk and liquidity risk. Its overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance.

(a) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of currency risk other price risk and interest rate risk.

(i) Currency risk

The Company is exposed to currency risk to the extent that there is a mismatch between the currencies in which sales and purchase are denominated and the respective functional currency of the Company. The functional currency of the Company is Pak rupee. The Company is not exposed to any currency risk as there are no financial instruments at the reporting date that are sensitive to currency fluctuations.

(ii) Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company is not materially exposed to equity price risk since there are no investments in equity securities instruments traded in the market either classified as available-for-sale or at fair value through profit or loss at the reporting date. The Company is also not exposed to commodity price risk since it does not hold any financial instrument based on commodity prices.

(iii) Interest / mark-up rate risk

Interest / mark-up rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest / mark-up rates.

At the reporting date, the interest / mark-up rate profile of the Company's interest / mark-up bearing financial instruments was:

	2020 Rupees	2019 Rupees
Variable rate financial assets		
Deposit accounts	1,423,713,732	774,636,943
Fixed rate financial assets		
Short term investments	3,590,000,000	2,140,000,000
Fixed rate financial liabilities		
Loan from Government of Punjab	9,584,650,000	7,755,200,000

(b) Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter-parties failed completely to perform as contracted. To manage credit risk the Company maintains procedures for monitoring of exposures against different parties. As part of these processes the financial viability of all counterparties is regularly monitored and assessed. To mitigate the risk, the Company has a system of monitoring outstanding balances of all debts, advances and bank balances. Concentration of credit risk arises when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentration of credit risk indicates the relative sensitivity of the Company's performance to developments affecting a particular industry.

Signature

PUNJAB INDUSTRIAL ESTATES DEVELOPMENT AND MANAGEMENT COMPANY

(a company set up under section 42 of the repealed Companies Ordinance, 1984. Now Companies Act, 2017)

Notes to the Financial Statements

For the year ended June 30, 2020

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2020 Rupees	2019 Rupees
Long term deposits	219,008,717	172,641,913
Short term investments	3,590,000,000	2,140,000,000
Trade debts	1,152,513,777	902,175,753
Accrued mark up	132,974,598	28,452,807
Advances, deposits and other receivables	6,731,154	6,785,266
Bank balances	1,424,623,922	775,548,328
	6,525,852,168	4,025,604,067

All debtors are in domestic currency and aging of all trade debts before provisioning at the reporting date is:

Past due 0 - 365 days	977,435,836	742,057,479
Past due 366 - 720 days	26,658,208	77,278,814
Past due 721 & above	752,605,046	714,418,647
	1,752,454,108	1,533,754,940

The credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings. The Company believes that it is not exposed to major concentration of credit risk as its exposure is spread over a large number of counter parties.

The credit quality of Company's bank balances and term deposits can be assessed with reference to external credit ratings as follows:

	Rating		Rating Agency	2020	2019
	Long term	Short term		Rupees	Rupees
Short term investments					
The Bank of Punjab - retaied party	AA-	-	PACRA	3,590,000,000	2,140,000,000
Bank balances					
The Bank of Punjab - related party	AA-	-	PACRA	1,376,660,000	757,263,704
MIB Bank Limited	A	A-1	PACRA	1,992,347	1,893,557
Meezan Bank Limited	AA+	A-1+	JCR-VIS	1,558,013	2,915,337
United Bank Limited	AAA	A-1+	JCR-VIS	39,765,210	9,837,596
Silk Bank Limited	B+	-	JCR-VIS	4,648,352	4,293,888
				1,424,623,922	776,204,082

Due to the Company's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligations to the Company. Accordingly, the credit risk is minimal.

(c) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset, or that such obligations will have to be settled in a manner unfavourable to the Company. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and availability of adequate funds through committed credit facilities. The Company finances its operations through equity, borrowings and working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk. The management aims to maintain flexibility in funding by keeping regular committed credit lines.

The following are the contractual maturities of financial liabilities as at June 30:

Description	2020				
	Carrying amount	Contractual cash flows	One year or less	One to five years	More than five years
	----- Rupees -----				
Long term financing	8,803,900,952	8,803,900,952	6,843,550,000	1,960,350,952	-
Other financial liabilities	1,429,854,949	1,429,854,949	1,429,854,949	-	-
Trade and other payables	1,316,806,541	1,316,806,541	1,316,806,541	-	-
Deposits	493,844,383	493,844,383	493,844,383	-	-
Accrued mark up	232,870,136	232,870,136	232,870,136	-	-
	12,277,276,961	12,277,276,961	10,316,926,009	1,960,350,952	-

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PUNJAB INDUSTRIAL ESTATES DEVELOPMENT AND MANAGEMENT COMPANY

(a company set up under section 42 of the repealed Companies Ordinance, 1984. Now Companies Act, 2017)

Notes to the Financial Statements

For the year ended June 30, 2020

Description	2019				
	Carrying amount	Contractual cash flows	One year or less	One to five years	More than five years
	Rupees				
Long term financing	7,455,891,902	7,455,891,902	6,136,883,333	1,319,008,569	-
Other financial liabilities	1,429,854,949	1,429,854,949	1,429,854,949	-	-
Trade and other payables	1,273,923,221	1,273,923,221	1,273,923,221	-	-
Deposits	429,764,831	429,764,831	429,764,831	-	-
Accrued mark up	99,326,102	99,326,102	99,326,102	-	-
	10,688,761,005	10,688,761,005	9,369,752,436	1,319,008,569	-

45.2 Fair values of financial assets and liabilities

Fair value is the amount that would be received on sale of an asset or paid on transfer of a liability in an orderly transaction between market participants at the measurement date. Consequently, differences can arise between carrying values and fair value estimates. Underlying the definition of fair value is the presumption that the Company is a going concern without any intention requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

IFRS 13, 'Fair value Measurements' requires the Company to classify fair value measurements using fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: inputs for the assets or liability that are not based on observable market data (unobservable inputs).

The following table show the carrying amounts and fair values of financial assets according to there respective category, including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include fair value information for financial assets not measured at fair value if the carrying amount is reasonable approximation of fair value:

Description	Carrying amount			Fair Value			
	Amortized Cost	Fair value through Profit or loss	Total	Level 1	Level 2	Level 3	Total
	(Rupees)	(Rupees)	(Rupees)	(Rupees)	(Rupees)	(Rupees)	(Rupees)
June 30, 2020							
Financial assets not measured at fair value							
Security deposits	219,008,717	-	219,008,717	-	-	-	-
Short term investments	3,590,000,000	-	3,590,000,000	-	-	-	-
Trade debts	1,152,513,777	-	1,152,513,777	-	-	-	-
Accrued mark up	132,974,598	-	132,974,598	-	-	-	-
Advances, deposits and other receivables	309,662,295	-	309,662,295	-	-	-	-
Cash and bank balances	1,425,434,537	-	1,425,434,537	-	-	-	-
	6,829,593,924	-	6,829,593,924	-	-	-	-
	(Rupees)	(Rupees)	(Rupees)	(Rupees)	(Rupees)	(Rupees)	(Rupees)
Financial liabilities not measured at fair value							
Long term financing	1,960,350,952	-	1,960,350,952	-	-	-	-
Other financial liabilities	1,429,854,949	-	1,429,854,949	-	-	-	-
Trade and other payables	1,542,429,959	-	1,542,429,959	-	-	-	-
Deposits	493,844,383	-	493,844,383	-	-	-	-
Accrued mark up on financing	232,870,136	-	232,870,136	-	-	-	-
	5,659,350,379	-	5,659,350,379	-	-	-	-

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PUNJAB INDUSTRIAL ESTATES DEVELOPMENT AND MANAGEMENT COMPANY

(a company set up under section 42 of the repealed Companies Ordinance, 1984. Now Companies Act, 2017)

Notes to the Financial Statements

For the year ended June 30, 2020

Description	Carrying amount			Fair Value			
	Amortized Cost	Fair value through Profit or loss	Total	Level 1	Level 2	Level 3	Total
	(Rupees)	(Rupees)	(Rupees)	(Rupees)	(Rupees)	(Rupees)	(Rupees)
June 30, 2019							
Financial assets not measured at fair value							
Security deposits	172,641,913	-	172,641,913	-	-	-	-
Short term investments	2,140,000,000	-	2,140,000,000	-	-	-	-
Trade debts	902,175,753	-	902,175,753	-	-	-	-
Accrued mark up	28,452,807	-	28,452,807	-	-	-	-
Advances, deposits and other receivables	831,481,343	-	831,481,343	-	-	-	-
Cash and bank balances	776,404,304	-	776,404,304	-	-	-	-
	<u>4,851,156,120</u>	<u>-</u>	<u>4,851,156,120</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities not measured at fair value							
Long term financing	1,319,008,569	-	1,319,008,569	-	-	-	-
Other financial liabilities	1,429,854,949	-	1,429,854,949	-	-	-	-
Trade and other payables	1,451,409,216	-	1,451,409,216	-	-	-	-
Deposits	429,764,831	-	429,764,831	-	-	-	-
Accrued mark up	99,326,102	-	99,326,102	-	-	-	-
	<u>4,729,363,667</u>	<u>-</u>	<u>4,729,363,667</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The Company has not disclosed the fair values of these financial assets and liabilities as these are for short term or repriced over short term. Therefore, these carrying amounts are reasonable approximation of their fair values.

45.3 Capital management

The Board's policy is to maintain an efficient capital base so as to maintain investor, creditor and market confidence and to sustain the future development of its business.

The Company's objectives when managing capital is to safeguard the entity's ability to continue as a going concern, so that it can continue to provide services for which it is established.

The Company manages the capital structure in the context of economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may obtain loan from the Government of Punjab.

Neither were there any changes in the Company's approach to capital management during the year nor is the Company subject to externally imposed capital requirements.

46 Chief Executive Officer, Directors and Executives remuneration

Description	Chief Executive Officer		Directors		Executives	
	2020	2019	2020	2019	2020	2019
	Rupees					
Managerial remuneration	4,951,320	7,605,880	-	-	143,533,159	167,931,623
Reimbursement of expenses	143,734	650,994	-	-	3,219,078	14,782,222
Retirement benefits (Gratuity)	412,610	875,967	-	-	11,956,687	17,283,663
	<u>5,507,664</u>	<u>9,132,841</u>	<u>-</u>	<u>-</u>	<u>158,708,924</u>	<u>199,997,508</u>
Number of persons	1	1	14	14	67	71

Cars are being provided to Chief Executive Officer and Executives (Grade 8-12) for official and personal use.

Signature

PUNJAB INDUSTRIAL ESTATES DEVELOPMENT AND MANAGEMENT COMPANY

(a company set up under section 42 of the repealed Companies Ordinance, 1984. Now Companies Act, 2017)

Notes to the Financial Statements

For the year ended June 30, 2020

47 Transactions with related parties

The Company is a government sponsored entity, therefore, all the government departments / agencies are related parties of the Company. Other related parties comprise of directors, key management personnel and entities over which the directors are able to exercise influence. Balances and transactions with related parties are disclosed in respective notes to these financial statements. Significant transactions and balances with related parties except remuneration of Chief Executive Officer, Directors and Executives are as follows:

Description	Relationship	Nature of transaction	2020	2019
			Rupees	Rupees
Receivables from related parties				
Advances given	Executives	Advance against salary and expenses	32,447,848	31,587,051
PEETCO	Associated undertaking (Provincial Government Entity)	Loan	19,500,000	19,500,000
LESCO	Associated undertaking (Federal Government Entity)	Advance against construction work	80,292,860	151,000,000
SNGPL	Associated undertaking (Federal Government Entity)	Advance against construction work	-	274,400,000
NTDC	Associated undertaking (Federal Government Entity)	Advance against construction work	-	55,446,012
MEPCO	Associated undertaking (Federal Government Entity)	Advance against construction work	-	2,498,580
Payable to related parties				
LESCO	Associated undertaking (Federal Government Entity)	Utility services	764,474,774	397,467,016
FAS Tube Mills & Engineering Industries	Associated undertaking - Common Directorship	Advance against sale of plot	-	7,069,600

Transactions are as follows:

Description	Relationship	Nature of transaction	2020	2019
			Rupees	Rupees
Pakistan Telecommunication Company Ltd. (PTCL)	Federal Government	Utility services received	686,736	921,001
National Telecommunication Corporation (NTC)	Federal Government	Utility services received	233,351	314,003
Lahore Electric Supply Company (LESCO)	Federal Government	Utility services received	7,518,325,317	4,650,955,574
Multan Electric Power Company (MEPCO)	Federal Government	Utility services received	168,120,314	102,643,544
Faisalabad Electric Supply Company (FESCO)	Federal Government	Utility services received	13,900,492	3,223,282
Water and Sanitation Agency (WASA), Lahore	Provincial Government	Utility services received	3,956,044	1,888,860
National Insurance Company Limited (NICL)	Federal Government	Insurance	7,588,132	6,438,044
Sui Northern Gas Pipelines Limited (SNGPL)	Federal Government	Utility services received	176,490	285,040
Lahore Waste Management Company (LWMC)	Associated undertaking	Utility services received	-	6,424,402
Directorate General Public Relations (DGPR)	Provincial Government	Advertisement	12,555,379	5,436,896
COMSATS Internet Services	Provincial Government	Internet	213,311	516,240
Government of Punjab	Shareholder	Loan repaid	121,755,500	122,056,875
Punjab Irrigation Department	Provincial Government	Utility services received	140,000	-
Qadri Brother Private Limited	Associated undertaking due to Common Directorship	Electricity and other utilities	-	45,917,344
Izhar Group of Companies	Associated undertaking due to Common Directorship	Electricity and other utilities	-	7,182,614
FAS Tube Mills & Engineering Industries	Associated undertaking due to Common Directorship	Electricity and other utilities	4,463,602	122,989
US Apparel Group	Associated undertaking due to Common Directorship	Electricity and other utilities	-	4,146,158
Mehboob Industries	Associated undertaking due to Common Directorship	Electricity and other utilities	973,477	673,894
Thermosole Industries (Pvt) Ltd.	Associated undertaking due to Common Directorship	Electricity and other utilities	61,210,434	-
Koldkraft Pvt Ltd.	Associated undertaking due to Common Directorship	Electricity and other utilities	21,266,735	-
Kortech Auto Industries	Associated undertaking due to Common Directorship	Electricity and other utilities	328,322	-

48 Number of employees

The total and average number of employees of the Company during the current year and as at 30 June are as follows:

Total number of employees as at 30 June	668	654
Average number of employees during the year	661	610

49 Date of authorization

These financial statements were authorized for issue on _____ by the Board of Directors of the Company.

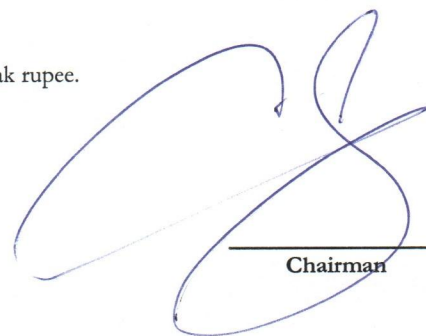
50 General

- All financial information is presented in Pak rupee and has been rounded to the nearest Pak rupee.

4/11/20



Chief Executive Officer



Chairman