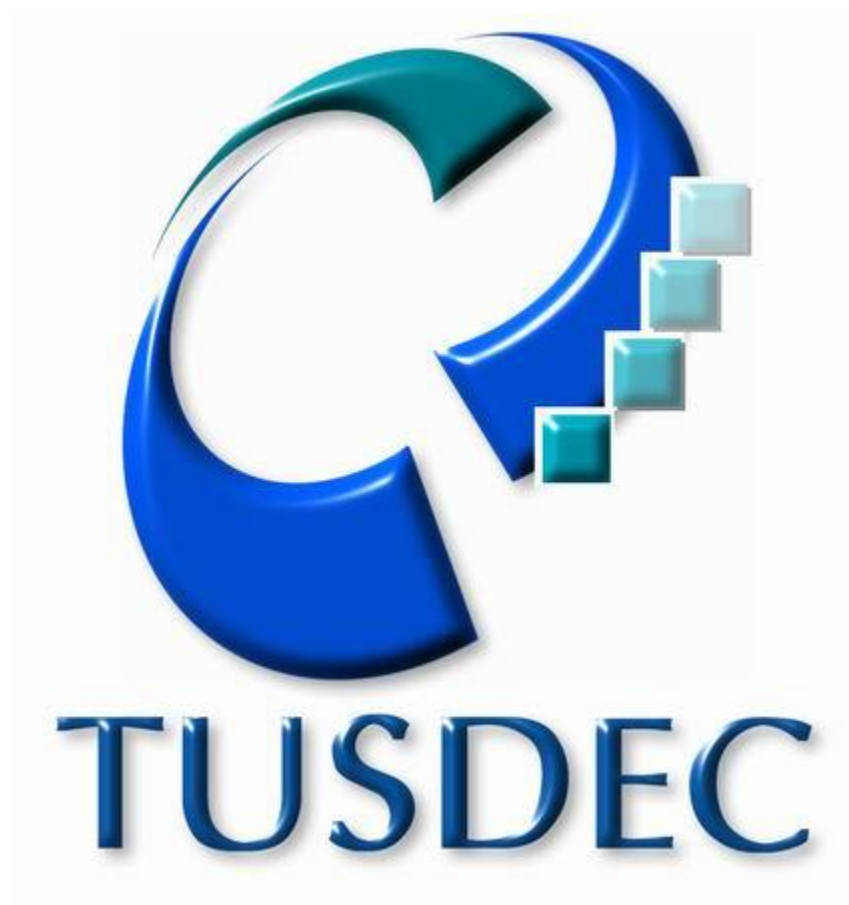


Annual Report for the Year ended 2020



COMPANY INFORMATION

Board of Directors

Independent Directors

Rana Nasir Mehmood
Chairman

Mr. Iftikhar Ahmed Jomezai
Director

Mr. Nooruddin F. Daud
(Tamgh-i-Imtiaz-Civil)
Director

Dr. Muhammad Aslam
Director

Prof. Dr. Younus Javed
Director

Executive Directors

Mr. Hashim Raza
Chief Executive Officer

Non-Executive Directors

Mr. Nadeem Ahsan
Director

Mr. Hashim Raza
Director

Representative, Ministry of Finance
Director

Board Audit Committee

Mr. Iftikhar Ahmed Jomezai
Chairman

Mr. Nadeem Ahsan
Director

Representative, Ministry of Finance
Director

Dr. Muhammad Aslam
Director

Mr. Nooruddin F. Daud
(Tamgh-i-Imtiaz-Civil)
Director

Board Human Resource Committee

Mr. Nooruddin F. Daud
(Tamgh-i-Imtiaz-Civil)
Chairman

Mr. Nadeem Ahsan
Director

Mr. Iftikhar Ahmed Jomezai
Director

Mr. Hashim Raza
Director

Mr. Hashim Raza
Chief Executive Officer

Board Finance and Procurement Committee

Mr. Nooruddin F. Daud
(Tamgh-i-Imtiaz-Civil)
Chairman

Representative, Ministry of Finance
Director

Dr. Muhammad Aslam
Director

Mr. Hashim Raza
Chief Executive Officer

Board Nomination Committee

Mr. Nadeem Ahsan
Director

Rana Nasir Mehmood
Director

Mr. Hashim Raza
Chief Executive Officer

Auditors

Nauman Javed Hasnain Rashid
Chartered Accountants

Registered/Head Office

State Cement Corporation Building, Kot
Lakhat,
Lahore



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Ministry of Industries and Production

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DIRECTORS' REPORT TO THE SHAREHOLDERS

The Board of Directors of **Technology Upgradation and Skill Development Company** (Your Company) is pleased to present the Annual Report along with the audited financial statements for the year ended June 30, 2020.

1- TUSDEC OVERVIEW

The establishment of TUSDEC came about as an implementation of Engineering Vision. The company was incorporated in 2005 as a Not-for-profit, guarantee limited company, a subsidiary of PIDC (Pakistan Industrial Development Corporation Pvt. Ltd.). The Objective of the company is to promote and establish Technology Up-gradation Centers and Skill Development Centers by establishing / providing common facility, design, support and maintenance, testing, certification, incubation, applied research, dissemination centers and / or any other institution deemed necessary for up-gradation / assimilation /streamlining / acquiring technology, however the Company shall not itself set-up or otherwise engage in industrial or commercial activities or in any manner function as a trade organization. TUSDEC is established to up-grade and transfer technology in industrial sector(s) relating but not limited to agro processing, chemicals, plastic, glass, metal, ceramics, auto motives, consumer durables and mining for introducing latest machinery therein so that production capability can be brought at par with international standards.

Since its inception, TUSDEC has absolutely fulfilled all of its strategic commitment aligned to the vision of building prosperous Pakistan. Over the years, TUSDEC has implemented numerous projects of Federal and Provincial Government, International Donors and also collaborated with local NGOs and CSR (Corporate Social Responsibility) Wings to implement large-scale development initiatives in diverse areas like TDM (Tools Dies and Moulds), Digital Product Design & Engineering, Ceramics, Cement and Garments industrial clusters. Cognizant to the dichotomy of manpower abundance and prevalent economics crises trickling down in the form of raging impoverishment in the country, TUSDEC is emphasizing on vocational skill development of vulnerable communities. The company is also pursuing many TVET (Technical, Vocational Education & Training) initiatives focusing at the capacity building of marginalized women thereby enabling them to mitigate the socioeconomic adversaries.

The countries surfing in the global limelight have adopted knowledge management as an element to build and uphold their competitive advantages. Accomplishment of knowledge directs the achievement of national aspirations and builds on national integrity. TUSDEC has synchronized its visionary streams with the enlightened goals of Government of Pakistan aimed at building a National Skill Base. In collaboration with Federal and Provincial Governments, various international donors and local nonprofit organizations, TUSDEC has been striving to shift the TVET mechanism of Pakistan from a supply driven to a training system that is compelled by the industry's demand for skill in the curricula, training methodologies and foremost the areas of training. From training the managers, machine

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workers and acute product design engineers to employable skills disbursement for vulnerable groups, TUSDEC has successfully carried through each strand of industrial support. Interpolating the service profile, the company has broadened the ambit of its operations by implementing TVET reform projects of the Delegation of European Union in KP, FATA Sindh and AJK.

Since its very outset, TUSDEC is continued to record its efforts and accomplishment across the country. From the grand-scale interventions of technological upgradation, basic and advanced technical skills dissemination to the vocational training and capacity building of the modest communities, TUSDEC has followed through a myriad of project amounting to PkR 4 Billion. Each initiative has testified the company's contribution in hauling up the progression of national economy.

Public Sector Development programme (PSDP) is the most important fiscal policy tool to achieve socio economic targets as envisaged in the Vision 2025 by channelizing scarce public resources to projects having complementary and crowding in impact on economic activities. Ultimate goal of the spending under PSDP is to further strengthen physical and social infrastructure to put our country on sustainable and high growth trajectory.

The year under review was the 15th operational year of your Company in which three projects, namely NIDA (Lahore, Quetta & Sialkot) completed 14th years of successful operations. **The other two NIDA Centers** (Karachi & Peshawar) have completed 13th years of operations. **SkillTech Karachi** has completed 10th year of its operational activities. **Gujranwala Tools Dies and Moulds Centre (GTDMC)** has completed 10th year while **Ceramics Development and Training Complex (CDTC)** has also completed 10th year of its operational activities. **Cement Research and Training Institute (CR&DI)** has completed 14th year of its operational activities. A detailed report on the achievements of your Company during the year is given as under;

Financial Performance:

Financial Year	Income Earned	Operating Expenditures (Excluding non-cash items)	% of Cost Recovery
2018-19	137,480,918	162,292,585	85%
2019-20	109,105,147	142,482,367	77%

2 – Technology Upgradation Centers (TUCs)

i) Gujranwala Tools Dies and Moulds Centre (GTDMC) (Merged into TUSDEC)

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Gujranwala Tools, Dies and Moulds Centre (GTDMC) is modern engineering centre which provide training, consultancy, design, machining and manufacturing services to the local industry.

A brief table of operational results for the year 2019-20 is as under:

Type of Job	No. of Jobs (2019-20)
No of Industrial Jobs	48 Jobs (Heat Treatment, Mold and Die Making & 3D Scanning)
No. of participants trained (PSDF, NAVTTC etc.)	520 Trainees

ii) Ceramics Development and Training Centre (CDTC) (Merged into TUSDEC) Rs. 361.64 million (Operational)

The fundamental aim of CDTC is to upgrade the ceramics industry specifically the sanitary ware sector with integrated engineering solutions, contemporary machinery, latest technology, Laboratory for testing facilities of ceramics raw materials and process control.

A brief table of operational results for the year 2019-20 is as under:

Type of Job	No. of Jobs (2019-20)
No of Industrial Jobs	380 Jobs (Shuttle Kling, CNC Pattern Making & Consultancy)
Laboratory services	298 Samples Tested
Training of Trainees (PSDF, NAVTTC etc.)	38

iii) Cement Research and Development Institute (CR&DI) (Operational)

After up-gradation and revitalization of the CR&DI laboratory and building, the laboratory started functioning under TUSDEC management and control in January 2006. Minor renovation activities were carried out and separate physical lab was established to maintain temperature.

Renovation of existing facility and the transformation to modern laboratory is pending due to approval of PC-1. TUSDEC had submitted PC-1 for approval to PIDC. In the reported year TUSDEC has included upgradation of machinery in National Strategic Program for Acquisition of Industrial Technology (NSPAIT).

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During the financial year ended June 30, 2020 CR&DI received **865 samples**, conducted tests and earned revenue of Rs 5,376,258.

CR&DI is successfully conducting test on American Cement Standards, European Cement Standards, Sri Lanka Cement Standards, Indian Cement Standards, Pakistan's latest Standards for common & Masonry Cements for testing and has also initialized compressive Strength of Concrete & Fire Bricks Crushing Strength & Chemical Analysis of Silica fumes, Fly Ash and Slag, Cylinder testing, Concrete Expansion testing and Testing of Dolomite.

CR&DI credibility has been acknowledged by:

34 Consultants
90 Construction Firms
29 Cement Factories

A comparison of CR&DI activities over the last Fourteenth years have been depicted below:

14 Years Performance

Year	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Revenue (In Millions)	1.46	1.97	2.56	2.57	2.26	3.62	3.10	4.37	4.14	5.26	6.14	7.01	6.68	5.38
Samples	245	298	392	405	360	594	541	742	785	843	991	1043	1037	865

Engineering Support Centres (ESCs)

TUSDEC is running 03 Engineering Support Centres including Hyderabad Engineering Support Centre, Light Engineering Upgradation Centre for SMEs in Baluchistan and Peshawar Light Engineering Centre

- The centres are facilitating the local industry with modern design, training and consultancy services to local industry

(iv) Peshawar Light Engineering Centre (PLEC) Rs 265.14 Million

- Construction phase completed and office setups established

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- Procurement, installation and commissioning of 25 machines have been completed and ready for operations and miscellaneous items including tools and equipment have been procured for operational purpose.
- 45 Jobs (210 Parts) performed on different machines
- 72 participants trained in various technical trades under NAVTTC PMYSDP
- Training to 50 trainees is in progress under various training program

(v) Light Engineering Upgradation Centre for SMEs in Baluchistan (LEUC) Rs 250.57 Million

- Construction phase completed and office setups established
- Procurement, installation and commissioning of 24 machines have been completed and are operational now and miscellaneous items including tools and equipment have been procured for operational purpose.
- 32 Jobs (848 Parts) performed on different machines
- Training to 65 trainees is in progress under GIZ – TVET Support Programme

(vi) Hyderabad Engineering Support Centre (HESC) Rs 257.01 Million

- Construction phase completed and office setups established
- Procurement, installation and commissioning of 21 machines have been completed and are operational now.
- 40 Jobs (359 Parts) performed on different machines
- Training to 265 trainees is in progress under various training program

3 – Policy Initiative

i) Industrial Technology Acquisition Policy

To bring a systematic approach for developing Pakistan's technological capabilities, TUSDEC drafted "Industrial Technology Acquisition Policy" in order to benchmark, acquire, assimilate and improve the technology being used in various industrial sectors across all major clusters of Pakistan. This draft national level policy proposes following interventions to upgrade Pakistan's industrial technology;

- | | |
|---|----------|
| • Technology Upgradation Fund (TUF) | Rs 40 Bn |
| • 50 Technology Up-gradation Centers (TUCs) | Rs 21 Bn |
| • 33 Technology Incubation Centers (TICs) | Rs 7 Bn |
| • 33 Skill Development Centers (SDCs) | Rs 7 Bn |
| • 45 Joint Ventures (JVs) | Rs 40 Bn |
| • Establishment of Regional ITPO Offices | |

The total size of project pilot phase is Rs. 115 Billion where Rs. 80 Billion will be

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private sector investment and government share will be Rs. 35 Billion. The expected outcomes of the policy are;

- **59,543** beneficiaries
- **27,732** new enterprises
- **Rs. 350 Billion** increase in exports against 35 Billion investment by Government
- **108,064** employment generation
- **27,000** value added jobs
- **45** new JVs

Initially in year 2019-20, approval of Industrial Technology Acquisition Policy sought in order to implement policy for developing manufacturing base of Pakistan leading towards sustainable industrial development.

4 – Skills Development Centers (SDCs)

a) Donors Funded Initiatives:

i) UNITED NATIONS DEVELOPMENT PROGRAMME (UNDP) FUNDED PROJECT Rs. 34.3 million PKR (Completed- Dec 2018 – 31 December 2019)

TUSDEC was awarded a project by United Nations Development Programme (UNDP), titled "Delivery of Human Resource Services in the form of capacity development, training and job placement services in Sindh in the construction, logistics, retail and automobile sectors". TUSDEC successfully trained 1231 youth in collaboration with private sector firms in above mentioned four sectors. Training venue were the relevant industries in Karachi, where training of trainees held. TUSDEC also conducted the training in the Thar Region under this project and women of Thar were also trained in coordination with Engro Foundation. This project boosted the employability of trainees.

ii) GIZ "Technical Skills Development in Sindh & Baluchistan" (In Progress)

692,471 Euro (26 Months Duration - 900 Trainees)

TUSDEC signed agreement with GIZ for Technical Skills Development in Sindh and Baluchistan. Main Activities of the Project are as under:

- To impart training to 900 trainees (700 males and 200 female) jointly with the partnering enterprises using cooperative vocational training approach for demand driven trades listed under article 3.2 of project proposal.
- To encourage CBT delivery and assessments in line with the Baluchistan Sector Study

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- To promote and strengthen the engagement of private sector in training design, coordination and delivery, leading to employment.

In this project NIDA Quetta, SkillTech Karachi, Hyderabad Engineering Support Center (HESC) and Light Engineering Upgradation Centre (LEUC), Hub will conduct CBT based trainings.

The current activities of the project are as follows:

- Liaison with TVET Sector Support Program team for sharing of information on continuous basis as per their requirement
- 339 students are currently under training in 14 courses namely Web Designing & Development, Logistics & Supply Chain Assistant, Auto Mechanic (Level 3), Auto Electrician (Level 3), Instrumentation and Automation Electrician (Level 4), Customer Services & Sales Assistant (Level 2), Building Electricity Level-3, Industrial Electrician, Auto Mechanic (Level 4), Building Electricity, CNC Lathe, Mechanical Manufacturing, CNC Machinist
- Trainings were being conducted as per the training plan. However due to COVID-19 the training activities are stopped from March 2020, the trainings will be resumed after Government notification regarding educational & training institutes
- As Corona affected globally, the industries are affected badly. However, meetings with enterprises are being held regularly to facilitate them as per their requirements for registration of trainees and subsequent participation

b) PSDP/PIDC/PSDF Funded Initiatives:

i) Skill tech International Karachi- (PIDC Funded) Rs. 22.5 Million (Ongoing)

TUSDEC established SkillTech International Karachi in 2009 through funding from PIDC. The centre started its operations in April 2010. The centre aims at equipping the youth with international level technical skills to enable them to compete in national and international job markets. The centre provides various short technical courses in specified engineering fields and also provides vocational and management trainings. The centre also prepares students for various exams of City & Guilds UK in Pakistan.

The centre has provided trainings to the corporate sector and students from engineering universities as well. The list includes some of the prestigious organizations like SUPARCO, Pakistan Air Force, Pakistan Navy, Maritime Technologies Islamabad, Pakistan Refinery, Amreli Steel, lucky Cement, Thal engineering etc., The students from different universities like NED University of Engineering & Technology, Sir Syed University of Engineering & Technology, NUST, Bahria university, DAWOOD college of Engineering, Indus University and Mehran University of Engineering also attended the courses. Many students from technical institutes have also attended our trainings to enhance their skills so they can compete in local

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and as well as international market.

SkillTech International Karachi has also secured Punjab Skills Development Fund (PSDF) project to train workforce in Electrical, Electronics and Industrial trades in City & Guilds UK certified curriculum. SkillTech International Karachi has also executed TVET programs given by BBSYDP & NAVTTC.

Due to a fast and cut-throat competition in the Karachi market, the centre is implementing multi throng marketing strategies and offering trainings in high tech and basic TVET courses. Since its inception SkillTech has trained around **3,584** students in more than 60 different courses/trades. The centre has trained **124** students during the year under review. Now SkillTech has been merged into TUSDEC vide PIDC notification dated August 20, 2018. Around 200 students are under training in 08 courses under GIZ funded project.

ii) National Institute of Design & Analysis (NIDA) (Advanced CAD/CAM) Centre Rs. 321.12 Million (Operational)

NIDA Centres are providing basic to advanced courses applicable in various industry segments -mechanical, electrical, automation, civil, plant, process, garment, fashion, jewellery etc., incorporating the academic aspects together with social interaction during the training. NIDA training facilities are flexible and technologically advanced learning environment is provided that are safe, healthy, comfortable, aesthetically pleasing and accessible. NIDA centres have lab rooms, licensed software and office equipment that are essential for a modern training centre. NIDA (Eight (8) Advanced CAD/CAM training centers), the project was initially approved for 3 years as per PC-I to establish five (5) CAD/CAM centers in Lahore, Karachi, Sialkot, Peshawar and Quetta under management of TUSDEC in the first phase. NIDA Centres at Lahore, Quetta and Sialkot have successfully completed their 14th years of operations; Peshawar & Karachi have started their 13th Year of operations.

These centres were planned to teach 'Design' rather than commercial software training and impart skills of critical importance to help Pakistan's industry move to the other side of the digital divide. CAD/CAM Centres also design and develop courses on internationally renowned design softwares to make full use of existing "proven" technologies and offers reasonably priced justifiable, supportable costs to its clients/students. CAD/CAM technologies not only reduce the time to design & produce quality, but also enhance the capacities of Pakistani skilled manpower & increase their competitiveness.

NIDA Lahore is also offering the Reverse Engineering Services to the local industry by providing 3D scanning, part designing and 3D modelling services. During the reporting year, contracts were also signed with National Vocational and Technical Training Commission (NAVTTC) & Punjab Skills Development Fund (PSDF). Students certified by CAD/CAM Centres are working in different sectors of Industry and providing valuable services to the industry of Pakistan. Many of them are working aboard and sending precious foreign

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remittance to Pakistan.

After completion of funding from the Government, PC IV of the Project was submitted to the Planning Commission and the Project has been merged with TUSDEC after obtaining approval from the relevant forums. A brief table of operational results of five NIDA Centres is as under:

PARTICULARS	Completed 14 th year of Operations			Completed 13 th year of Operations		TOTAL
	Lahore	Quetta	Sialkot	Karachi	Peshawar	
Courses Conducted	467	229	441	266	800	2,203
Student Passed Out	3,358	3,231	3,727	3,841	5,782	19,939
Reverse Engineering/Designing Services (started in 2009-10 upto 31 Aug 2020)	3280	-	-	-	-	3,280

**iii) Industrial Triangle Programme 2019-20 (PSDF Funded) Rs. 50.46 Million
(Completed on 30-3-2020)**

To produce skilled workforce; TUSDEC offered practical training programs in collaboration with PSDF in Light Engineering sector at GTDMC & CDTC Gujranwala. The trades include: Clay Body and Glaze Making, Auto CAD, CAD CAM, CNC. Programming, CNC Maintenance, CNC Machine Operator, CNC turning Centre operator, CNC Machinist, CNC Operating. 4 batches comprising of 100 students had been successfully concluded. The project has improved the livelihood prospects of the trainees through certified qualifications and better job prospects at the national and international sphere.

5 – Approved Initiatives (2019-20)

a) Government Assisted:

i) Industrial Designing & Automation Centers (IDAC)

Rs.972.97 Mn

In the modern era of Industry 4.0 revolution, Pakistan is still lagging behind in this arena due

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to social-economic challenges. The country is facing slow growth rates of output and exports due to small levels of investment, technical inefficiencies and low R&D resulting in lower productivity and uncompetitive industries. Major reason of low economic growth is decline in manufacturing sector of Pakistan being the backbone of Pakistan's economy.

Foreseeing the future demand of design and automation technologies of local industries and develop strong manufacturing base of Pakistan, TUSDEC developed PC-I for establishing "Industrial Designing & Automation Centres (IDAC)" in Lahore, Sialkot & Karachi to support local industries. These centres include Rapid Prototyping, designing and automation labs to support local industry through industrial jobs including Reverse Engineering using 3D prototyping, scanning and designing; automation using embedded systems, PLC kits, SCADA, DCS and offering high end technical trainings.

The objectives of these centres are:

- Provide designing services through 3D Laser Scanner facility
- Provide ready to use prototypes through 3D Prototyping facility
- Automation of industrial processes of key clusters
- To give local industries demonstration effect about latest technologies how automation and 3D prototyping can improve their manufacturing processes and enhance their research and development
- Improve labor and manufacturing process efficiency to compete in the local and international market

Current Status:

- Administrative Approval of Project received on March 04, 2020
- As per allocation in Year 2019-2020, 02 Kanal land for the IDAC Lahore centre has been procured as per PPRA Rules in the Quaid-e-Azam Industrial Estate Lahore
- Tender for Hiring of Construction Consultant is being evaluated

ii) Footwear Cluster Development through CAD/CAM & CNC Machining PKR 78.7 Mn

In pursuance of its mandate of upgrading technology and skills of key industrial clusters, TUSDEC developed PC-I on "Footwear Cluster Development through CAD/CAM & CNC Machining" to support footwear sector.

TUSDEC's project "Footwear Cluster Development through CAD/CAM Centre, Lahore" approved in CDWP in May, 2019 with a total cost of Rs.78.69 Million. TUSDEC had started implementation and the project will contribute to national economy through

- 900 product design & development job

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- 1600 trainees
- Value Addition of worth Rs. 214.42 Million

The proposed facility will be located in existing building of TUSDEC/NIDA.

Current Status:

- First Tender regarding "Supply of software, I.T equipment & machinery for footwear Project" has been completed as per PPRA rules and agreements have been signed with the suppliers for delivery of the items
- Second tender for procurement of machinery (CNC 5 Axis Machine) has been published, technical bids have been opened and evaluation is in progress

iii) Industrial Technology Benchmarking Project (Feb 2018 – Onward) Rs. 36.34 Million (Project Handed Over to PIDC)

PC-II of Industrial Technology Benchmarking approved by DDWP of MoIP worth Rs 36.34 Million. Initiative involves Technology Benchmarking of 2 priority/selected sectors viz a viz regional/global competitors in order to identify the technology gaps in these potential sectors to create a basis for technology acquisition in Pakistan.

The proposed study will facilitate in addressing the need of technology advancement for the Surgical and Cutlery sectors. These sectors will be supported in entering high value markets through engagement of experts for identification of demand based & value-added products and subsequently develop workable proposals / PC-1s for catering medium to long term requirement of these potential sectors for technology up-gradation: Lending programs to support industries, establishment of CFCs & Incubation centres, technical consultancy and Joint Ventures etc.

TUSDEC hired the consultant through international competitive bidding to carry out the benchmarking study. The experts of consultants engaged local industry through meetings, Focus Group Discussions (FGDs) and Interviews to form a technical working group of stakeholders from both sectors representing local industry, public sector organizations / departments and academia. The consultant(s) / experts assessed the state of local industry and identified a range of high value products that can be produced. The consultants along with working group also finalized the list of high value products from each of these sectors.

Based on the findings / recommendations of the working group and associated experts, PC-1s will be developed to assist the potential sectors for entering the high value market.

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Current Status:

- Phase-I study has already been completed by the TUSDEC hired consultants and detailed reports have been shared with PIDC. PIDC may use these reports for designing & implementation of any future projects to make further progress in these sectors.
- Phase II & III reports are in progress, the project delayed due to non-release of funds from the funding agency (PIDC)
- Recently PIDC requested to shift the project to PIDC for direct implementation
- Project has been handed over to PIDC after signing of addendum agreement with the hired consultants
- Second phase report of cutlery sector was also handed over to PIDC

iv) National Strategic Programme for Acquisition of Industrial Technology (NSPAIT) Rs. 2.914 Bn

TUSDEC has developed "National Strategic Programme for Acquisition of Industrial Technology (NSPAIT)" in close coordination with the stakeholders in order to

Acquire, assimilate and improve the technology being used in various industrial sectors across Pakistan tentatively in the following critically important industrial sectors including Textiles (with particular ref. to Technical Textile), Construction (including Cement, Ceramics, and Marble & Granite) and Engineering & Technology (Including Light Engineering, Cutlery and Gems & Jewellery). TUSDEC selected these sectors based on the fact that Textile being the key sector with 59.43% share in overall exports but Pakistan lacking in technical textile and sportswear products in world export share (World Technical Textile Market: US \$ 192 Bn, Pakistan Share: US \$ 0.250 Bn) due to unavailability of testing laboratory, R&D, waterless dyeing technology and skilled workforce as per initial research and consultations with textile sector stakeholders/experts. Similarly, construction is a high growth sector and Engineering sector of Pakistan is a potential growth sector presently having only 1% global export share due to low technology base and manufacturing of low-end products while the share of engineering sector in world trade is around 55%.

TUSDEC developed "National Strategic Programme for Acquisition of Industrial Technology (NSPAIT)" in coordination with "PM Task Force on Technology Driven Knowledge Economy" worth Rs. 2.914 Billion. An allocation of Rs. 972 Mn approved by Pre-CDWP for the FY 2019-20. In November, 2019 CDWP approved the project to the extent of feasibility study at a cost of Rs. 89.974 Mn. The project will contribute to the national economy through

- 12,919 Industrial Jobs (Total Parts /pieces 651,885)

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- 10,821 Industrial Testing Services
- 461 New Enterprises
- 4552 Employment Generated
- 10,889 Trainees
- Rs. 3.9 Billion Value Addition
- Rs. 450 Million Import Substitution
- Rs 8.7 Billion Increase in exports

Current Status:

- Project of National Strategic Programme for Acquisition of Industrial Technology (NSPAIT) was principally approved for 12 interventions at amount of PKR 2.14 Bn however its feasibility component was approved in the CDWP meeting held on 18th November, 2019 whereas its administrative approval and expenditure sanction was granted on 24th December 2019 and funds were received in May 2020.
- Tender to hire consultants/firms was published in newspapers on 24th April, 2020 and bids were opened on 18th May 2020. After the technical and financial evaluation, the contracts/agreements were signed with 2 successful bidders against 7 out of 12 interventions
- Project Implementation of 7 awarded interventions was started on 2nd July, 2020 and is expected to complete till the end of October 2020.
- Tender for the remaining 5 interventions was also published on 12 August, 2020 and its evaluation is in process.

b) Donor Assisted:

i) National Business Development Program for SMEs (NBDP) - SMEDA PKR 4.35 Mn

After competitive bidding process, TUSDEC qualified for National Business Development Program for SMEs (NBDP) project of SMEDA as a Training Service Provider (TSP). The four years (2019-23) program aims to providing trainings to trainees under demand-based training program to improve the affordability of SMEs for acquiring such training by offering subsidy on the training fee for programs offered by TSP. TUSDEC will be delivering 335 trainings on "Production and Operation Management" to 8,375 target

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beneficiaries including SMEs Owners / SMEs Staff and Potential Entrepreneurs. The target for 2019-20 is 29 trainings and 725 trainees.

Implementing project with SMEDA "National Business Development Program for SMEs". TUSDEC trained 645 individuals in "Production & Operations Management" till January, 2020. However, training to 325 individuals planned in Phase II of FY 2019-20 halted due to COVID-19.

ii) "Kamyab Jawan Prime Minister Youth Skill Development Program"

TUSDEC qualified for NAVTTC "Kamyab Jawan Prime Minister Youth Skill Development Program". Training started in February, 2020 but the training program suspended in March 2020 due to COVID-19. Now the training program has resumed again. Training will be imparted to 100 students at GTDMC, 70 at NIDA Peshawar, 40 at LEUC, 50 at PLEC & 60 at HESC in various trades.

6. Other Proposed Initiatives

i- Industrial Technology Acquisition Policy

To bring a systematic approach for developing Pakistan's technological capabilities, TUSDEC drafted "**Industrial Technology Acquisition Policy**" in order to benchmark, acquire, assimilate and improve the technology being used in various industrial sectors across all major clusters of Pakistan. This draft national level policy proposes following interventions to upgrade Pakistan's industrial technology;

• Technology Upgradation Fund (TUF)	Rs 40 Bn
• 50 Technology Up-gradation Centers (TUCs)	Rs 21 Bn
• 33 Technology Incubation Centers (TICs)	Rs 7 Bn
• 33 Skill Development Centers (SDCs)	Rs 7 Bn
• 45 Joint Ventures (JVs)	Rs 40 Bn
• Establishment of Regional ITPO Offices	

The total size of pilot phase is Rs. 115 Billion where Rs. 80 Billion will be private sector investment and government share will be Rs. 35 Billion. The expected outcomes of the policy are;

- 59,543 beneficiaries
- 27,732 new enterprises
- Rs. 350 Billion increase in exports against 35 Billion investment by Government
- 108,064 employment generation
- 27,000 value added jobs
- 45 new JVs

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TUSDEC

Initially in year 2020-21, approval of Industrial Technology Acquisition Policy will be sought in order to implement policy for developing manufacturing base of Pakistan leading towards sustainable industrial development.

ii. Support Center for Dental and Surgical Equipment (SCDS)

TUSDEC aims to establish Center for Dental & Surgical Implants in Sialkot, which will support local Surgical Sector in Export Promotion and Localization. The objectives of this center will be as follows;

- Enhance Manufacturing of Dental and Surgical Implants (Knee Implants, Spine Implants, Hip Implants, Shoulder Implants, and Dental Implants) to enhance exports in high tech and value-added products.
- Establish R&D facility to support local industry in enhancing product portfolio, import substitution and product localization.
- Capacity building of Surgical sector in latest technologies like Machining, Powder Metallurgy, Investment Casting, Metal Injection Moulding (MIM), Additive Manufacturing, Amorphous Molding Metal Technology through Skill development facility
- Support to local industry in compliance with international standards and certification like FDA, MPG, HPRA, GMP etc

Project Cost, Project life & HR

- PKR 800 million (Capex: Rs. 500 Mn Opex: Rs.300 Mn)
- 1 year's execution & 3 years operations for demonstration
- 40 Person HR

Impact / Value Addition

- Increased efficiency of production process
- Trade deficit will be reduced through export enhancement, import substitution and localization of products
- Industrial support through 100 high tech and value-added products
- Capacity building of 100 industries

iii- Federal Institute of Homologation (FIH)

TUSDEC has proposed to establish homologation facility on international vehicle standards such as UNR, FMVSS, GTR, JIS, GB, GSO etc. Facility will homologate products and parts through Destructive and Non-Destructive Testing and Analysis.

Facility will be able to conduct tests on Material and Component, CAD/CAE designs, Engines, Emission, Fatigue, Safety, Tyre, Electrical and Electronics, Vehicle Evaluation etc to

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eliminate uncertainty in quality standards of products/parts /material.

Trainings

Develop skilled work force to identifying skills and technique in testing through providing professional and vocational trainings to enhance productivity and quality to comply with international standards like ISO, CE, UL etc

Project Cost, Project life & HR

- Rs. 2,500 Mn (Capex: Rs. 2,000 Mn, Opex: Rs. 500 Mn)
- 1-year execution & 3 years operations for demonstration
- 100 persons HR

Impact/ Value Addition

In three years of operation, approximate output of FIH will be

- 1,500 Material testing and composition jobs will be performed for manufacturing industry
- 100 + industries will be assisted in capacity building on material testing, composition mechanism, Standard identification and international standards certification
- 150 International quality certifications will be granted through technical support
- 10 vehicle brands will be tested and standardize

iv. Industrialization and Skill Support Center, Gwadar (ISSC)

The proposed center will support local industries in development and enhancement of production processes leading to export promotion. The facility will support industry in Scanning, Designing, Parts manufacturing, Testing, R&D and Capacity building. To meet the current and projected demands of industrial developments in Gwadar, center will serve in following

- Re-engineering through scanning, designing imported or locally manufactured products/parts
- Facilitate industry in Testing /identification and analysis of material being used in products/parts
- Able to identify and regenerate material composition for the designing purpose according to the needs and demands of industry
- Able to manufacture specific metal or plastic products/parts for demonstration effect
- Capacity building of industry through advisory services and trainings

Project Cost, Project life & HR

- Rs. 800 Mn (Capex: Rs. 500 Mn, Opex: Rs. 300 Mn)
- 1-year execution & 3 years operations for demonstration
- 30 persons

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Impact/ Value Addition

In three years of operation, approximate output of ISSC will be

- 3,600 jobs on Light manufacturing, processing and re packing.
- 1,440 jobs in testing, inspection, measurement, surface treatment and heat treatment
- 1,065 trainees will be trained in different trades of manufacturing processes and industrial management

7. OPERATING RESULTS

Your Company has a net Deficit of Rs. 146.36 million for the year 2019-20 as compared to net deficit of Rs. 149.23 million in 2018-19.

The key financial figures have been tabulated as follows

	Year Ended June 30, 2020	Year Ended June 30, 2019
	Rupees	
(Deficit)/ Surplus) before Tax	(146,361,350)	(149,233,412)
Taxation		
Current Year	-	-
Surplus/(Deficit) after Tax	(146,361,350)*	(149,233,412)

EARNING PER SHARE

Basic (Loss)/ earning per share come at Rs (6.13) - Year 2019: Rs. (6.25)

*Reason for Deficit

Deficit for the year under review include the major impact of depreciation on fixed assets of Common Facility Centres (CFC's) namely Gujranwala Tools, Dies and Moulds Centre (GTDMC) and Ceramics Development and Training Complex (CDTC) amalgamated into TUSDEC. Further, the accelerated spread of COVID-19 has brought the world economy to a standstill. On the economic front, the sudden closure of large industries, small and medium businesses have almost jammed the wheel of the economy. Due to closure of the local industry the revenue stream of TUSDEC affected adversely particularly from last four months of the financial year 2019-20.

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DIVIDEND

Your Company is a non-profit organization and all surplus earned would be employed by your Company to meet its objectives. The Securities and Exchange Commission Pakistan while granting license u/s 42 of the Companies Act, 2017 has also required that no payment would be made to the members; therefore, your Company is not required to declare any dividends.

OUTSTANDING STATUTORY PAYMENTS

There are no outstanding payments due on account of taxes, duties, levies and charges except the current year tax liability and amounts of normal and routine nature.

PROVIDENT FUND

The Company has maintained an employee provident fund and investments out of provident fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

8. MEETINGS OF BOARD OF DIRECTORS

During the year, three meetings of the Board of Directors were held. The third quarter Board meeting was not held due to spread of COVID-19 pandemic in country. Attendance by each Director at the board meeting is as under:

S.#.	Name	Eligibility	Attended
	Non-Executive Directors:		
1	Joint Secretary, Ministry of Industries and Production	3	3
2	Secretary / Joint Secretary, Ministry of Finance	3	3
3	Chief Executive Officer, SMEDA	3	3
	Independent Directors:		
4	Mr. Rana Nasir Mehmood	3	2
5	Mr. Iftikhar Ahmad Jogeza	3	1

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S.#.	Name	Eligibility	Attended
6	Mr. Nooruddin F. Daud	3	-
7	Dr. Mohammad Aslam	3	1
8	Prof. Dr. Younis Javed	3	-
	Executive Director:		
9	Chief Executive Officer, TUSDEC	3	2

The Directors who could not attend a Board Meeting were granted leave of absence in accordance with the law.

9. PATTERN OF SHAREHOLDING

The pattern of shareholding as at June 30, 2020 is annexed to the Annual Report.

HOLDING COMPANY

Pakistan Industrial Development Corporation (Private) Limited has 99.99% holding of the company.

10. FINANCIAL REPORTING FRAMEWORK:

- The financial statements, prepared by the management of the Company present fairly its state of affairs, the result of its operations, its cash flows and its changes in equity.
- Proper books of account of the Company have been maintained
- Appropriate accounting policies have been applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgement
- International Accounting Standards, as applicable in Pakistan, have been followed in the preparation of financial statements and any departure therefrom has been adequately disclosed
- No material changes and commitments affecting the financial position of your Company have occurred between the end of the financial year to which this balance sheet relates and the date of the Directors' Report

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- The system of internal control is sound in design and has been effectively implemented and monitored
- The Board recognizes its responsibility to establish and maintain sound system of internal control, which is regularly reviewed and monitored
- The appointment of chairman and other members of Board and the terms of their appointment along with the remuneration policy adopted are in the best interests of the Public Sector Company as well as in line with the best practices
- The Board has complied with the relevant principles of corporate governance, and has identified the rules that have not been complied with, the period in which such non-compliance continued, and reasons for such non-compliance
- There are no significant doubts about the company's ability to continue as a going concern
- key operating and financial data of last six years has been summarized

11. AUDITORS

The present auditor's M/s Nauman Javaid Hasnain Rashid & Co, Chartered Accountants retire and being eligible, offer themselves for re-appointment.

12. AUDIT COMMITTEE

The Audit Committee is comprised of following Non-Executive Directors. The Chairman of the Committee being an Independent Director

- Mr. Iftikhar Ahmed Jomezai
- Mr. Nadeem Ahsan
- Representative of Ministry of Finance
- Dr. Mohammad Aslam Khan
- Mr. Nooruddin F. Daud-(Tamgha-i-Imtiaz-Civil)

13. Key Financial Data

Technology Upgradation and Skill Development Company

Ministry of Industries and Production



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SIX YEAR FINANCIAL DATA


	2020	2019	2018	2017	(Rupees in Millions)	
					2016	2015
Assets						
Non-current assets	163.31	276.09	383.57	24.55	34.91	44.81
Current assets	954.19	808.53	771.92	581.45	536.17	468.36
Equity and liabilities						
Share capital and reserves						
Share capital	238.83	238.83	226.25	150	150	150
Share deposit Money	0	-	12.58	-	-	-
Merger Reserve	504.87	504.87	504.87	-	-	-
Accumulated deficit	(577.90)	(432.85)	(277.25)	(134.73)	(103.71)	(69.57)
	165.80	310.85	466.45	15.27	46.29	80.43
Non-current liabilities	884.17	716.05	659	578.27	481.19	410.79
Current liabilities	64.74	57.72	30.04	12.31	43.54	21.95
Revenue	109.1	137.48	91.51	250.04	231.97	177.01
Operating expenditure	255.46	286.71	262.38	283.52	268.18	208.31
(Deficit)/Surplus	(146.36)	(149.23)	(170.87)	(33.48)	(36.21)	(31.30)

14- ACKNOWLEDGEMENT

The Board of Directors places on record its appreciation of the support of the shareholders, Government agencies and other parties.

The Board would like to express their appreciation for the excellent services and the efforts being rendered by the executives and staff members of your Company.



Chief Executive Officer
Date: 21 November 2020


Director
Technology Upgradation and Skill Development Company

Ministry of Industries and Production

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

Opinion

We have audited the annexed financial statements **TECHNOLOGY UPGRADATION AND SKILL DEVELOPMENT COMPANY**, which comprise the Statement of financial position as at **June 30, 2020** and the Statement of Income and Expenditure, Statement of comprehensive income, the Statement of Changes in equity and 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 explanations which, to the best of our knowledge and belief, were necessary for the purpose of our 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, statement of 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 Company's affairs as at June 30, 2020 and of the loss, the changes in equity and its cash flow for the year then ended.

Basis of Opinion

We conducted our audit in accordance with the 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.

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 approved Accounting Standards as applicable in Pakistan and requirements of the Companies Act, 2017 (XIX of 2017) for such internal controls as the management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error



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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 misstatements, 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 guarantee that an audit conducted in accordance with ISAs will always detect material misstatements when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in 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, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risk of material misstatements 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 of 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 controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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.

A handwritten signature in blue ink, appearing to read 'M. J. R.', located at the bottom right of the page.

- 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, statement of comprehensive income, 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 deducted 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 Mr. Muhammad Rashid Khan, FCA.

NJHR

Nauman Javed Hasnain Rashid

NAUMAN JAVED HASNAIN RASHID
CHARTERED ACCOUNTANTS

LAHORE

DATE: 21-11-2020

TECHNOLOGY UPGRADATION AND SKILL DEVELOPMENT COMPANY
(A Company registered under section 42 of the Companies Act, 2017)
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

	Note	2020 Rupees	2019 Rupees
ASSETS			
Non-current assets			
Property, plant and equipment	5.	157,826,550	270,810,680
Intangibles	6	746,021	1,522,262
Long term deposits	7	4,732,528	3,759,618
		163,305,099	276,092,560
Current assets			
Projects assets	8	845,187,476	661,099,502
Trade debts	9	12,465,457	28,377,457
Stores and spares		12,314,900	12,875,228
Short term advances	10	510,753	2,251,995
Short term advances deposits and prepayments	11	1,925,762	3,323,498
Other receivables		189,358	368,631
Short term investments	12	15,291,758	25,006,438
Tax refunds due from the government	13	19,829,558	18,727,838
Cash and bank balances	14	46,370,840	57,592,868
		954,085,862	809,623,455
TOTAL ASSETS		1,117,390,961	1,085,716,015
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital 135,000,000 (2019: 135,000,000) ordinary shares of Rs. 10/- each	15	1,350,000,000	1,350,000,000
Issued, subscribed and paid-up capital	16	238,830,000	238,830,000
Merger reserve	17	504,865,626	504,865,626
Surplus on revaluation of property and equipment	18.	2,679,044	3,997,882
Accumulated deficit		(577,896,784)	(432,854,272)
Total Equity		168,477,886	314,839,236
Non-current liability			
Deferred grant	19	884,173,105	712,062,690
Current liabilities			
Trade and other payables	20	48,461,361	41,713,172
Lease Liabilities		325,600	325,600
Project liabilities	21	15,953,009	16,775,317
		64,739,970	58,814,089
TOTAL EQUITY AND LIABILITIES		1,117,390,961	1,085,716,015
Contingencies and commitments	22	-	-

The annexed notes from 1 to 38 form an integral part of these financial statements.


CHIEF EXECUTIVE OFFICER


DIRECTOR

TECHNOLOGY UPGRADATION AND SKILL DEVELOPMENT COMPANY
(A Company registered under section 42 of the Companies Act, 2017)
STATEMENT OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020 Rupees	2019 Rupees
Income			
Income from services	23.	78,507,849	103,221,685
Amortization of grant related to income	24	24,822,624	29,173,978
		103,330,473	132,395,663
Cost of services			
Operating cost	25	122,450,118	119,068,707
Projects expenses	26	25,044,242	35,831,131
		147,494,360	154,899,838
		(44,163,887)	(22,504,175)
Expenditures			
Administrative and general expenses	27	106,819,225	130,516,945
Selling expenses	28	1,152,912	1,297,547
		107,972,137	131,814,492
		(152,136,024)	(154,318,667)
Other income	29	5,774,674	5,085,255
Deficit before taxation		(146,361,350)	(149,233,412)
Taxation	30	-	-
Deficit for the year		(146,361,350)	(149,233,412)

The annexed notes from 1 to 38 form an integral part of these financial statements.

NJHR


CHIEF EXECUTIVE OFFICER


DIRECTOR

TECHNOLOGY UPGRADATION AND SKILL DEVELOPMENT COMPANY
 (A Company registered under section 42 of the Companies Act, 2017)
 STATEMENT OF COMPREHENSIVE INCOME
 FOR THE YEAR ENDED 30 JUNE 2020

	2020 Rupees	2019 Rupees
Deficit for the year	(146,361,350)	(149,233,412)
Other comprehensive income:		
<i>Items to be reclassified to profit or loss in subsequent periods</i>	-	-
<i>Items not to be reclassified to profit or loss in subsequent periods:</i>		
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation	1,318,838	1,780,264
Grant on merger of EC	-	3,487
Grant on merger of PMU	-	52,738
Grant on merger of Skilltech	-	(2,382,430)
Total other comprehensive income	1,318,838	(545,941)
Total comprehensive income for the year	(145,042,512)	(149,779,353)

The annexed notes from 1 to 38 form an integral part of these financial statements.

N/MR


 CHIEF EXECUTIVE OFFICER


 DIRECTOR

TECHNOLOGY UPGRADATION AND SKILL DEVELOPMENT COMPANY
 (A Company registered under section 42 of the Companies Act, 2017)
 STATEMENT OF CHANGES IN EQUITY
 FOR THE YEAR ENDED 30 JUNE 2020

	Issued subscribed and paid-up capital	Accumulated (deficit) / surplus	Surplus on Revaluation of Property Plant and Equipment	Merger Reserve	Total
	----- Rupees -----				
Balance at 01 July 2018	238,830,000	(277,246,743)	5,778,146	504,865,626	472,227,029
Adjustment on adoption of IFRS - 9	-	(4,164,514)	-	-	(4,164,514)
Prior year adjustment of tax refund	-	(1,663,662)	-	-	(1,663,662)
Incremental depreciation charge	-	-	(1,780,264)	-	(1,780,264)
Total comprehensive income	-	(149,779,353)	-	-	(149,779,353)
Share issued to PIDC (Holding Company)	-	-	-	-	-
Balance at 30 June 2019	238,830,000	(432,854,272)	3,997,882	504,865,626	314,839,236
Incremental depreciation charge	-	-	(1,318,838)	-	(1,318,838)
Total comprehensive income	-	(145,042,512)	-	-	(145,042,512)
Balance at 30 June 2020	238,830,000	(577,896,784)	2,679,044	504,865,626	168,477,886

The annexed notes from 1 to 38 form an integral part of these financial statements.


 CHIEF EXECUTIVE OFFICER


 DIRECTOR

TECHNOLOGY UPGRADATION AND SKILL DEVELOPMENT COMPANY
(A Company registered under section 42 of the Companies Act, 2017)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2020

		2020 Rupees	2019 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES	Note		
Deficit before taxation		(146,361,350)	(149,233,412)
Adjustment for non cash items:			
Gain on disposal of property, plant and equipment		-	(2,742)
Interest income		(3,316,581)	(3,344,139)
Depreciation on property, plant and equipment	5	112,984,130	115,461,182
Merger grant		-	(2,326,203)
Amortization on intangibles	6	776,241	1,223,592
Amortization of deferred grant	24	(24,822,624)	(29,173,978)
Trade debts written-off		-	-
		85,621,166	81,837,712
Cash used before working capital changes		(60,740,184)	(67,395,700)
Changes in working capital			
Decrease / (increase) in trade debts		15,912,000	(13,782,615)
Provision for doubtful debts		-	(4,164,514)
Decrease / (increase) in stores and spares		560,328	566,069
Decrease in other receivables		179,273	37,919
Increase in short term advances		1,741,242	987,620
(Increase) / decrease in short term prepayments		1,397,736	1,587,867
Increase in projects assets		(184,087,974)	(27,512,831)
Increase / (decrease) in projects liabilities		(822,308)	11,637,766
Increase in trade and other payables		6,748,189	16,043,039
		(158,371,514)	(14,599,680)
Cash used in operations		(219,111,698)	(81,995,380)
Taxes paid		(1,101,720)	(256,685)
		(1,101,720)	(256,685)
Net cash used in operating activities		(220,213,418)	(82,252,065)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	5	-	(3,650,121)
Additions in intangibles	6	-	(2,194,184)
Advances against capital expenditures		-	1,241,855
Additions in long term deposits		(972,910)	130,032
Interest income received		3,024,823	3,344,139
Proceeds from sale of property, plant and equipment		-	56,161
Net cash used in investing activities		2,051,913	(1,072,118)
CASH FLOWS FROM FINANCING ACTIVITIES			
Grant received	19	196,933,039	83,229,987
Net cash used in financing activities		196,933,039	83,229,987
Net decrease in cash and cash equivalents		(21,228,466)	(94,196)
Cash and cash equivalents at the beginning of the year		82,599,306	82,693,502
Cash and cash equivalents at the end of the year		61,370,840	82,599,306

The annexed notes from 1 to 38 form an integral part of these financial statements.


CHIEF EXECUTIVE OFFICER


DIRECTOR

TECHNOLOGY UPGRADATION AND SKILL DEVELOPMENT COMPANY
(A Company registered under section 42 of the Companies Act, 2017)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

5. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets
Right of use assets / Leased assets

Note	2020 Rupees	2019 Rupees
5.1	157,500,950	270,485,080
5.4	325,600	325,600
	157,826,550	270,810,680

5.1 Operating fixed assets

PARTICULARS	2020								BOOK VALUE AS ON 30 JUNE 2020	RATE %
	COST				DEPRECIATION					
	As on 01 July 2019	Additions/ (deletions)	Acquisition through merger	As on 30 June 2020	As on 01 July 2019	Acquisition through merger	For the year	As on 30 June 2020		
Owed:										
Land	26,500,001	-	-	26,500,001	-	-	-	-	26,500,001	0
Building	244,556,037	-	-	244,556,037	158,917,945	-	19,695,116	178,613,061	65,942,976	5-10
Building improvements	59,979,239	-	-	59,979,239	52,072,435	-	1,631,857	53,704,292	6,274,947	10
Office equipment	21,448,865	-	-	21,448,865	15,554,151	-	1,892,247	17,446,398	4,002,467	10
Plant & machinery	860,754,978	-	-	860,754,978	726,765,230	-	86,075,498	812,840,728	47,914,250	10
Computer equipment	93,738,259	-	-	93,738,259	92,338,157	-	710,513	93,048,670	669,589	33
Furniture and fixtures	19,398,793	-	-	19,398,793	15,629,259	-	1,447,871	17,077,130	2,321,663	10
Vehicles	193,678,178	-	-	193,678,178	188,292,093	-	1,531,028	189,823,121	3,855,057	20
Library books	250,775	-	-	250,775	250,775	-	-	250,775	-	20
Total	1,520,305,125	-	-	1,520,305,125	1,249,820,045	-	112,984,130	1,362,804,175	157,500,950	-

PARTICULARS	2019										RATE %
	COST				DEPRECIATION				BOOK VALUE AS ON 30 JUNE 2019		
	As on 01 July 2018	Additions/ (deletions)	Acquisition through merger	As on 30 June 2019	As on 01 July 2018	Acquisition through merger	For the year	As on 30 June 2019			
Owed:											
Land	26,500,001	-	-	26,500,001	-	-	-	-	26,500,001	0	
Building	244,556,037	-	-	244,556,037	139,222,829	-	19,695,116	158,917,945	85,638,092	5-10	
Building improvements	59,980,039	(800)	-	59,979,239	50,440,938	-	1,631,864	52,072,435	7,906,804	10	
Office equipment	20,053,065	(23,200)	1,419,000	21,448,865	13,674,480	-	1,890,670	15,554,151	5,894,714	10	
Plant & machinery	860,754,978	-	-	860,754,978	640,689,732	-	86,075,498	726,765,230	133,989,748	10	
Computer equipment	93,490,863	(1,085,604)	1,333,000	93,738,259	91,431,930	-	1,983,671	92,338,157	1,400,102	33	
Furniture and fixture	19,073,793	(60,000)	385,000	19,398,793	14,210,571	-	1,446,063	15,629,259	3,769,534	10	
Vehicles	188,378,057	3,650,121	1,650,000	193,678,178	185,553,793	-	2,738,300	188,292,093	5,386,085	20	
Library books	250,775	-	-	250,775	250,775	-	-	250,775	-	20	
Total	1,513,037,608	3,650,121	4,787,000	1,520,305,125	1,135,475,048	-	115,461,182	1,249,820,045	270,485,080		
		(1,169,604)			(1,116,185)						

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TECHNOLOGY UPGRADEATION AND SKILL DEVELOPMENT COMPANY
(A Company registered under section 42 of the Companies Act, 2017)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

Allocation of depreciation:

Cost of services
Administrative and general expenses

2020 Rupees	2019 Rupees
86,075,498	86,075,498
26,908,632	29,385,684
112,984,130	115,461,182

5.2 The property and equipment of the Company were revalued on 30 June, 2014 by an independent accredited valuer Empire Enterprises (Pvt.) Ltd. (Valuers, Engineers & Surveyors). The valuation was based on comparable market transactions that consider sales of similar properties that have been transacted in open market. The impact of valuation had been incorporated in financial statements and had resulted in an increase in revaluation surplus of Rs. 14,002,518 over the written down value of Rs. 5,502,647 of these assets as on 30 June 2014 (total revalued amount being Rs. 19,505,166). The details of revalued amounts are as follows:

2020 Rupees	2019 Rupees
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Had the property and equipment not been revalued, the total carrying amounts at 30 June would have been as follows:
Building improvements
Office equipment
Furniture and fixtures

21,413	57,478
559,758	694,399
27,003	36,762
608,174	788,639

5.3 As on 30 June 2020, management expects that fair value of the fixed assets is not materially different from their net book value.
5.4 Right of use assets:

PARTICULARS	2020		2019		BOOK VALUE AS ON 30 JUNE 2020	RATE %
	As on 01 July 2019	Cost Additions/ (deletions)	As on 30 June 2020	As on 01 July 2019	DEPRECIATION For the year	
Vehicles	1,752,000	-	1,752,000	1,426,400	-	20
Total	1,752,000	-	1,752,000	1,426,400	-	325,600

Leased asset:
Vehicles
Total

PARTICULARS	2019		2019		BOOK VALUE AS ON 30 JUNE 2019	RATE %
	As on 01 July 2018	Cost Additions/ (deletions)	As on 30 June 2019	As on 01 July 2018	DEPRECIATION For the year	
Vehicles	1,752,000	-	1,752,000	1,426,400	-	20
Total	1,752,000	-	1,752,000	1,426,400	-	325,600

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6. INTANGIBLES

Software		
	2020	2019
	Rupees	Rupees
	746,021	1,522,262
	746,021	1,522,262

6.1 Software

PARTICULARS	2020						
	COST		AMORTIZATION		BOOK		RATE %
	As on 01 July 2019	Additions/ (deletions)	As on 30 June 2020	As on 01 July 2019	For the year	As on 30 June 2020	VALUE AS ON 30 JUNE
Software	16,913,985	-	16,913,985	15,391,723	776,241	16,167,964	746,021
Total 2020	16,913,985	-	16,913,985	15,391,723	776,241	16,167,964	746,021
	Rupees						
PARTICULARS	2019						
	COST		AMORTIZATION		BOOK		RATE %
	As on 01 July 2018	Additions/ (deletions)	As on 30 June 2019	As on 01 July 2018	For the year	As on 30 June 2019	VALUE AS ON 30 JUNE
Software	14,719,801	2,194,184	16,913,985	14,168,131	1,223,592	15,391,723	1,522,262
Total 2019	14,719,801	2,194,184	16,913,985	14,168,131	1,223,592	15,391,723	1,522,262
	Rupees						

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TECHNOLOGY UPGRADATION AND SKILL DEVELOPMENT COMPANY
(A Company registered under section 42 of the Companies Act, 2017)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

1. CORPORATE AND GENERAL INFORMATION

1.1 The company and its operations

Technology Upgradation and Skill Development Company (TUSDEC) or ("the Company") is a company, limited by guarantee having share capital, incorporated in January 2005 and licensed under section 42 of the repealed Companies Ordinance, 1984. The principal activity of TUSDEC is to upgrade technology and skills of key and strategic industrial clusters and connect Pakistan to the global value chain. TUSDEC is subsidiary of Pakistan Industrial Development Corporation (Private) Limited (PIDC). The principal office of TUSDEC is located at State Cement Corporation Building, Kot Lakhpat Lahore, Pakistan.

2. STATEMENT OF COMPLIANCE

Financial statements have been prepared in accordance with the approved accounting and reporting standards as applicable in Pakistan. Accounting and Reporting standards applicable in Pakistan comprise of:(a) International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017 and (b) Provisions and directives issued under the Companies Act, 2017. Wherever, the provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

3. BASIS OF PREPARATION

- 3.1** These financial statements have been prepared under the historical cost convention except for property, plant and equipment which are stated at revalued amounts as mentioned in note 5.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies which have been adopted in the preparation of financial statements of the Company are consistent with previous year except as described in Note 4.1.

4.1 New, amended standards and interpretations which became effective

New and amended standards mandatory for the first time for the financial year beginning July 1, 2019:

- a) The Company has adopted IFRS 16 'Leases' from July 1, 2019. IFRS 16 'Leases' primarily affects the accounting by lessees and results in the recognition of almost all leases on statement of financial position. The standard removes distinction between operating and finance leases and requires recognition of an asset (the right of use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases. The accounting by lessors does not significantly changed. Some differences may arise as a result of the new guidance on the definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company has applied IFRS 16 using the modified retrospective approach. Under this approach, the cumulative effect of initial application to be recognized in retained earnings at July 1, 2019. Accordingly, the comparative information presented for 2019 has not been restated - i.e. it is presented as previously reported under IAS 17 and related interpretations. The details of the changes in accounting policies are disclosed below.

As a lessee, the Company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under IFRS 16 the Company recognizes right of use assets and lease liabilities for leases - i.e. these leases are on the statement of financial position. On initial application, the Company has also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease



TECHNOLOGY UPGRADATION AND SKILL DEVELOPMENT COMPANY
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NOTES TO THE FINANCIAL STATEMENTS
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term of 12 months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which the underlying asset is of low value ('low-value assets'). Some lease contracts of the Company are extendable through mutual agreement between the Company and the lessor or cancellable by both parties immediately or on short notice. In assessing the lease term for the adoption of IFRS 16, the Company concluded that such contracts are short-term in nature. The Company recognizes the lease payments associated with these leases as an expense in statement of profit or loss.

The accounting policies relating to Company's right of use asset and related lease liabilities are disclosed in note 4.1(b), details pertaining to right of use assets are disclosed in note 5.9 and related leases are disclosed in note 20.

- b) Amendment to IAS 12, 'Income taxes', as part of the annual improvements 2017 applicable for annual periods beginning on or after January 1, 2019. The amendments clarify that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognised consistently with the transactions that generated the distributable profits – i.e. in profit or loss, OCI or equity.
- c) Amendment to IAS 23 'Borrowing Costs', as part of the annual improvements 2017 applicable for annual periods beginning on or after January 1, 2019. The amendments clarify that the general borrowings pool used to calculate eligible borrowing costs excludes only borrowings that specifically finance qualifying assets that are still under development or construction. Borrowings that were intended to specifically finance qualifying assets that are now ready for their intended use or sale – or any non qualifying assets – are included in that general pool. This amendment will be applied prospectively to borrowing costs incurred on or after the date an entity adopts the amendments.
- d) The other new standards, amendments to published accounting and reporting standards and interpretations that are mandatory in Pakistan for the financial year beginning on July 1, 2019 are considered not to be relevant or to have any significant effect on the Company's financial reporting and operations.

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

The following new standards and amendments to approved accounting standards are not effective for the financial year beginning on July 1, 2019 and have not been early adopted by the Company :

- a) Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors is applicable on accounting periods beginning on or after January 1, 2020. The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS. In addition, the IASB has also issued guidance on how to make materiality judgements when preparing their general purpose financial statements in accordance with IFRS. Refined definition of materiality - Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.
- b) Amendments to IFRS 16 'Leases' is applicable on accounting periods beginning on or after June 1, 2020. Under IFRS 16, rent concessions often met the definition of a lease modification, unless they were envisaged in the original lease agreement. The amendment exempts lessees from having to consider individual lease contracts to determine whether rent concessions occurring as a direct

N/A

TECHNOLOGY UPGRADATION AND SKILL DEVELOPMENT COMPANY
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NOTES TO THE FINANCIAL STATEMENTS
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consequence of the covid-19 pandemic are lease modifications and allows lessees to account for such rent concessions as if they were not lease modifications. It applies to covid-19 related rent concessions that reduce lease payments due on or before June 30, 2021. This optional exemption gives timely relief to lessees and enables them to continue providing information about their leases that is useful to investors. The amendment does not affect lessors. The amendment not expected to have material impact on the Company's financial statements.

- c) Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' is applicable for accounting periods beginning on or after January 1, 2022. Under IAS 37, a contract is 'onerous' when the unavoidable costs of meeting the contractual obligations – i.e. the lower of the costs of fulfilling the contract and the costs of terminating it – outweigh the economic benefits. The amendments clarify that the 'costs of fulfilling a contract' comprise both the incremental costs – e.g. direct labour and materials; and an allocation of other direct costs – e.g. an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract. The amendment not expected to have material impact on the Company's financial statements.
- d) Annual improvements 2018 applicable for annual periods beginning on or after January 1, 2022. These amendments include changes from the 2018-2020 cycle of annual improvements project that mainly affect following standards: .
 - i) Amendments to IFRS 1 'First-time Adoption of International Financial Reporting Standards, simplifies the application of IFRS 1 for a subsidiary that becomes a first time adopter of IFRS Standards later than its parent – i.e. if a subsidiary adopts IFRS Standards later than its parent and applies, then a subsidiary may elect to measure cumulative translation differences for all foreign operations at amounts included in the consolidated financial statements of the parent, based on the parent's date of transition to IFRS Standards:
 - ii) Amendment to IFRS 9 'Financial Instruments', clarifies that – for the purpose of performing the '10 per cent test' for derecognition of financial liabilities – in determining those fees paid net of fees received, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.
 - iii) Amendment to IFRS 16 'Leases' Illustrative Example 13, removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.
 - iv) Amendment to IAS 41 'Agriculture', removes the requirement to exclude cash flows for taxation when measuring fair value, thereby aligning the fair value measurement requirements in IAS 41 with those in IFRS 13 Fair Value Measurement.
 - iii) Amendment to IAS 16 'Property, plant and Equipment' is applicable on accounting periods beginning on or after January 1, 2022. The amendments prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss. The amendments apply retrospectively, but only to items of PPE made available for use on or after the beginning of the earliest period presented in the financial statements in which the company first applies the amendments. The amendment not expected to have material impact on the Company's financial statements. .

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TECHNOLOGY UPGRADATION AND SKILL DEVELOPMENT COMPANY
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FOR THE YEAR ENDED 30 JUNE 2020

iv) Amendments to IAS 1 'Presentation of Financial Statements' is applicable on accounting periods beginning on or after January 1, 2023. Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. As part of this amendments, the requirement for a right to be unconditional has been removed and instead, the amendments requires that a right to defer settlement must have substance and exist at the end of the reporting period

There are a number of other standards, amendments and interpretations to the published standards that are not yet effective and are also not relevant to the Company and, therefore, have not been presented here. .

4.3 Use of estimates and judgements

The preparation of financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience, including expectation of future events that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgments about carrying values 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 estimates are 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 various assumptions and estimates are significant to the Company's financial statements or where judgments were exercised in application of accounting policies are as follows:

- Property, plant and equipment (4.4)
- Provisions (4.13)
- Employee benefits (4.11)

4.4 Property, plant and equipment

Property, plant and equipment are stated at revalued amount, being the fair value at the date of their revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Depreciation on additions is charged from the month in which the asset is put to use and no depreciation is charged in the month of disposal. Where impairment loss is recognized, the depreciation charge is adjusted in the future periods to allocate the assets revised carrying amount over its estimated useful life.

Depreciation on property, plant and equipment is charged to income and expenditure account by applying straight line method so as to write off the value of the assets over their estimated useful lives at the rates given in note 5.

Surplus on revaluation of property, plant and equipment is credited to the surplus on revaluation account. Revaluation is carried out with sufficient regularity to ensure that the carrying amount of assets does not differ materially from their fair value.

The asset's residual values and useful lives are reviewed at each financial year end, and adjusted if impact on depreciation is significant.

Normal repairs and maintenance are charged to income and expenditure account as and when incurred. Major improvements and modifications are capitalized and the assets so replaced, if any, are retired.

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TECHNOLOGY UPGRADATION AND SKILL DEVELOPMENT COMPANY
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Profit or loss on disposal of property and equipment represented by the difference between the sale proceeds and the carrying amount of the asset is included in statement of income and expenditure account.

4.5 Intangibles

Recognition and measurement

Intangible assets, which are non-monetary assets without physical substance, are recognized at cost, which comprises purchase price, non-refundable purchase taxes and other directly attributable expenditures relating to their implementation and customization.

Subsequent expenditure

Subsequent expenditure is capitalized only when it increase the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in statement of profit or loss.

Amortization

Intangible assets are amortized from the month, when these assets are available for use, using the straight line method, over its estimated useful life over which economic benefits are expected to flow to the Company. The useful life and amortization method is reviewed and adjusted, if appropriate, at each balance sheet date. The rates determined to amortize the intangible assets are disclosed in note 6.

4.6 Capital work-in-progress (CWIP)

Capital work-in-progress represents expenditure on property, plant and equipment in the course of construction and installation. Transfers are made to relevant category of property and equipment as and when assets are available for use. Capital work in progress is stated at cost, less any identified impairment loss.

4.7 Stores and spares

Useable stores, spares and loose tools are valued principally at First In First Out (FIFO) methods, while items considered obsolete are carried at nil value. Items in transit are valued at cost comprising invoice value plus other charges paid thereon. Provision is made in the financial statements for slow moving store based on management's best estimate.

4.8 Trade and other receivables

Trade debts are recognised at original invoice amount less an allowance for doubtful debts based on a review of all outstanding amounts at the year end . Bad debts are written off when identified.

A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is recognised in the statement of profit or loss. Bad debts are written-off in the statement of profit or loss on identification.

The allowance for doubtful debts of the Company is based on the aging analysis and management's continuous evaluation of the recoverability of the outstanding receivables. In assessing the ultimate realisation of these receivables, management considers, among other factors, the creditworthiness and the past collection history of each customer.

4.9 Financial assets

A financial asset is considered to be impaired if objective evidence indicate that one or more events had a negative effect on the estimated future cash flow of that asset.

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An impairment loss in respect of a financial asset measured at amortized cost is calculated as a difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

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.

Non - financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognized if the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell 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.

Impairment losses are recognized in Statement of income and expenditure .

4.10 Investments - Held to maturity

Investments with a fixed maturity that the company has the intent and ability to hold to maturity are classified as held-to-maturity investments. These are initially recognized on trade date at cost and derecognized by the Company on the date it commits to sell them off. At each balance sheet date held-to-maturity investments are stated at amortized cost using the effective interest rate method.

4.11 Employee benefits

Defined contribution plan

The Company operates a recognized provident fund for all its regular employees. Equal monthly contributions are made to the fund both by the Company and the employees at the rate of 6.67% of the salary. Obligation for contributions to defined contribution plan is recognized as an expense in the income and expenditure account as and when incurred.

Compensated absences

The Company provides for accumulating compensated absences up to two years, when the employees render services that increase their entitlement to future compensated absences.

4.12 Trade and other payables

Liabilities for trade and other payables are carried at cost which is the fair value of the consideration to be paid in future for goods and services.

4.13 Provisions

A provision is recognized in the statement of financial position when the Company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. The amount recognized as a provision reflects the best estimate of the expenditure required to settle the present obligation at the end of the reporting period. Provisions are determined by discounting the expected future cash flows at a pre tax discount rate that reflects current market assessment of time value of money and risks specific to the liability. the unwinding of discount is recognised as finance cost. However, provisions are reviewed at each balance sheet date and adjusted to reflect current best estimates.

4.14 Cash and cash equivalents

Cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand and with banks in current and saving accounts and other short term highly liquid investments that are readily convertible to known amount of cash and which are subject to insignificant risk of change in value.

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4.15 Foreign currency translation

The financial statements are presented in Pak Rupees, which is the Company's functional currency. Transactions in foreign currency during the year are initially recorded in the functional currency at the rate prevailing at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into functional currency rates of exchange prevailing at the balance sheet date. All resulting differences are taken to the statement of income and expenditure.

4.16 Related party transactions

Transactions with related parties are made at arm's length prices except in circumstances where it is in the interest of the Company not to do so. Parties are said to be related if they are able to influence the operating and financial decisions of the company as defined in International Accounting and Reporting Standard 24 "Related Parties".

4.17 Offsetting of financial assets and liabilities

Financial assets and liabilities are set-off and the net amount is reported in the statement of financial position if the Company has legally enforceable right to set-off recognized amounts and the Company intends to settle either on a net basis or realizes the asset and settle the liability simultaneously.

4.18 Taxation-Current

No provision for taxation has been charged as the income of the Company is subject to 100% tax credit under section 100c of Income Tax Ordinance, 2001.

4.19 Grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

4.20 Income recognition

Income represents the fair value of the consideration received or receivable for services rendered, net of discounts. Income is recognized when it is probable that the economic benefits associated with the transaction will flow to the entity and the amount of Income, and the associated cost incurred, or to be incurred, can be measured reliably.

Income from project implementation (service fee) is recognized over the period for which the activities on projects are going on, based upon percentage of completion method.

Income on investment is recognized on accrual basis and profit on saving bank accounts is recognized on receipt basis.

4.21 Impact of COVID-19 on financial statements

World Health Organization (WHO) declared outbreak of Corona virus disease (COVID-19), a global pandemic, on March 11, 2020. Consequent to this, Government of Punjab declared lock down on March 23, 2020 and the Company temporarily suspended the operations in all units of the Company in compliance with the lock down instructions issued by Government of Punjab. COVID -19 has severely impacted the normal business operations of the Company and performance of our business by virtue of interruption in unavailability of personnel, closure/ lock down of facilities etc. during the lock down period and to an extent subsequent to lifting / easing of lock down restrictions.

However, the Company swiftly started its operations with all safety protocols in place at all the units of the Company after obtaining permission from the appropriate government authorities. We viewed lower utilization of our capacities in April and May but it improved in June 2020.

According to management's assessment, there is no significant financial impact of the effects of COVID-19.

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7	LONG TERM DEPOSITS	Note	2020 Rupees	2019 Rupees
	<i>These include deposits against:</i>			
	Security deposit SNGPL		2,715,824	2,384,763
	Office		381,883	381,883
	Others		1,634,821	992,972
			<u>4,732,528</u>	<u>3,759,618</u>
8	PROJECTS ASSETS			
	Projects in progress	8.1	839,495,445	647,581,610
	Advances to suppliers	8.2	26,078	-
	Prepayments and other receivables	8.3	5,665,953	13,517,892
			<u>845,187,476</u>	<u>661,099,502</u>
8.1	Projects in progress			
	Footwear Cluster Development	8.1.1	24,132,749	-
	Industrial Development and Automation (IDAC)	8.1.1	91,251,699	-
	NASPAT	8.1.1	24,078,707	-
	Engineering support centres(ESC)	8.1.1	700,032,290	647,581,610
			<u>839,495,445</u>	<u>647,581,610</u>

8.1.1 Projects in progress

	2020				2019
	Footwear	IDAC	ESC	NASPAT	ESC
	Rupees				
Opening balance as on 1 July	-	-	647,581,610	-	599,774,315
Additions:					
Capital expenditure					
Building improvements	-	-	-	-	-
Office equipment	-	-	-	-	-
IT Infrastructure	3,925,232	-	-	-	-
Furnitures & fixtures	-	-	-	-	108,014
Vehicles	-	-	-	-	-
Machinery and equipment	-	-	4,915,808	-	547,624
Other assets	15,742,388	78,481,232	-	-	-
	19,667,620	78,481,232	4,915,808	-	655,638
Operational expenditure					
Employees cost	-	-	34,090,285	-	34,294,269
TUSDEC / PMU service fee	-	-	-	-	-
Vehicle running and maintenance cost	-	-	-	-	-
Electricity, fuel and power	-	-	1,042,238	-	1,457,240
Consumables	-	-	1,865,307	-	474,533
Advertisement	-	-	516,847	-	563,803
Other expenses	4,465,129	12,770,467	10,020,195	24,078,707	10,361,812
	4,465,129	12,770,467	47,534,872	24,078,707	47,151,657
Less: transferred to TUSDEC on completion of project	-	-	-	-	-
Closing as on 30 June 2020	24,132,749	91,251,699	700,032,290	24,078,707	647,581,610

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8.2	Advances to suppliers	Note	2020 Rupees	2019 Rupees
	GIZ		26,078	-
			26,078	-
			26,078	-
8.3	PREPAYMENTS AND OTHER RECEIVABLES			
	NAVTTTC:			
	Other receivables		12,957	12,957
	GIZ:			
	Other receivables		-	30,989
	IDAC:			
	Prepayments		1,524,678	-
	Other receivables		-	-
			1,524,678	-
	ESC:			
	Prepayments		402,688	424,519
	Other receivables		2,903,630	13,049,427
			3,306,318	13,473,946
	NASPAT:			
	Prepayments		-	-
	Other receivables		372,000	-
			372,000	-
	Footwear:			
	Prepayments		450,000	-
	Other receivables		-	-
			450,000	-
			5,665,953	13,517,892
9.	TRADE DEBTS			
	Unsecured - considered good			
	Related party			
	Pakistan Industrial Development Corporation (PIDC)	9.1	4,199,514	4,164,514
	Trade receivables-others		12,430,457	28,377,457
	Less: Provision for doubtful debts		(4,164,514)	(4,164,514)
			12,465,457	28,377,457

9.1 This represents receivable from PIDC in respect of expenses incurred by the Company on its behalf for Skills Development Centre (SDC) Khaki and Batgram and it is past due for more than 3 years.

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		2020 Rupees	2019 Rupees
10. SHORT TERM ADVANCES-considered good			
Advances to employees			
against expenses		122,940	316,722
against salary		5,550	25,548
Advances to suppliers		382,263	1,909,725
		<u>510,753</u>	<u>2,251,995</u>
11. SHORT TERM ADVANCES, DEPOSITS AND PREPAYMENTS			
Prepaid insurance		1,282,996	2,215,234
Sales tax/excise duty		609,495	1,092,224
Others		33,271	16,040
		<u>1,925,762</u>	<u>3,323,498</u>
12. SHORT TERM INVESTMENTS			
Faysal Bank Limited		15,000,000	25,000,000
Add: Intesest accrued		291,758	6,438
		<u>15,291,758</u>	<u>25,006,438</u>
12.1	These represent Term Deposit Receipts (TDRs) which are on roll-over basis, having maturity period of one to three months and carry mark-up at the rate ranging from 9.5% to 10.5% (2019: 6.5% to 9.4%) per annum.		
13. TAX REFUNDS DUE FROM THE GOVERNMENT			
Tax refunds due from the government			
	13.1	<u>19,829,558</u>	<u>18,727,838</u>
		<u>19,829,558</u>	<u>18,727,838</u>
13.1	This represents income tax withheld by the banks from profits on deposit accounts and Term Deposit Receipts.		
14. CASH AND BANK BALANCES			
Cash in hand		321,304	563,401
Cash at banks			
- Current Accounts		-	-
- Deposit Accounts	(14.1&14.2)	46,049,536	57,029,467
		<u>46,370,840</u>	<u>57,592,868</u>
14.1	The deposits in saving accounts carry mark-up at the rate ranging from 5.5% to 6.5% (2019: 10.25% to 11.25 %) per annum.		
14.2	This includes an amount of Rs. 1,200,000 (2019: Rs. 1,200,000) on which bank has lien against guarantees issued on behalf of the Company.		

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	2020 Rupees	2019 Rupees
15. AUTHORIZED SHARE CAPITAL		
135,000,000 (2019: 135,000,000) ordinary shares of Rs. 10 each	1,350,000,000	1,350,000,000
Closing Balance	1,350,000,000	1,350,000,000
16. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL		
23,883,000 (2019: 22,625,000) ordinary shares of Rs. 10 each	238,830,000	226,250,000
Add:-		
Issued Nil (2019: 1,258,000) ordinary shares of Rs. 10 each	-	12,580,000
Less:-		
Share Transfer	-	-
Closing Balance	238,830,000	238,830,000

17 Merger reserve-Business combination

Two companies namely Gujranwala Tools Dies and Moulds Centre (GTDMC) and Ceramics Development and Training Complex(CDTC) has been amalgamated in to Technology Upgradation and Skill Development Company (TUDEC) with effect from 18th July, 2017. Ministry of Industry and Production (MOIP) approved the amalgamation of aforementioned companies vide its decision dated 25th May, 2017. Subsequent to the approval of MOIP the BOD of respective companies approved the scheme of amalgamation as required under section 284 of the Companies Act, 2017. Securities and Exchange Commission of Pakistan (SECP) has acknowledged the scheme of amalgamation and BOD resolution vide its letter no. ARL/0082377/9050 dated 2nd November, 2017. As per terms of the Scheme of amalgamation, Pooling Interest method is to be used for amalgamation i-e All the assets (properties, rights, titles, interest, investments, receivables and others) and all liabilities (duties, obligations and undertakings) of the transferee companies (GTDMC & CDTC) are transferred to transferor company(TUSDEC) at carrying amount at effective date of amalgamation scheme.

The fair value and carrying amounts of the assets and liabilities acquired are as follows:

(a) - GUJRANWALA TOOLS, DIES AND MOULDS CENTRE - Net Assets

	Carrying Amounts as at July 17, 2017	Fair value and other Adjustments	Fair value as at July 17, 2017
Assets			
Property, plant and equipment- operating	319,587,553	-	319,587,553
Capital work in progress	2,075,273	-	2,075,273
Long term deposits	852,688	-	852,688
Stores, spare parts and loose tools	16,365,510	-	16,365,510
Stock in trade	793,875	-	793,875
Trade debts and other receivables	5,196,175	-	5,196,175
Loans, advances and prepayments	3,463,876	-	3,463,876
Advance tax	5,144,505	-	5,144,505
Cash and bank balances	7,160,984	-	7,160,984
	360,640,439	-	360,640,439

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Liabilities

Liability against assets subject to finance lease	1,356,348	-	1,356,348
Trade and other payables	27,378,111	-	27,378,111
Current portion of long term liabilities	333,652	-	333,652
	29,068,111	-	29,068,111
	331,572,328	-	331,572,328

(b) - CERAMICS DEVELOPMENT AND TRAINING COMPLEX- Net Assets

	Carrying Amounts as at July 17, 2017	Fair value and other Adjustments	Fair value as at July 17, 2017
Assets			
Property, plant and equipment	146,916,835	-	146,916,835
Long term security deposits	2,196,524	-	2,196,524
Stores and spares	1,451,017	-	1,451,017
Trade debts	1,129,660	-	1,129,660
Receivables	180,204	-	180,204
Prepayments	349,109	-	349,109
Short term investments	13,000,000	-	13,000,000
Tax refunds due from the Government	3,015,544	-	3,015,544
Cash and bank balances	5,719,222	-	5,719,222
	173,958,115	-	173,958,115

	Carrying Amounts as at July 17, 2017	Fair value and other Adjustments	Fair value as at July 17, 2017
Liabilities			
Accrued and other liabilities	664,758	-	664,758.00
	664,758	-	664,758
	173,293,357	-	173,293,357

Fair value of Net Assets

-Gujranwala Tools, Dies And Moulds Center	331,572,328	-
-Ceramics Development And Training Complex	173,293,358	-
	504,865,686	-
Elimination of Investment	60	-
	504,865,626	-

18. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

	2020 Rupees	2019 Rupees
Balance at 01 July	3,997,882	5,778,146
Incremental depreciation charged during the year	(1,318,838)	(1,780,264)
Closing balance	2,679,044	3,997,882

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19 DEFERRED GRANT

Note	Opening Balance as at 01 July	Addition			Deletion/Transfer		Closing balance as at 30 June
		Fund Received for the year	Other Income	Acquisition through merger	Amortization of Grant for the year Note 24	Fund returned/ Surrendered/Transferred	

30 June 2020

Grant related to assets

19.1 8,961,716

- 2,138,768

- 6,822,948

Grant related to income:

Engineering support centres
National vocational and technical commission
Footwear
NASPAT
IDAC
GIZ

19.2	678,829,235	77,164,000	6,854,762	-	-	32,568,358	730,279,639
19.3	6,005,902	2,743,829	-	-	2,739,398	-	6,010,333
19.2	-	30,000,000	-	-	-	5,417,251	24,582,749
19.2	-	84,970,000	-	-	-	60,519,293	24,450,707
19.2	-	100,000,000	-	-	-	7,223,623	92,776,377
19.3	18,265,837	-	928,973	-	19,944,458	-	(749,648)
	703,100,974	294,877,829	7,783,735	-	22,683,856	105,728,525	877,350,157
	712,062,690	294,877,829	7,783,735	-	24,822,624	105,728,525	884,173,105

30 June 2019

Grant related to assets

Engineering support centres
Project monitoring unit (PMU)
European commission (EC)
Agency for technical cooperation and development
National vocational and technical commission
United nation development program
GIZ
Skill tech

19.1	6,478,126	-	-	4,787,000	2,303,410	-	8,961,716
19.2	618,558,022	64,550,000	6,656,874	-	-	10,935,661	678,829,235
19.1	1,925,104	-	-	-	-	1,925,104	-
19.1	11,529,613	-	-	-	-	11,529,613	-
19.1	1,032,253	-	-	-	-	1,032,253	-
19.3	7,517,559	18,687,853	65,965	-	20,265,475	-	6,005,902
19.1	417,653	-	905,430	-	-	417,653	-
19.3	-	23,965,500	-	-	6,605,093	-	18,265,837
19.1	5,761,351	-	-	-	-	5,761,351	-
	646,741,555	107,203,353	7,628,269	-	26,870,568	31,601,635	703,100,974
	653,219,681	107,203,353	7,628,269	4,787,000	29,173,978	31,601,635	712,062,690

19.1 This represents grant against assets of different projects transferred to TUSDEC as per letter no. 3(15)2006-plg dated 31 December 2013 granted by the Ministry of Industries and Production.

19.2 These projects will be incorporated as independent companies under section 42 of repealed Companies Ordinance 1984.

19.3 It is not certain at the year end date whether these projects will be handed over to the donor or not.

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	Note	2020 Rupees	2019 Rupees
20. TRADE AND OTHER PAYABLES			
Creditors		3,455,842	4,158,197
Accrued liabilities		20,489,322	17,239,995
Advances from customers		1,420,056	1,090,000
Withholding income tax payable		787,604	504,358
Employees benefits payable		1,918,572	1,332,654
Other liabilities		9,644,363	6,642,366
Payable to machinery supplier	20.1	10,679,360	10,679,360
Payable to PIDC		66,242	66,242
		<u>48,461,361</u>	<u>41,713,172</u>

20.1 This constitutes an amount of Rs.10,679,360 as a performance bond which is payable to TRUMPF (Germany) after one year from the commissioning of Laser Cutting and Marking machine.

	Note	2020 Rupees	2019 Rupees
21. PROJECT LIABILITIES			
These represent accrued expenses and/or payables in respect of the following projects:			
GIZ:			
Payables		592,288	54,667
Accrued expenses		226,260	1,091,996
		818,548	1,146,663
UNDP:			
Payables		-	2,307,968
Accrued expenses		-	-
		-	2,307,968
ESC:			
Payables	21.1	8,036,474	6,077,976
ITB:			
Payables		2,828,065	2,909,778
Accrued expenses		-	-
		2,828,065	2,909,778
NAVTC:			
Payables		479,386	(17,604)
Accrued expenses		3,790,536	4,350,536
		4,269,922	4,332,932
		<u>15,953,009</u>	<u>16,775,317</u>

21.1 This includes an amount of Rs. 2,000,253 (2019: Rs. 2,000,253) against the retention money of construction contractors as per the agreement for the ongoing construction of Peshawer Light Engineering Centre, (Lasbela, Light Engineering Upgradation Centre and Hyderabad Engineering Sports Centre.

	Note	2020 Rupees	2019 Rupees
22. CONTINGENCIES AND COMMITMENTS			
22.1 Contingencies			
Guarantees issued by a bank on behalf of the Company in favor of the following parties:			
Pakistan State Oil		1,200,000	1,200,000

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22.2 Commitments

Nil

Nil

23. INCOME FROM SERVICES

Income from:

Trainings	23.1	34,174,403	67,729,228
projects	23.2	659,836	6,261,387
laboratory test and 3D scanning	23.3	7,769,928	11,884,224
Toll manufacturing	23.4	21,747,682	17,346,846
Project implementation fee	23.5	14,156,000	-
		78,507,849	103,221,685
		-	-
		<u>78,507,849</u>	<u>103,221,685</u>

23.1 This represents the amount being recognised in respect of income from training courses, short courses (CAD/CAM courses, Auto CAD) and other administrative fee against the different Donor projects.

23.2 This represents amount recognized in respect of projects for the overheads shared.

23.3 This represents the amount being recognised in respect of income from laboratory test fee and 2D/3D scanning.

23.4 This represents the amount being recognized in respect of income from services provided by GTDMC and CDTC.

23.5 This represents the amount being recognized in respect of income from implementation of PSDP projects.

24. AMORTIZATION OF GRANT

Note

		2020 Rupees	2019 Rupees
amortization of grant related to asset	24.1	2,138,768	2,303,410
amortization of grant related to income	24.2	22,683,856	26,870,568
		<u>24,822,624</u>	<u>29,173,978</u>

24.1 This represents the amortization of deferred grant against the assets of NIDA being merged with the TUSDEC.

24.2 This represents amortization of grant against following projects:
National Vocational and Technical Commission (NAVTC)
GIZ

	2020 Rupees	2019 Rupees
	2,739,398	20,265,475
	19,944,458	6,605,093
	<u>22,683,856</u>	<u>26,870,568</u>

25. OPERATING COST

Note

		2020 Rupees	2019 Rupees
Gas charges		8,390,445	8,213,059
Salaries, wages and other benefits		18,061,288	15,389,620
Stores and spares consumed		654,985	581,969
Electricity charges		6,160,401	5,141,288
Diesel for generator		214,186	211,625
Repairs and maintenance		840,959	327,728
Insurance charges		6,120	432,360
Depreciation	5	86,075,498	86,075,498
Training expenses		1,935,257	2,625,060
Misc. expenses		110,979	70,500
		<u>122,450,118</u>	<u>119,068,707</u>

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26. PROJECT EXPENSES

ITB:

Employee cost
Other expenses

1,581,440	4,002,606
778,946	4,957,957
2,360,386	8,960,563

NAVTTTC:

Employee cost
Consumables
Other expenses

859,228	6,710,123
749,120	2,596,234
1,131,050	10,959,118
2,739,398	20,265,475

GIZ:

Employee cost
Vehicle running and maintenance cost
Advertisement
Travelling and conveyance
Postage and telephone
Other expenses

14,892,503	6,026,056
101,589	-
417,952	20,166
1,825,487	484,715
210,139	3,670
2,496,788	70,486
19,944,458	6,605,093
25,044,242	35,831,131

25,044,242	35,831,131
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27. ADMINISTRATIVE AND GENERAL EXPENSES

Salaries and other benefits
Depreciation
Amortization on intangibles
Traveling, vehicle running and maintenance
Utilities
Rent, rate and taxes
Repair and maintenance
Advertisement and business development
Consumables
Janitorial services
Postage and telephone
Insurance
Security services
Printing and stationery
Legal and professional charges
Miscellaneous expenses
Auditors' remuneration
Project expenses
Fee and subscription

27.1
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27.2

2020 Rupees	2019 Rupees
58,489,205	72,421,337
26,908,632	29,385,684
776,241	1,223,592
5,762,226	6,894,540
2,367,496	3,191,998
2,213,790	1,796,370
563,258	1,144,641
143,111	699,121
1,049,194	1,769,236
1,831,858	1,849,983
1,728,722	2,048,562
549,235	907,218
1,530,600	1,262,325
393,712	527,047
349,240	735,798
136,934	1,216,570
330,000	300,000
1,651,999	2,983,825
43,772	159,098
106,819,225	130,516,945

27.1 This includes an amount of Rs. 2,736,791 (2019: Rs. 3,368,273) recognized in respect of Provident Fund and Rs. 180,105 (2019: Rs. 1,616,837) in respect of compensated absences.

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	Note	2020 Rupees	2019 Rupees
27.2 Auditor's remuneration			
Audit fee		330,000	300,000
Statement of compliance - CCG		-	-
		<u>330,000</u>	<u>300,000</u>
28. SELLING AND DISTRIBUTION EXPENSES			
Salaries and wages		1,152,912	1,159,766
Advertisement & promotion		-	137,781
		<u>1,152,912</u>	<u>1,297,547</u>
29. OTHER INCOME			
Income from financial assets:			
Saving accounts		791,919	676,287
Term deposits receipts		2,524,662	2,674,290
		<u>3,316,581</u>	<u>3,350,577</u>
Income from assets other than financial assets:			
Disposal of property and equipment		-	2,742
Miscellaneous		2,458,093	1,731,936
		<u>2,458,093</u>	<u>1,734,678</u>
		<u>5,774,674</u>	<u>5,085,255</u>

30. TAXATION

No provision for taxation has been charged as the income of the Company is subject to 100% tax credit under section 100c of Income Tax Ordinance, 2001.

31. RELATED PARTY BALANCES AND TRANSACTIONS

- 31.1** The related parties comprise associated undertakings, directors of the Company, key management personnel and post employment benefit plans. The parent of the entity is Pakistan Industrial Development Corporation (Private) Limited which holds 99.9% capital of the entity. Amounts due from and to related parties are shown under respective notes to the financial statements.

32. FINANCIAL RISK MANAGEMENT

The Company's financial liabilities comprises of trade and other payables. The main purpose of these financial liabilities is to raise finances for Company's operations. The Company's financial assets comprise of long term deposits, trade debts, other receivables, short term investments and cash and bank balances that arrive directly from its operations.

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

Risk management is carried out by the Board of Directors (the Board), and Chief Financial Officer (CFO). The Board provides principles for overall risk management, as well as policies covering specific areas such as currency risk, interest rate risk, credit risk and liquidity risk.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to react to changes in market conditions and the Company's activities.

32.1 Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The carrying amount of financial assets represents the maximum credit exposure. The Company's credit risk is attributable to its long term deposits, trade and other receivables, short term investments and bank balances. The maximum exposure to credit risk at the reporting date was as follows:

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Balances with banks

The Company held balances of Rs. 46,049,536 with banks as at June 30, 2020 (June 2019: 57,029,467) Management assesses the credit quality of the counter parties as satisfactory. Credit rating information of banks is as follows:

Bank/Financial institution	Rating			2020	2019
	Short term	Long term	Agency	Rupees	Rupees
Askari bank limited	A1+	AA+	PACRA	38,524,981	46,377,152
Bank alfalah limited	A1+	AA+	PACRA	2,273	75,670
MCB bank limited	A1+	AAA	PACRA	985,419	2,344,160
Soneri bank	A1+	AA-	PACRA	458,995	1,411,792
Faysal bank limited	A1+	AA	PACRA	1,498,499	2,189,554
National bank of Pakistan	A1+	AAA	PACRA	4,579,258	4,625,316
Habib bank limited	A-1+	AAA	JCR-VIS	111	5,823
				46,049,536	57,029,467

Trade debts

The Company's exposure to Credit risk is influenced mainly by the individual characteristics of each customer. However management also considers the credit risks of its customer base. Credit risk related to trade debts is managed by established procedures and controls relating to customers credit risk management. The company maintains a provision for doubtful debts that represents its estimate of probable losses in respect of trade debts. Outstanding receivables are regularly monitored.

The maximum credit risk exposure at reporting date is carrying value of financial assets stated above.

The aging of trade debts at the reporting date is:

	2020 Rupees	2019 Rupees
Past due but not impaired		
Current	8,481,285	15,892,315
30-180 days	3,984,172	11,395,142
180-360 days	-	-
360 days and above	4,164,514	4,164,514
	16,629,971	31,451,971

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (If available) or to historical information about counterparty default rate. The table below shows the bank balances and short term investments held with some major counterparties at the balance sheet date:

32.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions. For this purpose the Company has export running finance facility available from a commercial bank to meet its liquidity requirements, without incurring unacceptable losses or risking damage to the company's reputation.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows:

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30 June 2020

Trade and other payables

Project liabilities

Carrying amount	Contractual cash flows	Less than 1 year	Between 1 and 5 years
----- (Rupees) -----			
48,461,361	48,461,361	48,461,361	-
15,953,009	15,953,009	15,953,009	-
64,414,370	64,414,370	64,414,370	-

30 June 2019

Trade and other payables

Project liabilities

Carrying amount	Contractual cash flows	Less than 1 year	Between 1 and 5 years
----- (Rupees) -----			
40,948,772	40,948,772	40,948,772	-
16,775,317	16,775,317	16,775,317	-
57,724,089	57,724,089	57,724,089	-

32.3 Market risk

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

(a) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

Monitory Items, including financial assets and financial liabilities, denominated in currency other than functional currency of the Company are periodically restated to Pak rupee equivalent and the associated gain or loss is taken to the profit and loss account. As there are no foreign currency transactions during the year, the Company is not exposed to currency risk.

(b) Interest rate risk

This represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company has no significant long-term interest-bearing financial instruments. The Company's interest rate risk arises from short term investments and bank balances only. There are no financial instruments obtained at variable rates so the Company is not exposed to cash flow interest rate risk. Saving accounts and short term investments are carried at fixed rate which expose the Company to fair value interest rate risk.

At the balance sheet date the interest rate profile of the Company's interest bearing financial instruments was:

	2020 Rupees	2019 Rupees
Fixed rate instruments		
Financial assets		
Saving bank accounts	46,049,536	57,029,467
Short term investments	15,291,758	25,006,438
	61,341,294	82,035,905

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the balance sheet date would not affect profit or loss of the Company.

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(c) Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instruments 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 instruments or its issuer, or factors affecting all similar financial instruments traded in the market. The Company is not exposed to equity price risk as its investments in equity securities are recorded at cost and not equity method of accounting.

32.4 Fair value of financial instruments

The carrying values of the financial assets and financial liabilities approximate their fair values. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

For working capital requirements and capital expenditure, the Company primarily relies on short term borrowings and internally generated cash flows.

32.5 Financial instruments by categories

2020		
Cash and cash equivalents	Loans and advances	Total
(Rupees)		
-	4,732,528	4,732,528
-	12,465,457	12,465,457
-	189,358	189,358
15,291,758	-	15,291,758
46,049,536	-	46,049,536
61,341,294	17,387,343	78,728,637

Assets as per balance sheet

Long term deposits

Trade debts

Other receivables

Short term investments

Bank balances

Liabilities as per balance sheet

Trade and other payables

Financial instruments by categories

2019		
Cash and cash equivalents	Loans and advances	Total
(Rupees)		
-	3,759,618	3,759,618
-	28,377,457	28,377,457
-	368,631	368,631
25,006,438	-	25,006,438
57,029,467	-	57,029,467
82,035,905	32,505,706	114,541,611

Assets as per balance sheet

Long term deposits

Trade receivables

Other receivables

Short term investments

Bank balances

Liabilities as per balance sheet

Trade and other payables

**Financial Liabilities
at amortized cost
Rupees
48,461,361**

**2019
Financial Liabilities
at amortized cost
Rupees
40,948,772**

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32.6 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide return for shareholders and benefits for other stakeholders and to maintain healthier capital ratios in order to support its business and maximize shareholders value. The Company manages its capital structure and makes adjustments to it, in the light of changes in economic conditions. To maintain or adjust the capital structure, the company may adjust dividend payments to the shareholders, return on capital to shareholders or issue new shares.

33. REMUNERATION OF CHIEF EXECUTIVE OFFICER AND DIRECTORS

	2020		2019	
	Chief Executive Officer	Directors	Chief Executive Officer	Directors
Managerial remuneration	2,099,023	-	4,751,082	-
Contribution to provident fund	210,007	-	452,711	-
Housing and utilities	1,450,365	-	2,036,178	-
Medical reimbursements	209,902	-	452,507	-
Fuel and Mobile Allowance	220,947	-	482,400	-
	4,190,244	-	8,174,878	-
Number of persons	1	8	1	8

34. PROVIDENT FUND

The Company has maintained an employee provident fund and investments out of provident fund have been made in accordance with the provisions of section 218 of the Companies Act 2017 (previously Companies Ordinance, 1984) and the rules formulated for this purpose. The salient information of the fund is as follows:

	Note	2020 Rupees (unaudited)	2019 Rupees (unaudited)
Size of the fund		20,611,429	16,772,695
Cost of investment made	34.1	10,000,000	10,000,000
Percentage of investment made		49%	60%
Fair value of investment		10,000,000	10,000,000

34.1 Breakup of investment

	2020		2019	
	Investments (Rupees)	Investment as % of size of the fund	Investments (Rupees)	Investment as % of size of the fund
Bank balance in schedule bank	10,000,000	49%	10,000,000	60%

35. NUMBER OF EMPLOYEES

The number of employees at the year end were as follows:

	2020	2019
- TUSDEC	120	132
- Projects	44	39
	164	171

The average number of employees during the year were as follows:

	2020	2019
- TUSDEC	126	136
- Projects	42	40
	168	176

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36. DATE OF AUTHORIZATION

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

37. CORRESPONDING FIGURES

Corresponding figures have been re-arranged or reclassified wherever necessary, for better and fair presentation. However, except for following reclassification, no significant reclassification / restatement have been made in these financial statements.

Reclassified from	Reclassified to	2019
Trade Debts	Advances from customers	1,090,000
Other liabilities	Lease Liabilities	325,600

38. GENERAL

Figures in these financial statements have been rounded off to the nearest rupee, unless otherwise stated.

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CHIEF EXECUTIVE OFFICER


DIRECTOR