

YEAR BOOK 2014-15
INDEX

	Message from Minister for Industries & Production	
	Message from Secretary Industries & Production	
	Mission & Vision	
	Objectives	
Chapter-1	Introduction	
	- Functions of Industries & Production Division	
	- Organizational Setup	
Chapter-2	Public Sector Development Programme (PSDP)	
	- Achievement of Development Sector	
	- DDWP Project	
	- CDWP Project	
Chapter-3	Public Sector Corporations / Organizations	
	- Pakistan Institute of Management (PIM)	
	- Small & Medium Enterprise Development Authority (SMEDA)	
	- Export Processing Zones Authority (EPZA)	
	- Department of Explosives (DOE)	
	- Pakistan Industrial & Technical Assistance Centre (PITAC)	
	- National Fertilizer Corporation (NFC)	
	- State Engineering Corporations (SEC) & its Units	
	i. ENAR Petrotech Services Limited (EPSL)	
	ii. Pakistan Machine Tool Factory (PMTF)	
	iii. Heavy Mechanical Complex (HMC)	
	iv. Pakistan Engineering Company (PECO)	
	- Engineering Development Board (EDB)	
	- Pakistan Steel Mills (PSM)	
	- National Productivity Organization (NPO)	
	- Heavy Mechanical Complex (HMC)	
	- Utility Stores Corporation (USC)	
	- Pakistan Industrial Development Corporation (PIDC) & its subsidiary companies	
	i. Pakistan Gems and Jewellery Development Company (PGJDC)	
	ii. Furniture Pakistan (FP)	
	iii. Pakistan Hunting & Sporting Arms Development Company (PHSADC)	
	iv. Aik Hunar Aik Nagar (AHAN)	
	v. Southern Punjab Embroideries Industries (SPEI)	
	vi. Agro Food Processing Company (AFP)	
	vii. Khadi Crafts Development Company (KCDC)	



**MESSAGE FROM THE
MINISTER INDUSTRIES & PRODUCTION**

The Ministry of Industries & Production has come up with its Year Book, 2014-15 which highlights the endeavors of the Ministry to facilitate, support and promote industrialization in the country.

It is indeed a commendable effort. The dissemination of the accomplishments of the Ministry is very essential so as to provide first-hand information about the programs undertaken by the Ministry and to place people in a better position to benefit from these programs. This allows the stakeholders to discuss and debate the policy of the Government resultantly enhancing the prospects of a positive and constructive feedback. It will also help the Government to re-orient its policies according to the demands of the stakeholders and to create an environment which would help in the promotion of industrialization in the country.

I am sure that the Year Book, 2014-15 would be a valuable addition to the library of readers including civil servants, investors, researchers and other stakeholders.

*Rais Murtaza Khan Jatui
Minister for Industries & Production*



MESSAGE FROM THE SECRETARY INDUSTRIES & PRODUCTION

It gives me immense pleasure in presenting the performance of the Ministry of Industries & Production for the year 2014-2015, based on various activities conducted in the Ministry as well as its subordinate organizations.

The Year Book, which is an annual publication, highlights policies framed either directly by this Ministry or through its supporting organizations to promote industrialization in the country, as well as special emphasis given by the Ministry on various emerging sub-sectors. The achievements during the period under review would contribute towards creation of an enabling environment for development and promotion of social and economic well-being of the people and industrial growth in particular with an objective to achieve efficient, sustainable and equitable growth.

I trust this document will prove to be a useful reference for an overview of the Ministry and the industrial sector. We would appreciate proposals and suggestions for improvements in the next Year Book.

ARIF AZIM
Secretary

MISSION

“To play a leadership role in formulating and implementing a comprehensive strategy for rapid industrialization of Pakistan which aims at maximizing job creation and enhancing Pakistan’s international competitiveness”

VISION

“To Achieve Efficient, Sustainable and Equitable Development”

OBJECTIVES

- *Focus on not just industry, but more broadly on social and economic systems as a whole.*
- *Promote innovation and facilitate creation of knowledge base assets.*
- *Identify industrial cluster groups and facilitate and incentivize their development along with backward and forward linkages.*
- *Promote movement along the value chain from lower value added activities towards higher value added activities and provide support to Research and Development and Product design as a catalyst.*
- *Enhance global orientation to adapt and respond to the changing global environment.*
- *Improve the requisite economic foundation by focusing on the development of human resource, technology acquisition, physical infrastructure and business support services to increase productivity.*
- *To ensure optimum capacity utilization and revival of sick units.*
- *Encouraging expansion program for existing Industrial Sector.*
- *Give top priority to knowledge based assets and provide sufficient resources to investors so that they could get the pertinent information from one window for effective decision making.*
- *To ensure creation of an enabling environment to the entrepreneur / prospective investor through a well defined, integrated and coordinated network of*

information system, supported and facilitated by the organizations under Ministry of Industries.

- *It is the mission of the Ministry of Industries to create a conducive environment so that interests & fears of the investors are taken care of. The associated departments shall therefore be given line of action for their expected achievements, while Ministry of Industries shall monitor their performance.*
- *Ministry of Industries intends to balance the interest of the stakeholders through its supportive organizations on regular basis.*
- *The Ministry of Industries has also taken initiative to start cooperation at provincial level so that the impediments faced at that level can also be resolved.*
- *The Ministry is also determined to provide technical assistance and education commensurate with the requirements of industry. If required establishing new Centers or Institutes besides strengthening the existing Institutions or Centers to impart required knowledge and skills to potential investors.*

Chapter- I

INTRODUCTION

Ministry of Industries & Production (MOI&P)'s aim is to facilitate Industrial growth in the country, both in public and private sector. It plays a significant role in creating and enabling environment for industrial growth in the country. Pakistan is endowed with all the essential requisites of industrialization i.e. availability of raw materials, cheap labour, entrepreneurship and domestic consumer market of around 190 million people. The Ministry has been mandated with the task to achieve the Government objectives to forge ahead in all the Industrial sectors with the required pace and motives. Industrialization is considered a major tool in the hands of any Government for growth. With these objectives in view, MOI&P devised its strategy and moved forward with all its resources.

During the period 2014-15, the broad functions performed by the Ministry of Industries & Production were: -

- Initiatives to boost Industrialization in the country and the steps taken for promotion of social and economical well-being of the people.
- Policy / Reforms formulation & implementation.
- Development of Industrial parks on the principle of Public Private Partnership.
- Technology and skill up-gradation for Industrial development.
- Provision of consumer goods at affordable prices through Utility Stores.
- International exposure to Engineering Industry in Pakistan.
- Facilitation of product diversification and capacity expansion.
- Operational performance of public Corporations / Units.

In order to implement the above-mentioned functions, strategies followed and the achievements made during the year as well as the future plans of the Ministry are discussed in the subsequent pages.

FUNCTIONS OF INDUSTRIES & PRODUCTION DIVISION

Under the Rule of Business Ministry of Industries & Production is assigned the following functions: -

Industries Division

1. National Industrial Planning & Coordination.
2. Industrial Policy.
3. Employment of Foreign Personnel in commercial and industrial enterprises.
4. Federal agencies and institutions for: -
 - i. Promoting industrial productivity.
 - ii. Promoting of special studies in the industrial fields and
 - iii. Testing industrial products.
5. Administration of the Essential Commodities.
6. Import & Export of white oil.
7. Explosives (excluding the administration of Explosives Substances Act, 1908) and safety measures under the Petroleum Act, 1934 and Rules made there under.
8. Prescription and review of criteria for assessment of spare parts and raw materials for industries.
9. Administration on Law on Boilers.
10. Administrative, Financial, Operational, Personnel and Commercial matters of Pakistan Garments Corporation.
11. Ghee Corporation of Pakistan Limited, and Pakistan Edible Oils Corporation Limited (defunct).
12. National Fertilizer Corporation (NFC)

Production Division

1. Development of Industries (Federal Control) (Repeat) Ordinance, 1979.
2. Economic Reforms (Protection of Industries) Regulation, 1972 (Regulation No. 125 of 1972).
3. All matters relating to Stat Industrial Enterprises, especially, in basic and heavy industries, namely: -
 - i. State Engineering Corporation (SEC)
 - ii. State Cement Corporation, Lahore.
 - iii. Pakistan Automobile Refining & Petrochemical Corporation, Karachi.
 - iv. Federal Chemical & Ceramics Corporation, Karachi.
 - v. Pakistan Steel Mills (PSM), Karachi.
 - vi. Pakistan Industrial Development Corporation (PIDC), Karachi.
4. Any other industrial enterprises assigned to the Division.

ORGANIZATIONAL SETUP

Ministry of Industries & Production consists of the following Wings: -

1. Finance, Admin & Regulation Wing (FAR)

Core Tasks:

1. Administration / Establishment matters of main Ministry.
2. Budgetary and financial matters of main Ministry and its Organizations.
4. Foreign and local trainings, workshops and seminars.
4. Litigation issues of the Ministry, attached departments, corporations and support organizations.
5. Council and coordination work.
6. Spokesperson of the Ministry
7. Matters relating to MIS Centre.
8. Work relating to Assembly/ Senate Business.
9. Administration of Laws on Boilers
10. Administrative/ Operational matters of the following: -
 - a. Department of Explosives.
 - b. Utility Stores Corporation.
 - c. National Productivity Organization (NPO)
11. Keeping a watch, from the national angle, over general price trends and supply position of essential commodities, price and distribution control over items to be distributed by statutory orders between the provinces by using, inter alia, Utility Stores Corporation.

2. Large Enterprises Development (LED)

Core Tasks:

1. Preparation & yearly review of Industrial Policy & its implementation.
2. Preparation & yearly review of industrial Sectors Policies & their Implementation.
3. Work relating to Administration and Establishment of following Organizations working under LED Wing.
 - a. Pakistan Steel Mills (PSM)
 - b. Heavy Mechanical Complex (HMC)
 - c. State Engineering Corporations.
 - i. ENAR Petro-Tech.
 - ii. Pakistan Machine Tool Factory
 - iii. Heavy Electrical Complex.
 - iv. Pakistan Engineering Company (PECO)

- d. National Fertilizer Corporation (NFC)
 - e. National Fertilizer Marketing Limited (NFML)
 - f. Pakistan Automobile Corporation, Karachi.
 - g. Sindh Engineering Ltd, Karachi.
 - h. Republic Motors Limited Company Lahore.
4. Ensuring preparation of yearly and quarterly plans for the above large-sized companies attached to Mo IP;
 5. Policy Evaluation and Monitoring like Chemicals, Pesticides, Cement, Mining Industry, Ghee/Cooking Oil, Solvent Extraction, Poultry, Plastic, NEPRA, Leather Goods, Sports Goods Surgical Instruments, Paper and Pulp & Hotels.

3. Medium Enterprises Development (MED)

Core Tasks:

1. Preparation & Yearly review of SME Policy.
2. Overseeing Implementation of SME Policy.
3. Creation of financial products for SMEs and ensuring its outreach
4. SME facilitation in creating backward and forward marketing Linkages
5. Work relating to Administration and Establishment of following Organizations working under MED Wing: -
 - a. Small & Medium Enterprises Development Authority (SMEDA)
 - b. Pakistan Industrial Development Corporation (PIDC) including its following Companies: -
 - i. Pakistan Stone Development Company(PASDEC)
 - ii. Pakistan Gems & Jewellery Development Company (PGJ&DC)
 - iii. Pakistan Hunting & Supporting Arms Development Company (PHASDC)
 - iv. Furniture Pakistan
 - v. Aik Hunar Aik Nagar Project (AHAN)
 - c. Southern Punjab Embroidery Industry (SPEI)
 - d. Spun Yarn research & Development Company, Multan.
 - e. Khaddi Crafts Development Company, Multan.
 - f. Leather Crafts Development Company, Multan.
 - g. Juice producing and packaging lines for fresh fruits & vegetables.
 - h. Matters relating to AGRO Food Industry.
6. Ensuring preparation of quarterly and yearly plans for the above Medium sized companies attached to MOIP.

4. Industrial Infrastructure Development Wing (IID)

Core Tasks:

1. Preparation and implementation of long-term (5 years) and short-term (six months or more) industrial infrastructure development plans, with particular reference to Pakistan China Economic Corridor.
2. Preparation and implementation of trucking policy with the aim to facilitate present fragmented trucking system into a cohesive industry capable of dealing with Pakistan-China Economic Corridor requirement.
3. Preparation, Implementation, monitoring and evolution of Development Projects (Funded through PSDP, foreign or internally funded).
4. Work relating to Project Monitoring and Evaluation Cell
5. Work relating to Administration and Establishment of following Organizations working under IID Wing: -
 - a. Export Processing Zone Authority (EPZA).
 - b. National Industrial Parks Development and Management Company (NIP).
6. Ensuring preparation of yearly and quarterly plans for the above Infrastructure development companies attached to MOIP.
7. Engineering Development Board (EDB)

5. Investment Facilitation Wing (IF)

Core Tasks:

1. Protection and promotion of industries & economic enterprises through developing incentive structures in the broad areas of: -
 - a. Fiscal Policy
 - b. Monetary Policy.
 - c. Trade Policy.
2. International Coordination except Pakistan -China Economic Corridor.
3. To ensure creation of an enabling environment to the entrepreneur / prospective.
4. Investment facilitation and inter-ministerial coordination for removing bottleneck in the way of new and existing industrial investment project.
5. Investment Facilitation Centre (IFC)
6. Enforcement of energy and industrial standards.
7. Employment of foreign personnel in commercial and industrial enterprises.
8. Bilateral Investment Promotion and Protection Agreements;
9. Matters pertaining to Labour Laws and ILO.

10. Coordination with International Agencies i.e. UNDP, UNIDO, World Bank, IMF, Asian Development Bank, Islamic Development Bank, etc.
11. Relevant input on specific issues / matters will be provided by the respective Wings / Sections.
12. Matters pertaining to SAARC including SAPTA, SAFTA and FTAs. Necessary input relating to tariff/custom duty under these Agreements will be provided by Deputy Chief (Technical).
13. Identification of training & skills gaps of SMEs and Large-scale Industries.
14. Work relating to Administration and Establishment of following Organizations working under IF Wing: -
 - a. Technology Up-gradation & Skills Development Company (TUSDEC)
 - b. Karachi Tools Dies & Mould Centre, Karachi (KTDMC)
 - c. Gujranwala Tools Dies & Moulds Company (GTDMC).
 - d. Ceramic Development & Training Complex, Gujranwala (CDTC).
 - e. Pakistan Chemical & Energy Sector Skills Development Company (PCESSDC).
 - f. Pakistan Institute of Management (PIM), Karachi
 - g. Pakistan Industrial Technical Assistance Centre (PITAC)
15. Preparation of skills development plans in respect of the above Skills Development Companies attached with MOIP.

Chapter- 2

ACHIEVEMENT OF DEVELOPMENT SECTION

Achievements of Development Section of IID Wing, Ministry of Industries and Production during the year 2014-15 are as follows: -

- Thirty (30) development projects were executed during the Financial Year 2014-15 and an expenditure of Rs. 686.233 million incurred on the implementation of development projects of Ministry of Industries & Production against total allocation of Rs. 1151.367 million. (Detail is placed at **Annex-I**).
- Following projects were completed by 30th June, 2015: -
 - i. Sports Industries Development Centre Sialkot.
 - ii. Development and Installation of Sun-Tracked Solar Collector for Heating Water and Generating Steam for Industrial Processes.
 - iii. Institutional Development in MoIP wrt WTO in MoIP.
 - iv. Strengthening of Planning, Monitoring Cell in MoIP.
 - v. Prime Minister Quality Award.
- The development projects executed during the year were geared to act as demonstration effect to provide common training facilities, technological transfer and common machinery pools. The basic thrust of the development projects was on technology driven growth within a framework to encourage economy of scale, value addition and diversification of products in order to make our products competitive in the international markets.

“Annex-I”

Government of Pakistan				
Ministry of Industries & Production				
(Million Rupees)				
PSDP No	Name of the project	Capital Cost	PSDP Rupee Allocation 2014-15	Releases in FY 2014-15
1	2			
438	Development and Installation of Sun-Tracked Solar Collector for Heating Water and Generating Steam for Industrial Processes	55.330	10.000	10.000
439	Development Project of Pakistan Gems and Jewellery Development Company, Azad Jammu Kashmir (AJK).	59.920	16.500	11.550
440	Development Projects of Pakistan Gems and Jewellery Development Company	1,400.000	50.000	50.000
441	Establishment of (CFC) for Silk Cluster at Mingora, Swat	57.530	15.000	13.321
442	Establishment of Bostan Industrial Estate Phase-I	400.412	25.000	25.000

443	Establishment of Castor Oil Extraction Plant at Hub, Uthal Distt, Lasbela	300.000	10.000	0.000
444	Establishment of CFC for Honey Processing & Packaging Common Facility Center Mingora, Swat	38.170	10.000	7.805
445	Establishment of Chromites Beneficiation Plant at Muslim Bagh District Killa Saifullah, Balochistan.	104.345	20.000	20.000
446	Establishment of Design Institute specially for Energy Sector Plants at HMC, Taxila	687.332	300.000	68.000
447	Establishment of infrastructure in Quetta Industrial & Trading Estate (Phase-II)	174.250	50.000	50.000
448	Establishment Of Intake And Brine Disposal System/Civil Work For Desalination Plant At (i) Gaddani (ii) Jiwani (iii) Pasni	287.380	50.000	50.000
449	Establishment of Turbines and Power Plants Equipment Manufacturing Facilities at HMC, Taxila	21,543.100	130	27.292
450	Establishment of Women Business Development Center Mingora, Swat KPK	35.010	22.258	13.578
451	Foundry Service Centre, Lahore	206.310	15.000	15.000
452	Hyderabad Engineering Support Centre (HESC), Hyderabad.	223.490	50.000	50.000
453	Institutional Development in MoIP with respect to WTO	59.840	0.152	0.000
454	Light Engineering Up-gradation Centre for SMEs in Balochistan (LEUC), Hub Lasbela.	217.900	50.000	50.000
455	Peshawar Light Engineering Centre (PLEC), Peshawar.	230.560	50.000	50.000
456	Prime Minister Quality Award	36.990	2.770	0.000
457	Provision of Infrastructure in Quetta Industrial State (Phase-IV)	126.930	1.000	1.000
458	Red Chillies Processing Centre Kunri, Sindh	244.700	34.563	34.563
459	Revival of Cutlery Institute, Wazirabad	39.840	3.340	3.340
460	Sialkot Business and Commerce Centre (SBCC), Sialkot	484.610	39.646	39.646
461	Sports Industries Development Center Sialkot	435.637	15.010	15.010
462	Up-gradation of NFC Institute of Engineering & Technology Facilities, Multan	100	25.000	25.000
463	Water Supply Scheme For Hub Industrial Trading Estate Phase-II (Extension)	353.216	50.000	50.000
464	Value Addition in Industry- Cluster Development Approach	1000.000	100.000	0.000
	Strengthening Monitoring and Evaluation Cell of MoI&P	53.231	3.128	3.128
	Revival of Hyderabad Leather Footwear Centre, Hyderabad	58.893	1.500	1.500
	Glass Products Design & Manufacturing Centre, Hyderabad	59.270	1.500	1.500
	Total: -	29074.196	1151.367	686.233

In addition to the above, following new projects were processed during the FY 2014-15.

DDWP

Rs. In Million

Sr. No	Name of the Project	Total Cost	Status
1	Feasibility Study on Establishment of Turbines and Power Plants Equipment Manufacturing Facilities at HMC, Taxila	50.00	Approved on 18-05-2015
2	Survey and Feasibility Study for Infrastructure Development for EPZ Gwadar	14.00	Reviewed by MoI&P

CDWP

Rs. In Million

Sr. No	Name of the Project	Total Cost	Status
1	Value Addition In Industry/Cluster Development Approach With Estimated Cost of Rs. 1000 Million	1000	PC-I sent to Planning Commission
2	NFC Institute of Engineering and Technology (Neushahro Feroze)	625	PC-I under examination in the Ministry
3	Implementation of Gems and Jewellery Export Promotion Strategy	583.109	PC-I under examination in the Ministry for EDF Funding
4	National Institute of Solar Energy	498.4	PC-I forwarded to PCRET and AEDB for comments/inputs which are still awaited
5	Enhancement, up-gradation and Strengthening Capacity of Existing Fan Development Institute (FDI), Gujrat	105.50	PC-I under examination in the Ministry
6	Acquisition of Land for Expansion of Karachi Export Processing Zone as KEPZ Phase-III).	500	PC-I under examination in the Ministry
7	SAARC handicraft village-handicraft design, development and promotion centre.	175.01	PC-I under examination in the Ministry

1. PAKISTAN INSTITUTE OF MANAGEMENT (PIM)

Pakistan Institute of Management (PIM) was setup under PIDC in 1954, and was made a national organization in 1956. In 1976, an independent Board of Governors (BoG) was constituted. PIM works as an autonomous body under the administrative control of the Ministry of Industries and Production (MoIP), GoP.

Head office is located in Clifton, Karachi with one Branch office in Gulberg, Lahore. Both the buildings are owned by PIM and are purpose built. Presently, total number of employees is 109. Annual budget for the year 2014-15 is Rs.131.163 million with grant-in-aid of Rs. 36.00 million, which means around 30% of expenditure, is met from grant-in-aid from GoP and around 70% from PIM's own sources of revenue.

PIM's Mission:

Progress through Better Management.

PIM's Charter / Vision:

PIM is to take a lead role in Management Training & Development in Pakistan on a no-profit-no-loss basis.

PIM's Core Business / Activities:

- Management Training & Education, and
- Management Consultancy & Counseling.

A. Achievements and Initiatives Taken during last one year:

1. Faculty members / trainers were got trained from BE/IFC in train the trainer programs to further improve our training capability.
2. During last one year, 03 consultancy assignments have either been completed or being worked upon.
3. A national Change Management Conference was held in May 2015 in Karachi which was attended by more than 125 professionals from the corporate sector. After the success of conferences planned to be held in Lahore & Karachi on experimental basis, this will be made a regular feature. PIM will hold national management conferences every year in Lahore, Karachi & also in Islamabad on the topics of importance. These conferences, besides giving other benefits to all, will help in image building of PIM.

4. An MoU has been signed with Virtual University (VU) for their assistance in designing and offering distance learning programs for the benefit of people living in smaller and remote cities who can't afford to come and attend PIM management trainings or certification programs in Lahore and Karachi.

2. SMALL & MEDIUM ENTERPRISES DEVELOPMENT AUTHORITY (SMEDA)

Small and Medium Enterprise (SME) led economic growth is considered a hallmark of economic prosperity in the developed and emerging economies of the world. In Pakistan, more than 99% of the economic establishments are SMEs that collectively contribute an estimated 40% to GDP and 46.46% to exports. It is estimated that out of the total employed labour force, 26.24% is employed in thirteen key SME sectors alone.

Small and Medium Enterprises Development Authority (SMEDA) is the apex organization for development of the SME sector in Pakistan. It has an all-encompassing mandate towards fostering growth of SMEs along with a broad service portfolio spread across various SME sectors and clusters, skill development through training, industrial support for productivity enhancement, business development services and collaborative projects with international development partners.

Salient activities/achievements of SMEDA during FY 2014-15 are given below: -

I. Prime Minister's Youth Business Loans (PMYBL)

- At the launch of PMYBL in 2013, Eighty Five(85) Business Pre-feasibility Studies were developed along with information resources and tools including, FAQs on Pre-feasibility studies, Financial Calculators, Guidelines/Template on developing Business Plan, and Training Video Documentaries (7) on various aspects of business.
- 13.78 million Pre-feasibility studies and other tools and resources were downloaded from SMEDA website and 22,317 prospective loan applicants facilitated through SMEDA helpdesks after the launch of PMYBL. (800 prospective loan applicants have been facilitated and 1.65 million downloads were recorded during 2014-15).
- Business Development needs and handholding requirements of loan beneficiaries identified through a multi ministerial national outreach program, was coordinated by SMEDA.

II. SMEDA's Regular Business Development Support Services, Research & Advocacy

- Walk-ins Facilitated: 5,500
- Investment Facilitation: Over PKR 982 Million
- Pre-feasibility Studies Developed: 36
- Business Plans Developed: 12

- Training Programs: 200
- Cluster Profiles developed 4
- District Economic Profiles developed 13
- SMEDA Newsletter (Quarterly): 4 Issues, containing information on SME initiatives and guidance for SMEs
- SME Observer (Quarterly): 2 Issues with more than 8 research articles for policy advocacy

III. Special Projects with International Development Partners

Economic Revitalization of Khyber Pakhtunkhwa and FATA (ERKF)

The Multi Donor Trust Fund (MDTF) project ‘Economic Revitalization of Khyber Pakhtunkhwa and Federally Administered Tribal Areas (FATA)’ is a joint initiative for both Khyber Pakhtunkhwa and FATA to provide support to SMEs, attract diaspora investment, and strengthen institutional capacities to foster investment and implement regulatory reforms. The project is a response to the priority interventions identified under the donor-supported Post Crisis Needs Assessment (PCNA) Report. The MDTF for Khyber Pakhtunkhwa, FATA and Balochistan was established to support the recommendations made in the PCNA report, and is being administered by the World Bank on behalf of 10 donors.

The Project is divided in three components:

- Component 1: SME Development
- Component 2: Investment Mobilization
- Component 3: Capacity Building to Foster Investment and Implement Reforms

The total cost of the project is US\$ 20 million. Since July 2014, around 203 SMEs have been facilitated through the project that has resulted in rehabilitation of businesses and employment creation that has been adversely affected due to the war on terror in the region. The outcomes of the project till June, 2015 are as under: -

Component	Amount Approved (Rs)	No of Grants Approved (No)	Amount Disbursed (Rs.)	No of Grants Disbursed
FATA	457,309,495	410	394,859,370	384
Rehabilitation	441,023,349	385	383,964,349	370
Up-gradation	15,843,771	22	10,895,021	14
*CB & BDS	442,375	3	0	0
KP	616,191,732	914	424,577,212	696
Rehabilitation	506,009,299	740	370,977,238	603
Up-gradation	103,244,033	135	47,923,099	68
*CB & BDS	6,938,400	39	5,676,875	25
Grand Total	1,073,501,227	1324	819,436,582	1080

Industry Support Services

SMEDA in collaboration with international agencies such as Japan International Cooperation agency (JICA), German Technical Cooperation (GIZ) and local experts, is providing technical assistance to SMEs across a range of industries to upgrade their skills and improve systems. Since July 2014, 20 industrial units have been direct beneficiaries of this program in the areas of efficiency and productivity. Major sectors facilitated under this program during current fiscal year are chemical and auto parts sector.

Technical Support to Auto Parts Manufacturing Industry: In order to broaden the scope of productivity improvement activities across the value chain of auto sector and subsequently improving the share of localization of auto parts, SMEDA requested JICA for initiating a technical support program of Japanese way of improving productivity and quality. Subsequent to the visit of JICA detailed planning mission to Pakistan from September 22, 2014 till October 10, 2014, ***JICA has approved a 4 years project for Technical Support to Auto Parts Manufacturing Industry of Pakistan to be implemented by SMEDA under the guidelines of JICA technical experts.*** During this 4 years program, Technical Support will be extended to 50 Auto Parts manufacturing units of Pakistan through five (05) JICA Technical Experts. Out of 50 SMEs, around 10 SMEs would be developed as modal factories in the field of productivity and quality. Furthermore, development support system through capacity building programs of partner organizations and local experts is prime consideration of the project. Record of Discussion was signed at Economic Affairs Division on January 29, 2015.

Revival of Investment Promotion Unit

Investment Promotion Unit in collaboration with UNIDO has been revived at SMEDA for investment promotion in Pakistani SMEs and channelizing investment in high growth sectors. Feasibility study for establishing Credit Guarantee Scheme for SMEs in Pakistan was conducted. Consultative sessions on the feasibility studies have been held in April-May 2015.

IV. SME Development Projects under Public Sector Development Program (PSDP)

In Pakistan, lack of infrastructure and technology are major constraints that hinder SME productivity and competitiveness in the global market. To cope with these challenges, SMEDA initiated efforts in infrastructural development and technological up gradation under Public Sector Development Program (PSDP). During FY2014-15, SMEDA continued with its portfolio of PSDP projects where currently, SMEDA is working on eight (08) PSDP projects with a total cost of Rs.586.61 million.

List of PSDP Projects being implemented by SMEDA in 2014-15

Sr. No	Project Name
1.	Revival of Cutlery Institute of Pakistan, Wazirabad
2.	Sports Industries Development Centre, Sialkot
3.	Foundry Service Centre, Lahore
4.	Sialkot Business & Commerce Center, Sialkot
5.	Women Business Development Center, Mingora, Swat
6.	Establishment of CFC for Silk Cluster at Mingora, Swat
7.	Establishment of CFC for Honey Processing and Packaging, Swat
8.	Red Chillies Processing Center, Kunri, Sindh

- One of the successfully completed projects, Agro Food Processing Facilities (AFP), Multan has resulted in the following achievements:
- Value Addition of PKR 62.62 Million was realized for mango processing only in CY 2014 alone. Meanwhile, value addition of PKR 21.79 million was realized from processing of Kinnow between 2011-2014.
- AFP achieved the milestone of processing 200 tons of fruit in a single day in 2014.
- The AFP is also certified for “Food Safety Management System (HACCP)”
- First time exports of Citrus to Russian States from the region
- First time export of Mango Pulp to Libya
- Minimization of post harvest losses that are estimated at 35%.
- Value addition of Rs. 30~35 per kg.
- Increase in the price of second category fruit
- Two private sector processing facilities set up in the region as a result of the demonstration effect of the Project
- Reduction in the wastage loss of second category fruit
- Introduction of vegetable and fruit processing facilities helping SMEs to increase their income and exports of the country

V. SMEDA’s 5-Year SME Development Plan (2013-18)

- Development of SMEDA’s 5 – Year SME Development Plan (2013-18)
- The Goals and Outcomes of SMEDA in the identified areas of intervention over the next 5 years are: -

Indicators	2013*	2018	Incremental Change
Employment	14.85 M	25.00 M	10 M
GDP	\$ 73.95 B	\$ 193.50 B	\$ 120 B
No. of Enterprises	1.73 M	2.00 M	0.27 M
Exports	\$ 18.21 B	\$ 54.20 B	\$36 B

The figures pertain to indicators in 13 sectors with large SME presence.

The priority sectors include: -

- i. Logistics
- ii. ICT & Allied Services
- iii. Gems & Jewellery
- iv. Horticulture
- v. Construction
- vi. Fisheries
- vii. Energy
- viii. Dairy & Livestock
- ix. Engineering
- x. Mineral
- xi. Leather
- xii. Tourism
- xiii. Textile Made-ups & Apparel

- SMEDA's 5-Year SME Development Plan included in Pakistan Vision 2025.
- Seventy (70) concept papers on SME development initiatives developed and shared with international development organizations and relevant government organizations.

VI. SME Cluster Development / Value Addition

In wake of the development of the SMEDA 5-Year Plan, the Planning Commission has made an allocation of PKR 1 Billion for cluster development and value addition initiatives for the industry. In this regard, an allocation of PKR 100 Million has been made for FY 2014-15, and as a result, SMEDA has developed and submitted a PC-1 to MoI&P.

VII. Other Initiatives

Institutional Collaborations and Partnerships Developed for Investment, Business and Export Promotion of SME Sector. MoU signed with University of Management Technology (UMT), Lahore for strengthening industry-academia linkages. MoU signed with Pak-Saudi Joint Chamber of Commerce and Industry for promoting SMEs.

3. EXPORT PROCESSING ZONES AUTHORITY (EPZA)

Material for Activities and achievements of export processing zones in Pakistan made during the year 2014-2015 are as follows:

Mandate

Export Processing Zones Authority (EPZA) was established by the Government of Pakistan through Ordinance IV of 1980 with the mandate to plan, develop and manage Export Processing Zones in Pakistan. EPZA is an autonomous body working under the Ministry of Industries and Production.

EXPORT PERFORMANCE OF ZONES DURING JULY 2014 – JUNE 2015 PERIOD

Sr. No	NAME OF EXPORT PROCESSING ZONES	EXPORT DURING JULY 2014- JUNE 2015	CUMULATIVE EXPORT SINCE INCEPTION
1.	Karachi EPZ	386.998	4049.456
2.	Saindak EPZ	88.935	1747.479
3.	Duddar EPZ	Operation suspended for up-gradation	24.289
4.	Risalpur EPZ	1.110	13.274
5.	Sialkot EPZ	0.660	7.580
6.	Tuwairqi Steel	3.092	28.947
7.	Gujranwala EPZ	0.055	0.092
	Total: -	480.850	5871.116

(Figures in Million US Dollar)

MAJOR ACHIEVEMENTS

1. EXPORT

Exports from EPZA were recorded at US \$ 480.850 million during the period 2014-2015.

2. EXPANSION OF BUSINESS

30 new investment proposals in EPZ's with the envisaged investment of US \$ 15.495 million were approved in EPZA during 2014-2015 for export oriented industries.

3. CONTRIBUTION TO GOVERNMENT TREASURY

EPZA has deposited an amount of US \$ 4.8085 million in Government Treasury on account of Presumptive Tax.

4. EXPANSION OF KEPZ

KEPZ is the first project of EPZA. It was established on area of 311 acres in two phases. Phase I of KEPZ is developed on 211 acres land, whereas, Phase II is on 94 acres. Now both the Phase (I & II) have been fully colonized. Further expansion of KEPZ is underway on an area of 80 acres of phase – III.

5. ESTABLISHMENT OF EPZ at FAISALABAD

EPZA and Faisalabad Industrial Estate Development and Management Company (FIEDMC) have signed a MOU for establishing an export processing zone in Faisalabad on an area of 200 acres in first phase, later on the zone will be extended further on 300 acres.

6. ESTABLISHMENT OF EPZ at GAWADAR

EPZA has been allotted 1000 Acres land in Gwadar which is located approximately 45 Km from Port. EPZA has hired the services of M/s Techno Consultant International for planning, designing and preparation of PC – I / PC – II for development of EPZ at Gwadar.

PROGRESS OF OTHER ZONES

ZONES NOTIFIED / IN OPERATION

PROJECTS OF EPZA			
S. No	PROJECT	AREA (ACRES)	STATUS
1.	KARACHI EXPORT PROCESSING ZONE (KEPZ) – The First Project of EPZA		
	Karachi EPZ Phase – I funded by the Government	211	In operation
	Karachi EPZ Phase – II self finance by EPZA	94	In operation
	Karachi EPZ Phase – III land acquired by EPZA through its own funds, more than 80 acres acquired out of total 200 Acres		Development work under process
2.	Risalpur Export Processing Zone (Managed by Sarhad Development Authority)	92	In operation

3.	Sialkot Export Processing Zone (Managed by Punjab Small Industries Cooperation)	238	In operation
4.	Gujranwala Export Processing Zone (Infrastructure being developed)	113	Allotment in process
5.	Saindak Export Processing Zone (Operated by Chinese Company)	1284	In operation
6.	Duddar Export Processing Zone (Operated by Chinese Company)	1500	Work suspended for up-gradation
7.	Tuwairqi Export Processing Zone (Operated by Saudi Company)	220	In operation
8.	Gwadar Export Processing Zone (Land provided by Government of Balochistan)	1000	Infrastructure Development in process

4. DEPARTMENT OF EXPLOSIVES (DOE)

The Department of Explosives has revised the Explosives Rules, 1940, Mineral Gas Safety Rules, 1960 and Gas Cylinder Rules, 1940 have been replaced and new rules namely Mineral and Industrial Gas Safety Rules, 2010, have also been framed. Department of Explosives has contributed to the Government Exchequer through its functions like grant, renewal and amendment of licenses under P.R 1937, Explosives Rules 2010, Carbide of Calcium Rules 1937, Mineral and Industry Gas safety Rules, 2010. The requisite information on the subject for Fiscal Year 2014-15 is given as under; -

Performance of Department of Explosives during proceeding Financial Year

Sr. No	Activities	Islamabad	Lahore	Karachi	Multan	Peshawar	Quetta	Total
1.	License Granted	147	323	74	265	67	24	900
2.	License Renewed	256	926	1,610	2,402	379	295	5,868
3.	License Cancelled	15	34	11	-	16	3	80
4.	License Suspended	9	4	-	-	-	-	13
5.	License Expired	39	37	16	-	7	8	107
6.	Inspection Conducted	427	2,971	900	191	53	14	4,556
7.	Vehicle Approval	402	2,502	847	-	261	457	4,469
8.	NOC / Permit	14	234	-	10	-	2	260
	Layout GPL	-	186	-	-	-	18	204
	ESPI/Meeting	-	21	-	-	-	-	21
	Court Attendance	-	102	10	17	15	-	144
9.	Revenue Earned	40,497,038	53,574,246	33,295,664	22,773,469	21,456,587	9,443,930	181,040,933
10.	Expenditure Incurred	14,561,360	6,721,424	6,694,508	3,408,444	2,856,667	3,518,182	37,762,585

REVENUE TARGETS FOR THE PRECEDING FINANCIAL YEAR

Revenue Estimates During 2014-15	Revised Estimates 2014-15	Actual Revenue collected during 2014-15
170,000,000	208,000,000	181,040,933

5. PAKISTAN INDUSTRIAL TECHNICAL ASSISTANCE CENTRE (PITAC)

The Government of Pakistan established Pakistan Industrial Technical Assistance Centre (PITAC) in 1962 with the merger of Industrial Research and Development Centre (IRDC) and Industrial Productivity Centre (IPC) as an Autonomous body under the administrative control of Ministry of Industries, Government of Pakistan and registered under the Societies Registration Act 1860. Since its inception PITAC has been rendering Technical Assistance to industry by way of designing and manufacturing of Production Tooling Equipment, Prototyping, and rendering Training Services to Engineers, Supervisors and Technicians from variety of industries throughout the country. Advisory Services in Metal Works, Steel Re-Rolling, Heat Treatment, Low Cost Automation and Plastic Mould Making has also been an important function of PITAC.

The present report provides the brief about the achievements / performance of PITAC for the Year 2014 – 2015. PITAC has offered Short Term Intensive Training courses in Techno-managerial fields, these courses are designed such that supply-side responses are perpetually in sync with the demand side impulses from the industrial environment. The contents of the courses have been carefully designed to meet the requirements of the Industry and have kept under review to bring them in conformity with the changing needs. PITAC has continued to train unskilled workmen of SME's and small-scale workshops (cottage) by the provision of Demand Driven Technical Courses resulting in better income and employment opportunities. In this way, PITAC has directly contributed towards Skill development for the SME's and light engineering sector in accordance with the National Industrial Strategy devised by Ministry of Industries and Production, Government of Pakistan and Pakistan Vision 2025 – Developing Human and Social Capital by Planning Commission, Government of Pakistan. It is hoped that the workmen acquainted with Technical Skills will be a strong backbone for the industry of this country in the future.

Scope & Functions

PITAC is Autonomous Organization under the administrative control of the Federal Ministry of Industries and Production, Government of Pakistan. Its workshop facilities have been established in Lahore to provide Training, Technological Back up Support and Advisory Services to the industry. Since 1962, PITAC has been rendering Technical Assistance to industry by way of Designing and Manufacturing of Production Tooling Equipment, Prototyping, Training of Engineers, Supervisors and Technicians from a variety of industries throughout the country. Advisory Services in Metal Works, Heat Treatment, Low Cost Automation, Programmable Logic Controllers (PLCs) and Plastic Mold Making are important functions of PITAC.

Mission Statement

To upgrade, advice, disseminate, extend assistance and skill development in technical and managerial fields to individuals and organizations throughout Pakistan.

Objectives

Following are the main objectives of PITAC:

- To Train and Upgrade the skills of Industrial Personnel in the Technical and Managerial fields.
- Disseminate modern technical knowhow among industrial personnel through Seminars, Group Discussions, Workshops and Demonstrations.
- Extend advisory services to industries.
- To provide common facilities like Metal Working, Casting, Heat Treatment, Electroplating, Surface Treatment, Designing and Manufacturing of machine elements and reverse engineering.
- In conjunction with the training programmes the centre will produce modern manufacturing techniques and production methods, while at the same time producing newly designed tools and products (prototypes) which contribute to the advancement of Pakistan's Industrial Development.

Role of PITAC Governing Body & PITAC Executive Committee

The role of Governing Body is primarily Policymaking on Administrative, Financial and Technical matters for which periodical meetings are held. The existing Governing body (GB) comprises of following members: -

Sr. No	Name, Designation & Address	Role In GB
1	Additional Secretary-I, M/o Industries & Production, Government of Pakistan, Islamabad	Chairman
2	Financial Advisor, M/o Industries & Production, Government of Pakistan, Islamabad	Member
3	Director of Industries, Government of Punjab, Lahore.	Member
4	Director of Industries, Government of Sindh, Karachi.	Member
5	Director of Industries, Government of Khyber Pakhtoon Khawa, Peshawar.	Member
6	Director of Industries, Government of Balochistan, Sirki Road, Quetta.	Member
7	Director of Industries, Government of Azad Jammu & Kashmir.	Member
8	Director of Industries, Government of Gilgit Baltistan.	Member
9	Mr. Mumshad Ali, R.K Gears (Pvt) Ltd Lahore. Representative of Lahore Chamber of Commerce and Industry (LCCI).	Member
10	Shaikh Mehboob Ashraf, CEO M/s Advance Concern Tech (Pvt) Ltd. Representative of Federation of Pakistan, Chamber of Commerce & Industry (FPCCI).	Member

11	Engr. Maqsood Anwar Pervez, CEO M/s TKML Enterprises Peshawar, Representative of KP Chamber of Commerce & Industry.	Member
12	Mr. Kamal Ud din Ahmad, Razee Trading Corporation, Quetta. Representative of Chamber of Commerce and Industry, Quetta Baluchistan	Member / Secretary

The Executive Committee of exercises the power of the Governing Body, except in matters of major policy decisions and functions in between the meetings of the Governing Body. The existing Executive Committee comprises of following members: -

Sr. No	Designation	Role in EC
1	Director General, Pakistan Industrial Technical Assistance Centre Lahore.	Chairman
2	Deputy Secretary (Admin), M/o Industries & Production, Government of Pakistan, Islamabad.	Member
3	Deputy Financial Advisor, M/o Industries & Production, Government of Pakistan, Islamabad.	Member
4	Representative of Federation of Pakistan, Chambers of Commerce and Industry	Member
5	Representative of Lahore Chambers of Commerce & Industry.	Member
6	Senior Manager (Operation & Works), PITAC, Lahore.	Member

Manpower

The Sanctioned Strength of PITAC as on June 2015 in various categories is 362, out of which 99 are officers, 91 employees in Non-technical cadre and 172 employees are in Technical Cadre. The details are as under: -

Sr. No	Name of Post	Cadre	BPS	No of Sanctioned Post
<u>OFFICERS</u>				
1	Director General	Tech, Cum Administrative	20	1
2	Sr. Manager (O&W)	-do-	19	1
3	Sr. Manager (Projects)	-do-	19	1
4	Sr. Manager (Marketing)	Marketing	19	1
5	Sr. Manager (Training)	Tech, Cum Administrative	19	1
6	Manager (P&A)	Administrative	18	1
7	Manager (Accounts)	Accounts	18	1
8	Manager (Coord)	Administrative	18	1
9	Manager (Marketing)	Marketing	18	1
10	Managers (Tech)	Tech, Cum Administrative	18	12

11	Manager (MIS)	MIS	18	1
12	Dy. Manager (Coord)	Administrative	17	1
13	Dy. Manager (Marketing)	Marketing	17	1
14	Dy. Manager (P&A)	Administrative	17	2
15	Dy. Manager (Accounts)	Accounts	17	1
16	Dy. Manager (Audit)	Accounts	17	1
17	Dy. Manager (Cash)	Accounts	17	1
18	Dy. Manager (Tech)	Tech, Cum Administrative	17	24
19	Dy. Manager (MIS)	MIS	17	2
20	Superintendent	Non-Tech	16	8
21	Asst Network Administrator	MIS	16	2
22	Foreman	Tech	16	13
23	Estimator	Tech	16	2
24	Designer	Tech	16	4
25	P.S to G.M	Non-Tech	16	1
26	Asst Store Officer	Tech	16	1
27	Training Coordinator	Non-Tech	16	2
28	I.T Officer	MIS	16	1
29	APS	Non-Tech	16	3
30	Coordination Officer	Administrative	16	5
31	Asst Account Officer	Non-Tech	16	1
32	Security Officer	Non-Tech	16	1
Total: -				99

Establishment (Non-Tech)

33	Stenotypist	Non-Tech	14	4
34	Assistant	Non-Tech	14	22
35	Assistant Accounts	Non-Tech	14	2
36	Asst Security Advisor	Non-Tech	14	3
37	Senior Clerk	Non-Tech	9	3
38	Junior Clerk	Non-Tech	7	7
39	Telephone Operator	Non-Tech	9	1
40	Driver at HQ	Non-Tech	5	7
41	Despatch Rider	Non-Tech	5	6
42	Batmen	Non-Tech	1	1
43	Naib Qasid	Non-Tech	2	11
44	Watchman	Non-Tech	2	13
45	Gardner	Non-Tech	2	4
46	Sweeper	Non-Tech	2	7
Total: -				91

Establishment (Tech)

47	Assistant Designer	Tech	15	2
48	Assistant Foreman	Tech	15	27
49	Store Keeper	Tech	13	4
50	Jr. Programmer	MIS	14	3
51	STA Mechanical	Tech	13	11
52	STA Electrical	Tech	13	3
53	STA Civil	Tech	13	1
54	Draughtsman	Tech	13	6
55	Highly Skilled	Tech	13	45
56	Skilled-I	Tech	11	37
57	Computer Hardware Tech	Tech	11	2
58	Skilled-II	Tech	9	26
59	Semi Skilled	Tech	7	4
60	Asst Store Keeper	Tech	7	1
Total: -				172
Grand Total: -				362

Provision of Programmable Logic Controllers (PLCs) and other Auxiliary Equipment for PSDF PLC Training Course

Under Skill for Job 2014 – 15, PITAC had signed a contract with PSDF to train 100 trainees from the target districts (i.e. Lahore, Sheikhpura, Gujranwala, Narowal, Sargodha, Chiniot and Faisalabad) of Punjab, in the field of Programmable Logic Controllers (PLCs) and having course duration of 03 Months.

The PITAC developed a fully functional, state of the art PLC lab including Programmable Logic Controllers (PLCs), Servo Motors, Servo drives, HMIs, Text Panels, encoders and other auxiliary equipment.

The details of the provided equipment are as follows: -

Sr. No	Description	Units
1	Programmable Logic Controller (PLC) Mitsubishi FX3G16MT Japan	12
2	Digital Input Module – FX 2N8EX Mitsubishi Japan	12
3	Digital Output Module – FX 2N8EYT Mitsubishi Japan	12
4	Analogue Inputs – FX2N4AD Mitsubishi Japan	12
5	Analogue outputs - FX2N4DA Mitsubishi Japan	12
6	Temperature controller – FX2N4ADPT Mitsubishi Japan	12
7	Pulse Encoder, 1024 pulses (NPN Type) S4O-6-1024ZO (LS Korea)	12
8	Communication Cable plc – USB	12
9	HMI - Touch screen 7(inch) [Weintek EMT 3070A Taiwan] HMI communication cable	12

10	Text Panel [Touch win OP320A China] Text Panel data cable	12
11	AC Servo motor APM-SCO3DEK - LS Mecapion Korea, AC Servo Drive L7SA004A - LS Mecapion Korea with all communication cables	12

Provision of IGBT based Welding Rectifiers, Personal Protective Equipment (PPEs) & Other Auxiliary Equipment for PSDF Welding Courses

Under Skill for Job 2014 – 15, PITAC had signed a contract with PSDF to train 100 trainees from the target districts (i.e. Lahore, Sheikhpura, Gujranwala, Narowal, Sargodha, Chiniot and Faisalabad) of Punjab, in the field of Welders (Gas and Arc) and having course duration of 03 Months. The PITAC developed a fully functional, state of the art welding lab including insulated-gate bipolar transistor (IGBT) Based DC Welding rectifiers, Personal Protective Equipment (PPEs) and other auxiliary equipment.

Construction and Re-functioning of Heat Treatment Air Conditioning and Welding Shop

Heat treatment, Air Conditioning and Welding Shops in PITAC were demolished during the construction of pedestrian underpass / bus station for Metro Bus Project – Ferozepur Road. It's the primary task to re-construct the shops and make them operational again, to ensure the provision of Backup Support, Advisory and Training services to the industry. The construction of Air Conditioning and welding shops are completed and the said shops are back on line. The construction of heat treatment shop is also completed, but the installation and commissioning of machines and equipment is still in process.

Establishment of Solar PV Lab & Commencement of Solar Photovoltaic (PV) Design and Installation Training Program

Keeping in view the ongoing market trends and the increasing demand of the renewable Energy sources due to energy crisis, load shedding and failure in provision of electricity in the far-flung areas of Pakistan, PITAC has taken the initiative of establishing a solar energy workshop in PITAC HQ, Lahore. The first batch of the training programs started in March for the employees of PITAC which is being attended by senior officers and experienced workers of PITAC to get familiar with this training and to take note of any glitches in the program before launching it for public. This step was hugely received by the employees of the Centre and it is hoped that this training will support many families in earning their livelihoods. The Regular program for the general public started on 06 April 2015, in which 15 trainees have attended the program.

Opening of Regional Office Karachi & Gilgit Baltistan

Nowadays in view of increasing trend in the manufacturing industry related to automobile, general engineering & plastic products, vending industry, SME's have to be provided with

Advanced Backup Support and Training Services, therefore, PITAC decided to expand the purview of its activities geographically.

In line with the policy of the Ministry of Industries and also with the consent of PITAC's Governing Body, PITAC's Management decided to open its Liaison offices in Karachi and Gilgit Baltistan, so the SME's and light engineering sector from that region can also be benefitted with the Technological Back up Support, Advisory Services and Demand Driven Technical Courses from PITAC in accordance with the Industrial Policy by Ministry of Industries and Production, Government of Pakistan. This will ultimately enable us to increase the skilled work force required for accelerating the process of industrialization and will enable small and medium enterprises to produce advanced components which are currently being imported, hence saving precious foreign exchange. This will not only develop the Human Resources but will also prove to be a successful venture for import substitution, poverty alleviation and job creation.

It is also hoped that the workmen acquainted with technical skills will be a strong backbone for the industry of this country in the future. Regional office Karachi and Gilgit Baltistan will act as a bridge between light engineering Sector of Islamabad and Lahore Head Office, ensuring their access to a whole new horizon of Computer Integrated Design and Machining Facilities and also ensure the training of the engineers, managers, supervisors, technicians and workers to improve their capabilities and skills in modern Advanced CAD / CAM Technologies for better productivity and performance.

Training Programs to be Launched in Phase-I

- Auto CAD (Mechanical, Civil and Electrical)
- CAD/CAM
- PRO Engineer
- Solid Works
- Computerized Accounting & Finance
- Computer Foundation
- Spoken English
- IELTS

Workshops / Symposiums

- Related to production
- Project Management
- Human Resource Management
- Supply Chain Management
- Certified trainings (ISO, Lean Practitioner, CHRP, Gamba Kaizen etc.).

Back-up Support & Advisory Services

PITAC has offered Technological Backup Support and Advisory Services to the Industry specifically in the following areas: -

- Computer Integrated Plastic Mold Making

- Computer Aided Designing (CAD)
- Computer Aided Machining (CAM)
- Designing and Manufacturing of Production Tooling Equipment like Jigs, Fixtures, Dies, Gauges etc
- Designing and Manufacturing of Plastic Injection Molds, Blow Molds, Compression Molds etc
- Precise Machining Techniques and Methods i.e. CNC Machining Centre, CNC Turning Centre, CNC EDM Sinker, CNC EDM Wire cut, Small Hole Drill Machining, Jig Grinding, Jig Boring, Precise Surface grinding etc
- Operation of Injection Molding Machines
- Advanced Inspection Techniques i.e. Co-ordinate Measuring Machine
- Programmable Logic Controllers
- Heat Treatment
- Foundry and Pattern making
- Preventive Maintenance and Calibration
- Super finishing Techniques i.e. Lapping, Honing & Precision Surface Grinding etc

SME's and Industry are being benefitted by PITAC through its Technological Back up Support & Advisory Services in these fields. The various jobs done by PITAC are not from commercial view point but to help develop local industry and to solve their manufacturing problems. Such Jobs lead industry towards self-reliance, improvements in technical knowhow, saving production equipment from break downs and to bring freedom from imports as far as possible. It has also helped in development of SMEs.

Description	No of Jobs	
	Booked	Delivered
July 2014 – June 2015	293	279

Skill Development Training Programs

Pakistan Industrial Technical Assistance Centre (PITAC) is playing its pivotal role in the progression and advancement of ***Pakistan Vision 2025 – Developing Human and Social Capital***. It provides every citizen in the society the opportunity to improve their quality of life by providing Demand driven Skill Development Training Programs. In this way, PITAC is positively contributing towards strengthening human and social capital and allowing the population to optimally contribute to and effectively benefit from economic growth. These human resources ultimately become the strong back bone of Pakistan Industrial sector and act as catalyst for accelerating the process of industrialization.

The PITAC has continued to offer Short Term Intensive Training courses in Techno-managerial fields, these courses are designed such that the supply-side responses are perpetually in sync with the demand side impulses from the industrial environment. The contents of the courses have been carefully designed to meet the requirements of the Industry and have kept under review to bring them in conformity with the changing needs. The Skill Development Programs consists of Regular Training Programs, Weekend Training Programs, Internships, PSDF

(Punjab Skill Development Fund) Funded Training Programs and Seminars / Workshops / Symposiums.

In Year 2014 - 2015, total **3426** Trainees were trained in the Skill Development Programs: -

Sr. No	Program Details	No of Trainees
1	Regular Training Programs	2437
2	Weekend Training Programs	389
3	Internships (08 – 16 Weeks)	158
4	PSDF Funded Training Programs	313
5	Workshops / Symposiums	129
Total Trainees: -		3426

Regular Training Programs

These programs are mainly in the field of Metal Working and cover the following subjects: -

- Jigs and Fixture Design
- Press Tool, Cutting Tool and Gauge Design
- Injection Mold Design Basic / Advanced
- AutoCAD (Civil / Electrical / Mechanical)
- Piping Design
- Air Conditioning and Refrigeration
- Programmable Logic Controllers
- CNC Machining Centre Operation and Programming
- CNC Turning Centre Operation and Programming
- CNC EDM Sinker / Wire cut Operation and Programming
- 3D CAD/CAM (DelCAM Power Shape / Power Mill)
- 3D CAD/CAM (Master CAM)
- Advanced Measuring Techniques with Co-ordinate Measuring Machine (CMM)
- Injection Molding Operation and Programming
- Basic Welding
- TIG / MIG Welding
- Heat Treatment Techniques
- Engineering Draughting
- Inspection and Quality Control
- Electrician
- Welding and NDT Inspection
- NDT Level –I
- NDT Level –II
- Welding Inspection Level – I
- Welding Inspection Level – II
- Instrumentation and Process Control System
- MS Project / Primavera (P6)
- Quantity Surveyor
- Spoken English / IELTS

Human Resource Development Seminars / Workshops / Symposiums

During the Year 2014 – 2015, the following Human Resource Development Workshop / Symposiums / Weekend courses were organized by PITAC independently or in Collaboration with other Private / Public Sector Organizations: -

Project Management

This weekend program was to make people aware of the Project Management Life Cycle, its Do's and Don'ts while planning the Project, Project Execution, Monitoring and Risk Analysis in accordance with the PMBOK 5th Edition. This weekend program was especially designed for working professionals, Project Managers, Planning Engineers etc.

Human Resource Management (HEM)

The purview of this Human resources management – Weekend Program involves several functions i.e. Workforce planning, Induction, Orientation and On boarding, Skills management, Training and development, Personnel Administration, Compensation in wage or salary, Time management, Travel management, Payroll, Employee benefits administration, Personnel cost planning, Performance appraisal, Labor relations etc.

Supply Chain Management (SCM)

This weekend program was to make people aware of Supply chain business processes and their integration. Supply chain management (SCM) is the management of a network of interconnected businesses involved in the ultimate provision of product and service packages required by end customers. Supply chain management spans all movement and storage of raw materials, work-in-process inventory, and finished goods from point of origin to point of consumption (supply chain). It involves Customer Service Management, Procurement, Product Development and Commercialization, Manufacturing Flow, Management / Support, Physical Distribution, Outsourcing / Partnerships, Performance Measurement, Warehousing Management etc.

Computerized Accounting & Finance

This weekend program was to make people aware of Accounting Software (Peach Tree, Quick book, MYOV Accounting Plus), Introduction to ERP System (Only Introduction), ERP Issues & Process of ERP Implementation, E-Commerce & Conventional Sale / Purchase Process, Financial Reporting and Financial Analysis, Excel Application for Budgeting & Forecasting, Application for Corporate Finance/Financial Modeling, Capital Budgeting Techniques (NPV, IRR, PBP, DPBP) etc.

Health & Safety Officer

This weekend program make people aware of Occupational Health and safety fundamentals, Management systems, Hazards and risks at workplace, General requirements, Monitoring Systems, Compensation for occupational injuries & diseases, General safety applications . This program enable them to identify hazards, assess risks to health and safety, put appropriate safety controls in place and provide advice about accident prevention and occupational health to management and employees.

PITAC's Contribution in Punjab Skill Development Fund (PSDF)

Skill Development Programs (Skill for Job 2013 – 14)

Under Skill for Job 2013 – 14, PITAC has signed a contract with PSDF to train 342 trainees from the target districts (i.e. Bahawalnagar, Bahawalpur, Lodhran, Muzaffargarh, Rahim Yar Khan, Khanewal and Vehari) of Punjab. During the discussed tenure, last two batches (i.e. 15 June 2014 to 14 Sep 2015 and 15 Sep 2015 – 14 Dec 2014) of PSDF Training Programs completed, **154** Trainees were trained in following fields: -

Sr. No	Course Name	Training Duration	No of Trainees
1	Welder (Gas & Arc)	3	50
2	CNC Machine Operator	6	14
3	Milling Machine Operator	3	21
4	PLCs	3	45
5	Turner	3	24
Total Trainees: -			154

Skill for Job 2014 – 15

Under Skill for Job 2014 – 15, PITAC has signed a contract with PSDF in October 2014 to train 450 trainees from the target districts i.e. Lahore, Kasur, Gujranwala, Narowal, Faisalabad, Sargodha, Chiniot in the following fields: -

Sr. No	Course Name	Duration	No of Trainees
1	CNC Machine Operator	6	24
2	PLC-I	3	22
3	Turner-I	3	10
4	Milling-I	3	13
5	Welding-I	3	22
6	PLC-II	3	24
7	Turner-II	3	14
8	Milling-II	3	10
9	Welding-II	3	20
Total Trainees: -			159

Present Issues & Problems

The main issues which lessen the anticipated impacts of PITAC are as follows: -

Energy Crises in Pakistan

Pakistan is presently facing a serious energy crisis. Due to the consequent demand for energy, worthwhile steps should be taken to install new facilities for generation of the required energy sources. Now, the demand exceeds supply and hence “load-shedding” is a common phenomenon through frequent power shutdowns. This shortage is badly affecting industry, commerce and daily life of people. So in order to meet the production deadlines & to continue our training activities both efficiently & effectively, a power generator is inevitable.

Capacity Limitation

Capacity Limitation is a factor which confiscates the centre from supporting the SME's up to their requirements. There are quite a number of jobs that have been declined, due to the capacity limitation of the CNC Machining Centre. Because there is only one CNC Machining Centre in the PITAC, it becomes a bottleneck as it is being used both for manufacturing & training purposes.

Rigid Procedural Requirements for Import of Tools & Consumables

With the passage of time, inventory levels of Cutting Tools & Consumables for CNC machines are almost exhausted. Non availability of consumables like Air Regulator Filter Elements, Mist Separator Elements, Makino Spindle Lubricants, Line Filters, Exhaust Cleaners etc & Machine spares in local market is the main factor which forces towards the lengthy procurement processes & causes disturbance in both training & mold manufacturing. Due to constraint on foreign exchange transactions & direct imports as per Pakistan Procurement Regulatory Authority (PPRA) regulations, we have to involve tendering for higher amounts, which usually get delayed because of rigorous procedural requirements.

Budgetary Deficit

Budgetary deficit is the other factor which constraints the development in the manufacturing & training facilities of the centre. The other matters like Up gradation & Modernization of PITAC Facilities, Acquisition of New Software's & annual maintenance of old software's etc, are some of the matters which remains unaddressed due to financial discrepancies.

6. NATIONAL FERTILIZER CORPORATION (NFC)

The demand of Urea Fertilizer in the Country outstripped its supply as the Domestic Production was not sufficient to meet the requirement of the farmers leading to its shortage, black marketing and resultant hike in prices. In order to defuse the force majeure crisis, National Fertilizer Corporation imported the Urea Fertilizer and distributed to farmers through its distribution network of National Fertilizer Marketing Ltd. The comparative position of Sales & Profit against the import and distribution of Urea Fertilizer during the year is as follows:

	<u>(Rs. /Million)</u>		
	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u> <u>(Prov)</u>
- Sale	26706.925	27572.605	30686.683
- Pre-tax Profit	1364.028	1641.089	1375.636
- Taxes & Duties paid	451.798	550.999	384.200

7. STATE ENGINEERING CORPORATION (SEC)

State Engineering Corporation (SEC) is one of the leading organizations in public sector under Ministry of Industries and Production, Government of Pakistan. The corporation is looking after the affairs of following units:

- Heavy Electrical Complex (HEC), Hattar
- Pakistan Machine Tool Factory (PMTF), Karachi
- Pakistan Engineering Company (PECO), Lahore
- ENAR Petrotech Services (ENAR), Karachi

SEC companies since establishment have developed a strong base for the design, engineering and manufacturing of variety of light, medium and heavy engineering products and provide a Project Management Consultancy services for oil & gas, Chemical, Petrochemical, Fertilizer as well other process industries. Through continuous efforts, they have achieved optimum level of deletion for various products which helped in import substitution of capital engineering goods demand in the country.

SEC units are performing as per international standards (ISO 9000) with a total workforce of 1746 as on 30.06.2015 Numbers including regular, contract and daily wagers.

ROLE & FUNCTIONS

State Engineering companies have developed a sound engineering base for the manufacturing of light, medium and heavy engineering goods and are consistently contributing towards industrial development of the country. Through continuous efforts, they have achieved optimum level of deletion for various products which paved the way to import substitution towards meeting the demand of capital goods in the country. These units have been persistently playing a pivotal role in its area of activity which encompasses the following:

- Promotion of industrialization through indigenous manufacturing and development;
- Establishing facilities to manufacture capital goods and heavy machinery not yet produced locally;
- Acquisition and development of medium to high technologies for manufacturing engineering goods at competitive prices;
- Optimization of local capabilities / facilities;
- Emphasis on export of engineering goods;
- Seeking product diversification for new markets;
- Production of conventional defence armaments;
- Fostering R&D culture
- HR development in the professional fields out of which many have played pivotal role in local industrial sector
- Consultancy services in design & engineering towards development of Engineering Procurement Construction (EPC) projects in Oil & Gas Sector, fertilizer and other process industry.

UNITS PROFILE & PRODUCTS MIX

SEC units namely **HEC, PMTF, PECO and ENAR** were established in year 1998, 1974, 1968 and 1950 respectively. All the companies are ISO 9000 certified and manufacture a variety of engineering goods and equipment conforming to international standards. The products and services include power transformers, machine tools, die cast parts, transmission line and communication towers, components & parts of automobiles, pumps and a host of special equipment, components and spares for supply to local and foreign markets. Besides, consultancy services in design & engineering towards development of Engineering Procurement Construction (EPC) projects in Oil & Gas Sector, fertilizer and other process industry is also provided.

1. ENAR PETROTECH SERVICES LIMITED (EPSL)

ENAR Petrotech Services (Private) Limited (ENAR) was formed in 1972 and currently working under the administrative control of State Engineering Corporation (SEC) - Ministry of Industries & Production, Government of Pakistan.

ENAR is the only multi-discipline integrated ISO 9001-2008 certified design engineering organization in Pakistan providing project management services during last four (04) decades with the commitment to technical excellence and our high caliber personnel allow us to deliver a best practice service in various phases of the oil & gas sector projects.

ENAR is an integrated engineering and consultancy company providing complete range of service for execution of project in Oil / Gas processing, Storage, Petrochemical, Chemical and Fertilizer sector. The ranges of service are detailed below: -

- Project Development / Planning
- Basic / Process Engineering
- Detailed Engineering
- Project Management
- Procurement Assistance
- Construction Management and commissioning
- Operation & Management

MAJOR ACTIVITIES/ACHIEVEMENTS

Currently ENAR is working on following major oil gas projects.

- **PAPCO, Preparation of FEED and EPC Tender Documents for WOP Optimization Project (WOPOP)**, Recently, awarded and in execution.
- **OGDCL UCH-II Gas field Project**, Recently, ENAR has successfully accomplished engineering & procurement of all Long Lead Item within targeted frame, whereas currently supervising the pc Contractor activities.
- **OGDCL Jhal Magsi Gas Field Project**, Engineering & Procurement of almost all long lead items has been completed. PC contractor is being finalized and Construction activities will be

started by the end of September 2014.

- **PPL Adhi NGL/LPG Plant-III**, prepared FEED document & provided engineering consultancy.
- In addition, ENAR has also executed international client's project including Penspen, OMV, UEP (Formerly BP) related to design/detailing of Wellhead Development, FEED Packages & Site Investigation Studies.

THE PROGRAMME OF ACTIVITIES AND TARGETS SET OUT FOR ITSELF DURING THE PROCEEDING FINANCIAL YEAR AND EXTENT TO WHICH THEY HAVE REALIZED

(RS. MILLION)

LAW / LEGAL INSTRUMENT UNDER WHICH THE ORGANIZATION IS CREATED	YEARS	ANNUAL INCOME FOR LAST FIVE YEARS (PKR)	ANNUAL EXPENDITURE ON SALARIES / OPERATIONS FOR LAST FIVE YEARS	PPROFIT / LOSS DURING LAST 05 YEARS (BEFORE TAX)	SPECIFIC TARGETS ACHIEVED DURING LAST FIVE YEARS (BUDGETED TARGET)
Incorporated under Companies Act 1913 (Now the Companies Ordinance 1984)	2014	192.4	127.147	4.11	260
	2013	226.48	153.67	4.49	395
	2012	225.69	117.60	39.06	88.38
	2011	160.80	91.77	29.93	160
	2010	141.56	84.84	18.18	139.5
	2009	129.50	84.26	10.91	138.5

2. PAKISTAN MACHINE TOOL FACTORY (PMTF)

a. DEVELOPMENT OF SPECIALIZED TOOLINGS FOR FABRICATION INDUSTRY

To minimize reliability on imported toolings for fabrication industry, and to save Precious foreign exchange, PMTF has met the specialized requirement for development of toolings to support local industry including M/s Siddiq sons and M/s Sunlight wood products. PMTF has successfully developed the required 03 types of toolings amounting to Rs 1.723 million with satisfactory performance by end user.

b. DEVELOPMENT OF SPECIAL PURPOSE WORM GEAR AND SHAFT

To meet urgent requirement of M/s Pakistan Steels, PMTF developed the special purpose sets of under noted Gears for their Reducer KGDC-380 to make their facility operative:

1. Bevel Wheel for Reduction Gear Box (30 Nos)
2. Bevel Pinion Shaft for Reduction Gear Box (30 Nos)

The amount of order was Rs 1.446 millions including development charges.

c. DEVELOPMENT OF NEW GENERATION GAS METER V3, FOR SSGC

Our customer Messrs SSGC has introduced New Generation Gas Meter Model V3. Previously PMTF has been supplying body parts of Gas meters Model G 1.6 and G4 types. Accordingly to meet the new demand of V3 Gas meter, PMTF has got developed the required dies / toolings, which is currently under approval. Upon approval of samples of V3 parts by SSGC, PMTF expects recurring orders for good quantities from SSGC.

d. DEVELOPMENT OF SPECIAL PURPOSE WORM GEAR AND SHAFT

To meet M/s Byco Oil Pakistan Ltd requirement and to minimize reliability on imports, PMTF has taken the task for development of under noted Gears: -

1. Worm Gear for Reduction Gear Box (3 Nos)
2. Worm Shaft for Reduction Gear Box (3 Nos)

The development of these worm gears will facilitate local industry in meeting their requirements. The substantial demand of these items of Reduction Gear Boxes is expected from local industry on regular basis.

e. DEVELOPMENT OF SPECIALIZED GEAR BOX FOR PMO

Project Management Org. (PMO) Rawalpindi, one of the strategic organizations has a specialized requirement of development of Reduction Gear Boxes for their Strategic nature of job. Accordingly, PMTF took this development project in hand as national cause, and has successfully developed these Gear Boxes for initially qty of 04 Nos. Upon satisfactory performance of PMTF developed design of Gear Boxes customer placed their fresh order details are as under: -

1. Number of Gear Boxes : 13 Nos
2. Value of Contract : Rs 16.76 millions

f. EXPECTED BUSINESS FOR DEFENSE PRODUCTS AFTER PMTF PARTICIPATION IN INTERNATIONAL DEFENSE EXHIBITION IDEAS-2014

PMTF participated in the International Defence Exhibition IDEAS 2014, where a large number of national and international delegates visited PMTF Stall and appreciated PMTF defense product range including Mortars, Rocket Launchers and Recoilless Rifle etc. Out of enquiries received and processed during the defense exhibition, PMTF is expecting good business opportunities out of its local buyers as well as from Friendly countries.

Currently, PMTF is expecting export business of around USD 11.60 millions, out of the enquiries in process.

**DETAIL OF TARGETS SET OUT AND EXTENT TO THEIR REALIZATION BY PAKISTAN
MACHINE TOOL FACTORY DURING THE YEARS 2014-15**

During the Year 2014-15, PMTF planned sales of Rs 1.059 Billions, the segment-wise details is as under: -

a. TOTAL TARGET SET FOR THE YEAR 2014-15

Sr. No	Product Segment	Sale Target Rs. In Million
1.	Transmission Products	516.931
2.	Die Casting Products	170.692
3.	Special (Defense) Products	175.870
4.	Machine Tools	195.408
Total Value: -		Rs. 1,058.901

Although, PMTF successfully procured the targeted orders for their execution, however, due to hard financial crunch during the year, PMTF was not able to arrange required fund to manage input for production cycle. As such, PMTF was not able to complete its set targets. The details of targets achieved so far in each segment are submitted below: -

b. TOTAL ORDERS EXECUTED

Sr. No	Product Segment	Actual Sale Achieved Rs. In Million
1.	Transmission Products	165.591
2.	Die Casting Products	40.329
3.	Special (Defense) Products	71.002
4.	Machine Tools	31.686
Total Value: -		Rs. 308.608

c. BALANCE ORDERS IN HAND (AS ON 30 JUN 2015)

Sr. No	Product Segment	Balance Orders Rs. In Million
1.	Transmission Products	485.230
2.	Die Casting Products	50.171
3.	Special (Defense) Products	36.944
4.	Machine Tools	160.108
Total Value: -		Rs. 732.454

3. HEAVY ELECTRICAL COMPLEX (HEC)

Heavy Electrical Complex (HEC), a nationally significant unit of STATE ENGINEERING Corporation, is located in Hattar Industrial Estate, District Haripur, KPK. It was set up at a cost of Rs. 1,158 million with the techno-financial assistance of the People's Republic of China. The company possesses 61 acres of land out of which 43 acres are allocated to the factory whereas remaining was earmarked for future developments.

HEC has trained manpower numbering around 250 persons including 24 regular (engineers & professionals) whereas remaining are daily wagers mostly workers engaged through labour contractor.

The Company holds ISO 9000 – 2001 Certification. Accordingly strict quality control is enforced during all the stages of production using specified procedures and techniques based on latest management practices.

The project was designed to manufacture 148 Nos. power transformers rating from 6.3 MVA to 40 MVA, 132/11.5KV to meet the exclusive requirements of WAPDA / NTDC (DISCOs) & KESC. The company started commercial production during 1997.

ROLE & FUNCTIONS

The company has been set up for meeting the country requirements of heavy electrical equipment starting from manufacturing Power transformers at optimum cost to support the national electrification programme and strive for import substitution. Although not in its original scope, the mandate of the company has been extended to Rehabilitation / Refurbishment of Power Transformers, which has resulted in saving large amount of foreign exchange besides contributing towards reducing load shedding problems.

ACHIEVEMENTS / PERFORMANCE:

To-date HEC has manufactured 283 Nos new transformers valuing Over Rs. 7.3 Billion of different ratings and supplied to WAPDA/KESC and various other customers. Moreover, HEC has also repaired/ rehabilitated 115 Nos. valuing Rs. 669 Million Power/Auto transformers for WAPDA, KESC, AJK Hydro Power Board, POF, Pakistan Railways and some other private sector industries. HEC has also participated in USAID sponsored rehabilitation plan for the power sector by supplying fan motors and circuit breakers valuing around Rs. 14 million.

The largest power transformer repaired at HEC so far was 250 MVA having voltage rating of 15/220 KV and weighting 250 tons. HEC have also repaired 03 Nos. auto transformers of ultra high voltage i.e. 500KV up-to 200 MVA for WAPDA for the first time in the country.

HEC has so far achieved import substitution to the tune of Rs. 8 billion (Around USDs 107.6 million) through manufacturing new transformers as well as repair of damaged transformers. The repair work ranged up-to 500 KV power transformers, at less than 25 % of the replacement cost and 50 % of the lowest foreign bid. The products manufactured, besides regular ones,

include own designed transformers of rating 31.5/40 MVA, 132/11.5 KV and five transformers of 20/26 MVA, 132/6.6 KV.

The company sales have touched Rs. 965 million in 2009-10 though fluctuating with the market trends. HEC has been sustaining its operation totally at its own. Operating and Financial Results of the company are tabulated below.

The performance of the company during 2014-15 though better than 2013-14 remained much below the targets mainly because of unprecedented privatization activities which also has resulted in stoppage of financing facilities from BOK since January 2015.

The financial position of HEC can significantly improve in the year 2015 -16 as orders of 21 PTs valuing Rs. 810.350 million are already in hand / production process and order for another 52 transformers (including 34 for manufacturing with customer's inputs) for the value of Rs. 836.47 million are expected. However, the expected improvement is subject to availability of required financing facility from the BOK and non-interference of the privatization process.

PRODUCT DIVERSIFICATION

HEC is in possession of Chinese Technology for manufacturing 7 types of 132/11 KV Power Transformers from 6.3 to 40 MVA capacity. However, Power transformers of 5 out of 7 types for which technology was acquired have been phased-out. Accordingly HEC has to look-out for other technologies/products. In line with this thinking HEC has succeeded in developing technology of a 31.5/40 MVA 132/11 KV Power Transformer besides few others for the Cement Sector. Moreover, Design Modification of a 20/26 MVA Power Transformer has been completed, NTDC after inspection and testing has approved the said design. This development would result in cost saving to the company as compared to earlier design. The transformer with the modified design after approval by the concerned quarters has been supplied to SEPCO during the year under review. The transformer has been commissioned and is operating trouble free in the field. Another five transformers of the same design are in manufacturing process for the same customer.

The company is also in the process of developing an automatic communication system of Power Transformers with the name of GTrAMS (GSM Transformer Monitoring System) which would transmit real-time transformer critical data to the specified mobile numbers. This would facilitate preventive maintenance of the transformer and avoid any major loss to the transformer in case of a developing fault. Moreover, the company would have a new source of revenue if DISCOs are convinced to adapt this system.

FUTURE STRATEGY

HEC has earned good market recognition in the field of power transformer manufacturing and re-habilitation. To further strengthen the company HEC has devised an action plan focusing on following:

- ✓ Securing orders along-with inputs to address HEC's cash-flow problems

- ✓ Securing more orders for rehabilitation of transformers having lesser cash-flow requirements
- ✓ Maximizing Market Share to secure orders worth Rs 1.3 billion
- ✓ Promoting revised design of module 20/26 MVA, 132/11.5 KV
- ✓ Optimization in existing design of power transformers
- ✓ Diversification for manufacturing Higher Module Step-down Power Transformers (160 MVA and 250 MVA) as well as Step Up Generator Transformers.
- ✓ Introducing GSM mobile based real time information dissemination system for monitoring Grid stations.

4. PAKISTAN ENGINEERING COMPANY (PECO)

Detail of activities during the preceding financial year During the year 2014-15, besides regular operations; management of PECO tried hard to actively resolve various operational and administrative issues. The management of PECO got considerable success in activities as follows: -

- i. Commissioning of coal gasifier plant and its successful operations.
- ii. Revival and successful operations of galvanizing plant.
- iii. Securing high value orders from DISCOs, NTDCL and NATRACON at good margins.
- iv. Increase in production volumes.
- v. Uninterrupted availability of energy sources.
- vi. Restructuring of credit facilities from National Bank of Pakistan.

PROGRESS DURING THE YEAR

During the year 2014-15, BoD and the management of the Company took various effective strategic decisions and made efforts to get orders mix, improve efficiency, production and reduce overheads, so that business volume as well as profitability can be improved and maintained. In this regard, coal gasifier which had started commercial production in last year saved reasonable energy cost during the year resulting in valuable cash savings for the company. The new galvanizing kettle has been installed that saved galvanization cost to the company. During the year, orders for procurement of additional kettle has been placed which is expected to be erected in the next financial year and management is hopeful that the commencement of commercial operations of the new kettle will help the Company to minimize its costs of production and therefore will achieve better turnover in the upcoming periods. Some strategic decisions taken by the BoD and of the company's management are as under: -

- i. To automate production facilities, reduce production cost, improve quality and upgrade manufacturing technology of existing products.
- ii. Increase in turnover by expanding customers' base.
- iii. Enhance product base through diversification and find new customers.
- iv. Securing favourable credit terms from different major suppliers.

- v. Securing favourable credit terms from bankers of the Company.
- vi. Self-sufficient in producing sufficient in house energy for own consumption in line with the directive of the government.
- vii. Revival of redundant plants such as rolling mill.

PROGRAMME OF ACTIVITIES AND TARGETS SET OUT

Different activities and measures are devised to improve operational and financial performance of PECO. These measures have been tabulated below along with the time lines for ease of comprehension.

MID TERM ACTIVITIES AND PROGRESS THEREOF (ONE YEAR)

TASK	MEASURES ADOPTED	DATE OF COMPLETION	PROBLEMS	CURRENT STATUS
Financing from National Bank of Pakistan	Revaluation of assets has been completed. Case of renewal filed with NBP. MoF has provided credit ceiling of Rupees 700 million	Credit facility by NBP expected to be renewed by NBP by October 2015	Stringent credit policies of SBP and NBP	Renewed in Jan 2015
Installation of induction furnace	These furnaces are required for casting and preparation of billets for rolling mills	Expected to be completed by the end of June 2016	Nil	Preparation of technical specifications are in hand
BMR of structure, pumps/ motors and foundry divisions	Modernization plan of all the divisions has been prepared	Partial completion by June 2016	PECO has currently financial crunch	Proposition under evaluation

LONG TERM ACTIVITIES AND PROGRESS THEREOF (THREE YEARS)

TASK	MEASURES ADOPTED	DATE OF COMPLETION	PROBLEMS	CURRENT STATUS
Long term energy solution	Installation of 2 MW coal based electricity plant	Expected to be completed by the end of year 2018	Lack of funds	All the requisite tech information has been obtained
Joint ventures with private sector	EOI for various projects have already been called for	Expected time frame is 2-3 years	Nil	Negotiations with various parties are in hand
Commercialization of facilities available in PECO	Facilities like foundry, galvanizing plant, rolling mill	Step by step all these facilities are being restored and expected to be fully commercialized by June 2018	Lack of funds	Galvanizing plant has become operational and rolling mill is about to start within next two months time

PROJECTED AND ACTUAL STATISTICS FOR THE YEAR 2015-16 AND 2014-15

Projected and actual statistics for the year 2014-15 and 2014-15 are tabulated as under: -

PARTICULARS	PROJECTED 2014	EXPECTED 2013
	RUPEES IN THOUSAND	
Sales – net	2,013,621	923,261
Cost of sales	(1,724,160)	(781,391)
Gross profit	289,461	141,870
Operating profit	191,199	81,104
Profit before taxation	162,447	63,584

8. ENGINEERING DEVELOPMENT BOARD (EDB)

i) Industrial Research Program

Engineering Development Board is actively pursuing Industrial Research Program which was initiated in 2012 with the collaboration of Academia and /Research Organizations. The underlying objective is to facilitate the local industry by providing affordable solution of their technical problems and foster R&D activities in the industry by engaging huge R&D potential existing with Universities and research organizations.

Industry across the country ranging from electronics, electrical, HVAC, castings/forgings, fabrications, chemicals, steel, renewable energy, etc. has started sharing industrial technical problems, which are being discussed with concerned researchers of various universities. Some of the major initiatives taken under IRP are as under: -

- i) Up-gradation of steel re-rolling industry which involves automation of processes, designing of efficient gas burners, re-designing of heating furnaces, improvements in rolls quality, etc. ATCOP is actively working with Steel Re-rolling industry for the proposed up-gradation. Successful execution of the research project will impact the whole re-rolling industry, enhance its efficiency and would affect substantial savings of energy besides improving the environment.
- ii) Converting the effluents of sugar industry to value added products like enhancing the shelf life of molasses and making it an energy drink. Similarly number of their effluents can be converted in to fuel and bio fertilizer. NUST Research team is working with M/s. Noon Sugar Mills Ltd. Bhalwal on the project. Successful execution of the research project will enable Sugar Industry to replicate the technologies among the sugar mills located in the country to convert their effluents into energy and value added products.
- iii) Development of DC Fan with the help of PIAS to facilitate the people use solar energy directly for air blowing during hot season. Similarly, a project regarding designing of energy efficient domestic fans is also under process with NUST team.
- iv) Handholding of Surgical and Cutlery industries to promote cost competitiveness and quality improvement. ATCOP is working on this project.
- v) Designing of energy efficient pumps. Society of Mechanical Engineers of Pakistan (SMEP) has proposed to facilitate the local pump industry to design efficient pumps as per international best practices. The Pumps and Motor Manufacturers Association has been requested to constitute a group of 10 manufacturers for this project.

ii) **Development & Installation of Sun-tracked Solar Collectors for Industrial Heating of Water and Generating Steam for Industrial Processes**

Engineering Development Board is implementing the above project at the cost of Rs. 55.33 million for installation of 10 complete systems in 10 specific industries, each system comprising of 50 sun tracked solar parabolic troughs in series for heating the water for industrial use. The beneficiaries include Textile spinning, processing & printing industries, leather processing industries, food processing industries and chemical industries. 04 units have been installed and the remaining systems are under process at different stages which will be completed by May, 2015.

POLICY DEVELOPMENT GROUP

1. **New Automotive Development Policy (ADP) 2015-2020 (Finalized)**

Draft of the Automotive Development Policy (ADP) has been finalized and submitted for consideration and approval of the ECC of the Cabinet under which following incentives have been proposed to encourage market expansion and production of small and inexpensive cars in the country: -

- Incentives for new manufacturers/assemblers for Greenfield operation (Entirely new plant)
- Incentives for revival of non-operational units
- Incentives for introduction of new variants by existing players
- Special incentives for the manufacturing of small cars of below 800 cc engine capacity
- Gradual reduction of duties on localized and non-localized parts by year 2020.
- Draft Policy has also recommended incentives to attract global Tier I and Tier II auto parts manufacturers to make investment either independently or in joint venture with Pakistani auto parts makers for the production of hi-tech components
- The Draft Policy has proposed incentives for local Auto Parts Manufacturers investing in a new Plant for the production of hi-tech parts like Engine, Transmission and Suspension not produced before by any APM/OEM in Pakistan.

2. **Measures for Strengthening Linkages between Industry and Agriculture Sectors to Boost Economic Growth**

On the recommendation of the Advisory Committee of Ministry of Planning, Development & Reform Policy, EDB has initiated measures for strengthening linkages between Industry and Agriculture sectors to Boost Economic growth. An initial review of agriculture sector has been carried out and work already done by organizations like SMEDA, PSQCA, TUSDEC, Agricultural Department of Punjab, Farm Machinery Institute, Islamabad (FMI), Agriculture Mechanization Research Institute, Multan (AMRI) and leading manufacturers has been gathered for situation analysis.

After stocktaking of the work done so far by various organizations, a Working Group with representation from the government, industry and academia is being proposed to define a roadmap for designing and development of agricultural implements to boost farm mechanization and yields.

3. Development of global harmonized vehicle regulations

Measures have been initiated for development and enforcement of safety regulations by taking membership of Working Party (WP 29) of the United Nations Economic Commission for Europe (UNECE) to adopt global harmonized vehicle regulations. A delegation is being formed to visit Vienna to attend WP29 Session to be held in November 2015.

4. Coordination with MoIP and other Ministries / Provided input to Government to enhance cooperation with foreign countries

Policy Group has been coordinating with Ministry of Industries and Production (MoIP) and providing inputs to identify potential for domestic and foreign Direct Investment (FDI) in various engineering sectors, formulate proposals for JEC, JMC, JWG and Economic Policy Dialogue meetings to enhance industrial and economic cooperation between Pakistan and partner countries and formulate proposals for foreign industrial groups visiting EDB. In this regard following activities are being carried out: -

- Proposals for Enhancing Investment Cooperation Between Pakistan and Republic of Belarus
- 2nd JTC Thai-Pak (Senior Official Level) Meeting
- Proposals for enhancing Commercial and Investment Cooperation between Pakistan and Sri-Lanka
- Material for 9th Round of Bilateral Policy Consultation (Foreign Secretary Level) With Republic of Korea Held In July 6, 2015
- Comments on 11 Five Year Plan for planning Division
- Proposal for Pakistan-Iran Industrial Collaboration
- Material for Minister for Commerce Visit to Republic Of Korea
- Material for Pak Australia JTC
- 3rd Pakistan-United States Business Opportunities
- 9th Round of bilateral Political Consultations with Japan
- Brief for the visit of President of Maldives to Pakistan, 25-26 February, 2015
- Brief for Inaugural Session of Pak– Bulgaria Inter-Governmental Commission
- Inter-Ministerial meeting for preparation of Pakistan –Turkey 4th High Level Strategic Cooperation Council (HLSCC) meeting in February, 2015
- Proposals for Investment in Engineering Sector of Pakistan by Russia
- Proposal for Pakistan – German Bilateral Consultation
- Material for 9th Session of Pakistan – Jordan Joint Ministerial Commission (JMC) at Amman – Jordan

5. Feedback to Ministry of Commerce for Import Policy

Policy Wing is working with the Ministry of Commerce for Trade Policy inputs on technical matters.

- Request for import of graphite crucibles from India.
- Permission of Import of Liquid Gas Storage Tanks from India Through Wagha Border Via Land Route
- Import Five Units Each 24 Axles (Total 120 Axle Lines in Various Shipments) Goldhofer Brand Used Multi Axle Trailer on One Time Basis
- Request for Permission to Import Auto Parts from India
- Permission to Import Surgical Knives from India on one time basis by M/s Al Shifa Trust Eye Hospital.
- Day Time Headlamps Option on Imported European Vehicles
- To allow one time import of spare parts of machinery (HS Code 8504.3200) from India on one time basis by M/s Shaheen Engineering.
- Permission to Import of Glass Shell Bulbs from India through Trucks
- Permission to Import Liquid Carbon Di-Oxide through Wagha Border

BUSINESS DEVELOPMENT GROUP

1. Capacity Building and International Linkages

EDB has developed linkages with various international organizations to provide Short Term Expert services to local industry with the objective to improve production process, quality of product, managerial capabilities, accounting system improvement etc. During the period under review, EDB has arranged PUM — Dutch experts for 4 companies/organizations.

2. Organizing Engineering Pavilion at 9th Edition of Expo Pakistan –Feb 29th – March 1st 2015

In view of the extensive appreciation that EDB received for organizing Engineering Pavilion at the 8th EXPO Pakistan, TDAP was again invited EDB to organize engineering sector pavilion in the 9th Edition of EXPO Pakistan 2015 where 52 stalls were put-up for exhibiting products for 32 companies. The delegations from foreign countries including India, Netherlands, Mauritius, Nigeria, Saudi Arabia and UAE etc showed keen interest in Pakistani products. Several inquiries were generated for the manufacturers of tractor parts & components, industrial valves, surgical instruments, fiberglass boats etc.

3. Training at Womex –TDAP's Exhibition on Women Exporters

On request of TDAP, PUM Expert was invited to conduct training session with EDB for imparting export enhancement skills among the women entrepreneurs.

4. ETEX Exhibition & Conference for SMEP

On invitation of SMEP, EDB organized its pavilion at Engineering and Technology Exhibition (ETEX)-Lahore in Nov 2014. Ten leading engineering companies showcased products

(pumps & motors, industrial valves, heavy capital goods, foundry products, automobile parts & components, Two Wheelers etc.

5. Engineering Goods Exporters Directory 2015

In order to project Engineering Image of Pakistan, EDB had compiled & published Engineering Goods & Services Exporters Directory of Pakistan in 2013. The same has been updated for the year 2015 with complete profiles of 170 leading Exporters of Pakistan in various engineering sub sectors. The directory shall be circulated to Pakistan's Foreign Missions, Foreign and local Chambers of Commerce, Associations and EDB's International Support Partners in the potential markets.

A. TARIFF RATIONALIZATION EXERCISE

The main objectives of the tariff rationalization exercise are: -

- Reducing cost of doing business by decreasing cost of inputs
- Encouraging local Industry to invest in priority sectors.
- Simplifying procedures for payment of Customs Duty, Sales Tax and Federal Excise
- To counter the menace of under-invoicing, smuggling and mis-declaration
- To encourage import substitution

CONSULTATIVE APPROACH

Consultative based approach was followed in Tariff Rationalization Exercise undertaken for the Federal Budget 2014-15. The proposals received from the Industry, Trade Associations, Chambers, FBR, MoI&P etc. were analyzed and firmed up by EDB for consideration by FBR. This year the proposals were mainly based on the simplification of SROs which was initiated by FBR and EDB was fully associated in this exercise.

STATISTICS

- 1000 proposals were received for budget exercise 2014-15.
- 140 proposals were finalized and forwarded to FBR for consideration.

B. NOTIFICATIONS REGULATED BY EDB

Following notifications are regulated by EDB.

- **SRO 656(I)/2006 dated 22.06.2006** – Authorizes EDB to allow import of CKD under concessionary regime to OEMs.
- **SRO 655(I)/2006 dated 22.06.2006** – Authorizes EDB to allow concessionary import of raw-materials, sub-components, components and sub-assemblies to vendors
- **SRO 693(I)/2006 dated 22.06.2006** – Notifies list of locally manufactured parts / components as recommended by EDB
- **Fifth Schedule to the Customs Act 1969 and SRO 678(I)/2004 dated 07.08.2004** – Determine local manufacturing status of goods being imported under concessionary regime to protect local industry.

- **SRO 827(I)/2001 dated 03.12.2001** – Binds government and public sector organizations to give price preference to local industry over imported goods. EDB to monitor implementation of SRO and resolve issues relating to determination of landed cost factor.
- **SRO 450(I)/2001 Authorizes** EDB to determine IOR/Wastages of inputs procured under DTRE and under Manufacturing Bond.

Performance w.r.t various SROs / Notifications

	No. of Cases Finalized	
	2013-2014	2014-2015
A. TBS-1 (4-Wheelers) - SRO 656 & SRO 693		
1 Certificates issued vehicle wise:	137	171
2 Lists verified issued vehicle wise:	137	171
3 Input Records verified vehicle wise:	125	162
B. TBS-II (2/3-Wheelers) - SRO 656 & SRO 693		
1 Certificates issued vehicle wise:	180	230
2 Lists verified issued vehicle wise:	180	230
3 Input Records verified company wise	94	93
4 Assembling Facilities verified	10	07
C. Determination of IOR under SRO 655		
1 Input Output Ratios under SRO 655 (Revalidation + New)	166	178
2 Input Output Ratios under SRO 656 (Direct Materials)	6	4
3 Input Output Ratios under DTRE	15	12
D. Determination of local manufacturing status (5th Schedule to the Customs Act 1969 & SRO 678)		
1 Determination of local manufacturing status of imported goods	271	195
E. Finalization of cases under SRO 827		
1 Determination of status of procurements and its implementation as per procedure and laws of Government	15	13

C. ON-LINE QUOTA DEBITING SYSTEM FOR CLEARANCE OF AUTOMOTIVE PARTS AND INPUTS THEREOF (SHIFTING OF ONE CUSTOMS SYSTEM OF PRAL TO WEBOC)

- Since its inception in 2008-2009 clearance of automotive parts and inputs thereof were being carried out through the one Customs Systems of PRAL.
- In Budget 2013-14, shifting of On-line Quota Debiting under SRO 655(I)/2006 & SRO 656(I)/2006 from One Customs System of PRAL to newly developed system i.e. WEBOC, for streamlining and effective monitoring of Tariff Based System (TBS) was initiated by FBR. EDB worked closely with FBR for effective implementation of WeBOC System and has also been providing inputs for its refinement.
- The new system is operational since 1st July, 2013.
- EDB allocates quota of imported inputs to OEMs & Vendors, which is debited on-line through WEBOC.
- EDB can access this system for year round monitoring of TBS.

9. PAKISTAN STEEL MILLS (PSM)

Pakistan Steel Mills (PSM) is the largest and only integrated Steel Plant of Pakistan with a production capacity of 1.1 million tons per year (MTPY). PSM started production in 1985. It was established with the techno-financial assistance of the Ex-Soviet Union at a cost of around Rs. 24.7 Billion. Its location and area are: -

- a. Location: 40 Km South East of Karachi at Bin Qasim.
- b. Area: 19,087 acres (about 29 square miles) which includes 10,390 acres for main plant, 8,070 acres for township and 200 acres for water reservoir.

MAIN PRODUCTS

Its main and by-products are:-

- a. Main Products: Metallurgical Coke, Pig Iron, Rolled & cast Billets, Hot Rolled Sheets / Coils / Plates, Cold Rolled Sheets / Coils, Galvanized Sheets & Formed Sections.
- b. By-Products: Coal tar, Ammonium Sulphate, Blast Furnace Granulated Slag.

QUALITY STANDARDS

Its production and facilities / services conform to following International Standards: -

- a. ISO-9001
- b. ISO-14001
- c. ISO-17025
- d. OHSAS-18001

PRODUCTION / SALES STATUS FOR THE YEAR 2014-15

Products	Production ('000' Tons)		Sale (Rs. in Million)
	Budget	Actual	
Production in terms of capacity utilization of Raw Steel	43%	*20%	-
Raw Steel	471	216	-
C o k e	437	276	570
Molten Metal/Pig Iron	504	262	330
Rolled Billets	-	-	-
Cast Billets	65	4	224
Cast Slabs	396	212	-
H.R. Coils/Plates (converted from Slabs)	269	127	4,951
C.R. Coils	26	3	183
Galvanized Coils/ Sheets	-	-	-
Others	-	-	824

Production of Raw Steel for the year 2014-15 was 216,173 tonnes, about 20% of capacity as compare to 6% during same period of last year.

BAILOUT

On 25th April 2014 ECC of the Cabinet considered the summary dated 23rd April 2014 submitted by the Privatization Commission on “Restructuring Options of Pakistan Steel Mills” and approved Rs.18.5 billion bailout package to revive Pakistan Steel.

CAPACITY UTILIZATION BEFORE BAILOUT

Month	Jan, 2014	Feb, 2014	March, 2014	Apr, 2014	Average
% CAPU	3%	6%	4%	1%	3.5%

CAPU FROM MAY 2014 TO JUNE 2015 (AFTER BAILOUT)

PSM has been lifted from 1% CAPU of April 2014 to 41% in March 2015. This is the result of untiring efforts of the PSM work force (in house) to bring life in a dead plant while enhancing CAPU. The capacities achieved since May 2014 (Bailout) are: -

MONTH	CAPU ACHIEVED	MONTH	CAPU ACHIEVED
May-14	7.2%	Dec-14	27.2%
Jun-14	7.7%	Jan-15	23.6%
Jul-14	7.4%	Feb-15	20%
Aug-14	11.8%	Mar-15	42%
Sep-14	21.5%	Apr-15	32%
Oct-14	2.0%	May-15	23%
Nov-14	17.8%	Jun-15	8%

REASONS FOR NOT ACHIEVING 77% CAPU IN JAN-15 (AS PER BAILOUT PLAN)

External factors beyond the control of Pakistan Steel such as interruption in electric supply by K-Electric, low gas pressure & other reasons at Para 9 below impacted achievement of monthly or overall targets: -

MONTH	INCIDENT	IMPACT	CAPACITY			MONTH AFFECTED
			TARGET	MAX	ACTUAL	
Jul 14	13 trippings at Ghara pumping station	-Water level gone to zero results in stoppage of Blast Furnace and other eqpt. Stopage of Blast Furnace take 30 to 45 days to regain operation	20%	21% on 21-7-2014	7%	JUL-14 & AUG 14
9-Oct-14	Force majeure occurred on Blast Furnace (due to capital repair overdue)	Stoppage of plant during the whole month of October 2014 and first half of Nov 2014	Revised 20%	36% on 7-9-2014	2%	OCT-14 & NOV 14
9-Jan-15	At 50% capacity gas pressure reduced for 10 days by SSGC	- First CAPU Reduced and then dropped to zero on 13-1-2015	Revised 50%	49% on 7-1-2015	24%	Jan-15
25-Jan-15	National electric outage shut plant completely for 07 hours	-Affected both Blast Furnaces.	Revised 50%	49% on 7-1-2015	20% in Feb-15	Jan-15 (7 days), Feb-15
12-Mar-15	At 65% capacity gas pressure again reduced to 0.9Kg/cm² (lowest ever) by SSGC	-Affected lime kiln, converter and many equipment	Revised 60%-70%	65% on 10-3-2015	41%	Mar-15

OTHER REASONS

a. FUNDS/ MATERIAL

- Delayed release of funds for Iron Ore -----3 Months
- Normal delay in monthly release of funds ----- 1 Month

b. PLANT MAINTENANCE/REPAIR

Grossly neglected for six years; it was a closed plant. As CAPU increased, equipment failures revealed.

c. PRODUCTION CONTINUE WITH REPAIR

While repairs were carried out, production continued.

d. NO IMPORT, USE LOCAL RESOURCES

In short time period no import was possible so all major/minor repairs including those considered impossible i.e. BF-II and waste heat boilers done at minimal cost in-house leading to self reliance and self confidence.

e. INTEGRATED PLANT

Stoppage of even one unit (out of 20 or so) affects CAPU.

f. MANPOWER DEPLETION

Huge retirements in last 3 years have depleted plant of experienced manpower and no succession planning was done.

ACHIEVEMENT OF BAILOUT--REVITALIZE A MORIBUND PLANT

The Bailout helped revive and turnaround a moribund plant worth billions and encompassing experience of 35 years in steel technology which was close to falling apart due to gross neglect of thousands of pieces of equipment including vital Blast Furnaces, steel converters, rolling

mills and power turbines for 6 years and huge losses of 6 years with de-motivated and depleted manpower.

The important point to highlight is that since 77% CAPU was to be achieved in 7th month after supply of imported Ores, no time was available to procure anything from abroad for its repair including major repairs. Also six years of neglect showed gradually as CAPU increased needing major stoppages coupled with repairs. Therefore, all resources were arranged in house or locally and most importantly these were accomplished while production was also continuing.

HOW PAK STEEL BROUGHT INTO PRODUCTION

The reason for gradual and slow ascent in capacity utilization, besides major problems related to 'BLAST FURNACES' and 'WASTE HEAT BOILERS' of steel converters, which were met and THERMAL POWER PLANT (TPP) challenge still being tackled was lack of operational readiness of thousands of pieces of equipment such as casting machines, cranes, pumps, motors etc; due to gross neglect of 03 to 06 years, in each of more than twenty (20) plants, whose working in unison makes the operation of this largest and only integrated "Steel Plant" of Pakistan Possible. These were all brought into readiness except TPP challenge still in hand by vigorous efforts and innovation inspite of financial constraint.

BLAST FURNACE-1 REPAIR

The major iron making plant BF-1 was incapacitated on 8th Oct 2014 due to metal leakage because of old age and overdue capital repair. It was however repaired in 08 days using Pakistan Steel's deep in-house engineering expertise on war footing and brought into operation by 7th Nov 2014.

BLAST FURNACE-2: THE IMPOSSIBLE TASK

The 2nd Blast Furnace had been closed down after a metal leakage in Aug 2013. Its salvaging considered impossible locally, was undertaken in-house starting September 2014 and working day and night relentlessly, it was brought into operation on 13th Dec 2014 in 3 months at nominal cost with local expertise, saving Rs.1 billion plus cost and 1 to 2 years time required to put it right through foreign expertise. Now achieving break-even capacity utilization of 77% is a possibility.

WASTE HEAT BOILERS – RAIN IN CONVERTERS

These boilers of steel making plant were leaking since long due to age. An estimate obtained for their replacement (overdue by three years for Boiler No.1) in 2009 quoted over Rs. 1 billion as the cost and 2 to 3 years as delivery period. Their repair was taken in-hand using in-house expertise while manufacture of new boilers has also been initiated to be completed in 5 to 6 months.

THE LAST BIG CHALLENGE - TPP

110 MW Thermal Power Plant of Pakistan Steel Mill comprises of 4 x boilers, 3 x turbo generators (TG) and 3 x turbo blowers (TB). These all need capital repairs. One TG, One Boiler and One TB were repaired but these are not only grossly insufficient to meet higher capacity demand but highly un-reliable. Our country lacks engineering manufacturing depth and we have to rely on exorbitantly priced imports with huge time delays (unless we strengthen our engineering industry especially manufacturing / fabrication, our growth will be hampered). We are tackling the challenge in many directions and will Insha Allah succeed but time is critical.

MANPOWER MOBILIZATION

Pakistan Steel, in order to accomplish high capacity utilization as a result of bail-out package had to mobilize its human resource by creating an environment of discipline, punctuality, hard work, responsibility and performance. Workforce has been motivated to accomplish the given task. A work culture of honesty, integrity and accountability is being nurtured through a dedicated and impeccable management creating an image of credible "Pakistan Steel". A spirit of self-belief, self-realization, self-reliance and professionalism has been fostered.

ADMINISTRATIVE TUNE-UP

Pakistan Steel with over 15000 employees and located at 40 km from Karachi has its own Township, Security, Hospital, Food and Transport to ferry more than half the workforce to city morning and evening, for regular and shift duty. It is a huge administrative challenge which had to be met under financial constraint to achieve a lofty target. All administrative setups were tuned-up and brought into shape to meet the requirements of an expectant workforce under renewed pressure of work.

MANPOWER ATTRITION AND IMBALANCE

Fast depletion of experienced technical manpower has created huge imbalance in plant operation. This vacuum was temporarily plugged and various measures taken to fill the gap and meet immediate requirement. However, for reliable operation of the plant, regular manpower has to be inducted.

ENERGY CONSERVATION

High energy bills of gas, electricity and water are eating away vital funds. Energy conservation measures have been initiated and wastages are being plugged. Efficiency of run-down, 110 mw thermal power plant is being improved in a phased manner due to funds constraint.

WATER LEAKAGES

Aging water pipelines are developing leakages at a fast pace. Their repair and renewal is being given top priority. 6mgpd of filtered water has been saved as a result till now, while new

pipelines are under manufacture/procurement which will result in reducing down time and water wastage.

INDIGENIZATION, COMMERCIALIZATION AND DEVELOPMENT/ IMPROVEMENT

Many old facilities are being improved through own capabilities and R&D efforts which will bring huge benefits at minimal cost. Innovation and improvements are being encouraged in operation and equipment. It is being harnessed as a force multiplier in production and management. PSM huge manufacturing, testing and service facilities are being offered for commercial purposes to help transform these facilities into 'cost centers' which are self-financing and self-sustaining while development projects are being under taken to enhance indigenization and reduce costly imports.

TRANSPARENCY IN PROCUREMENT

Purchase system has been improved to procure required stores at most competitive prices. Unnecessary purchases from abroad and locally have been plugged being reduced and indignation promoted.

EFFECT OF DUMPING IN SALE

Dumping by China reduced PSM sales greatly, especially in March 2015 when huge quantity (400,000 tons) of alloy HR Steel came in the country at zero duty. This built-up our inventory and made bill payment difficult.

PRESENT INVENTORY POSITION DUE TO DUMPING

No	Product	Saleable Inventory (MTN)	Price (Rs./ Ton)	Amount Rs. Million
1	Pig Iron	5,944	40,230	239
2	Coke Hard	3,000	36,900	110.7
3	Coke Breeze	85,000	9,918	843
4	M.S Slab*	75,000	49,770	3732
5	M.S Thick Plate	1,143	46,170	52.77
6	Cast Billet	143	46,800	6.69
8	HR Coil	33,811	49,320	1667.55
9	HR Sheet	6,255	50,603	316.52
10	CR Coil	648	63,495	41.14
12	P&O	21	54,270	0.114
TOTAL: -				7009.00

REVISED BUSINESS PLAN

Capacity utilization and sales plan from July, 15 to Jan,16 are as under: -

Particulars	AUG-15	SEPT-15	OCT-15	NOV-15	DEC-15	JAN-16	Ave/Total
CAPU%	0	12.5	25	35	40	45	27
Sales Rs. (million)	539	1,079	1,906	2,362	2,506	2,768	1,459

- Liquidate the inventory by Rs. 4 billion with respect to end July, 2015.
- Cash salaries for the period from October 2015 to January 2016 will be paid by PSM through liquidation of existing inventory and inventory built up as per business plan.
- All requirement of raw materials i.e. iron ores, coals and other materials, after clearing of default L/C and personnel related expenditure, will be taken care of by PSM.
- Inventory of slabs will be reduced from 75,000 tons to 13,800 tons whereas inventory of HR-Coils / Sheets will be reduced from 40,000 tons to 20,000 tons.

The implementation of the above business plan is conditional with

Rs. 2.2 billion be immediately released to clear default LCs of raw material to achieve planned capacity utilization by maintaining capacity utilization and monthly salary disbursed till September 2015, first for two months along with Rs. 2.2 billion for LC and remaining in monthly tranches in Sep 2015 and Oct 2015. (This amount is the same as paying Salaries for 08 months with a closed plant. The caution clause of ECC approval of 25th April 2014 also allows funds support of Rs.1.4 billion per month i.e. Rs.5.6 billion for 04 months delay in disbursement availability of iron ore).

Immediate restoration of Natural Gas by M/s. SSGC at required pressure for which a suitable settlement regarding mode of payment of their dues is mandatory.

DUTY AND TAXES PAID

PAKISTAN STEEL is a major contributor to the national exchequer. It has paid an amount of Rs.109.5 billion towards duties and taxes to the Government since 1984-85 to June, 2015. The project has thus repaid more than the cost of the project which is Rs.24.70 billion. Further to this an amount of Rs.1 billion has paid to the Government of Pakistan as dividend during September, 2007.

SOCIAL OBLIGATIONS

Pakistan Steel has also been making noteworthy contribution in the realm of social obligations. In this regard Pakistan Steel is providing residential, medical, educational, recreational and sports facilities to its employees as well as to the people of adjoining areas. These facilities includes 125 Bed Pakistan Steel Hospital, Quaid-i-Azam Park, Cricket Stadium Park, Pakistan Steel Cadet College, Sports Complex and construction of fly over at Quaidabad T-Junction and a link road of 30 KM from National Highway to Super Highway for heavy Port Qasim container traffic.

DOWNSTREAM INDUSTRIAL ESTATE (DSIE)

Downstream Industrial Estate was created under the Notification of Government of Sindh in the year 1984 on an area of 1420 acres. The objectives of creation of the Estate were to promote industrial growth in the area. The process of these units is mostly based on the products / by – products of Pakistan Steel so as to facilitate the industries by providing the input raw material right at their door step. The promotional efforts of Pakistan Steel succeeded and 44 downstream industries have so far been set up in this Estate on an area of 489.78 acres. Remaining land 207.69 acres of DSIE will be allocated to the applicants in compliance with policy strictly on merit basis when we start allocation of land for Sector-III.

10. **NATIONAL PRODUCTIVITY ORGANIZATION (NPO)**

NUMBER OF PERSON TO BE TRAINED

1. Name of Organization: **National Productivity Organization**

2. Objective of Training/ Organization:

- To inculcate the Productivity & Quality culture all over the Pakistan.
- To Promote Resource Efficiency in all Economic Sectors of Pakistan.

S. No	Fields of Trainings	No of Trainee to be trained in four years	Any other activities (other than training) to be carried out by NPO
1	Lean Manufacturing (5S, Kaizen)	150	Consultancy service on Lean
2	Diploma in Industrial Engineering	50	Consultancy service on Industrial Engineering
3	Energy Management (Diploma and awareness programs)	200	Consultancy service on Energy Management/ Energy Audit
4	Quality & Productivity	2000	Consultancy
5	Total Productive Maintenance	75	-
6	Fire Hazard Safety/First Aid, OHSAS	1100	-
7	Management	1000	Management System Audit
8	General Awareness Training Lean, TPM, Seven Wastes, Kaizen	1310	-
9	Soft Skill Trainings <ul style="list-style-type: none"> • Leadership • Motivational Skills • Entrepreneurship • Change Management 	2100	Development of Demo Organization
10	Food Technology (Food Safety, Food Security, etc)	100	-
11	Corporate Trainings	600	-
12	Train the Trainers	130	-
13	Certifications /DPP/PMP/Six Sigma courses	80	-
14	Distance Learning	300	-
15	Environmental Protection	1000	-
16	E-Learning	700	-
17	IFC Training	320	-
18	E Learning Trainings on Energy Management	240	-
19	Shop Floor Training	225	-

International Training:			
21	Trainings	350	Technical Expert Services / Consultancy
22	International Multicounty Programs	200	International Research Projects
23	International E-Learning Programs through Video Conferencing	320	
24	International Self e-Learning Program	3000	
25	National Workshops	200	
Donor Projects:			
26	Training on Entrepreneurship	300	-
27	Exhibitions		5 Exhibitions
Total		16,350	

Out Put	Statement	Key Performance Indicators (KPI)	Targets		
		No. of Persons trained	2015-16	2016-17	2017-18
			525	580	635
NPO- Local Training	NPO- Mission Statement To facilitate and enhance the Productivity with Quality & Innovation by Introducing and Implementing Programmes / Initiatives in Pakistan	Trainings will be conducted in (2015-2018)	<ul style="list-style-type: none"> ✓ Energy Management & its Auditing Techniques ✓ 5S Kaizen management ✓ Lean Manufacturing ✓ Quality & Productivity Improvement through JIT & TPM Techniques, QMS ISO 9001:2008 ✓ EMS ISO 14000 ✓ SA-8000 ✓ HACCP 	<ul style="list-style-type: none"> ✓ Six Sigma (Green Belt) ✓ ISO 50001 ✓ Development of Productivity Specialist ✓ Project Management Professionals ✓ Competency Mapping ✓ Execution Excellence ✓ HRM ✓ Introduction to Six Sigma 	<ul style="list-style-type: none"> ✓ Six Sigma (Black Belt) ✓ Understanding ISO 27001 ✓ Lead Implementer course "ISO/IEC17025" ✓ Safety Officer ✓ ERG Theory of Motivation ✓ Mentoring Skills

			<ul style="list-style-type: none"> ✓ Quality Control Circles ✓ Statistics Process Control ✓ Benchmarking ✓ Supply Chain Management ✓ Retail Management 		
Out Put	Statement	Key Performance Indicators (KPI)	Targets		
			2015-16	2016-17	2017-18
		Specialized Training Introduced	No. of Persons Trained		
NPO-Centre of Energy & Environmental Management (CEEM)	To facilitate and enhance the Productivity with Quality & Innovation by Introducing and Implementing Programmes/ Initiatives in Pakistan	Material Flow Cost Accounting	60	60	60
		Energy Management System, ISO-50001	60	60	60
		Energy efficiency in Power house	100	100	100
		Energy Efficiency in Boiler	100	100	100
		Energy Efficiency in Electrical System	100	100	100
		Energy Efficiency in Compressor	100	100	100
		Energy Efficiency in Cooling Tower	100	100	100

Total Man Power Trained/Aware	620	620	620
Shop floor trainings (During energy Audit, NPO team impart hand on training to 4 Technical staff per factory)	80	80	80
TOTAL	700	700	700

Output	Statement	KPI	Targets		
			2015-16	2016-17	2017-18
NPO (International Trainings)	To facilitate and enhance the Productivity with Quality & Innovation by Introducing and Implementing Programmes/ Initiatives in Pakistan.	No. of people trained	60	62	63
	Training & Skill Development		80	100	120
	International Courses		90	120	130
	APO E-learning		50	30	50
	Technical Expert Services		400	450	500
	Multi-Country Program				
			New Skills Training Introduced	Green Productivity, Material Flow Cost Accounting, Development of Eco-cities, Value Addition of Agricultural Products	Agricultural Productivity Measurement, Agritourism, Innovation, Incubation and Entrepreneurship

NATIONAL PRODUCTIVITY ORGANIZATION ACHIEVEMENTS
(National Level Courses)

Years	Total Training Held	Trainees Participated	Objective	Achievements
Jan –Dec 2014	110	1323	<ul style="list-style-type: none"> • Realizing the importance of training for HRD and developing change agents to act as a catalyst in different sectors of the economy, NPO-Pakistan organized training courses on different topics like Project Management Professionals (PMP), Productivity Specialist, Six-sigma Green Belt, Logistic and Supply Chain, Human resource Development etc with the establishment of other regional offices on NPO during the last three years. • NPO role is to enhance the productivity & quality of the organizations, especially domestic micro small & medium enterprises (MSMEs), industrial and services sectors by restructuring and revitalizing enterprises and upgrading human resource skills. Our approach deals with the national dimensions of technical skills, soft skills and productivity enhancement and its relation to the global perspective, side by side imparting training & skills for self employment. 	<ul style="list-style-type: none"> • The participants showed keen & positive interest in learning the skills and hoped that such courses must be conducted in future. • Successfully conducted for awareness and capacity building of the participants • Since 2001, more than 20, 000 participants from different sectors of the economy benefited from these training programs
Total	110	1323	<ul style="list-style-type: none"> • Specialized trainings are being provided in 5S Kaizen management, Lean Manufacturing, Quality & Productivity Improvement through JIT & TPM Techniques, Productivity Enhancement through TQM tools, QMS ISO-9001:08, EMS 	

			ISO-14000, SA-8000, HACCP, GP, QCC, SPC, Reengineering, Benchmarking and many others.	
--	--	--	---	--

International Courses

Years	Total Training Held	Trainees Participated	Objective	Achievements
International Courses				
Jan –Dec 2012	48	70	<ul style="list-style-type: none"> Basic principles of human centered productivity and its impact on competitiveness and sustainability of organizations 	<ul style="list-style-type: none"> Awareness and capacity building of the participants and organizations
Jan –Dec 2013	43	75	<ul style="list-style-type: none"> Observe and share of best practice of SME's in recovering the supply chain and business activities, Identifying the essential elements of developing and strengthening business partnerships 	<ul style="list-style-type: none"> build up strong relationships among SME owners/top managers in member economies and allow them to exchange their experiences in productivity improvement activities
Jan –Dec 2014	58	80	<ul style="list-style-type: none"> Reducing energy consumption and improve energy performance of organizations, Understand the methodology and standards of ISO50001 Demonstrate the applicability of the Knowledge management frame work and innovation in the public and private sectors 	<ul style="list-style-type: none"> promotion of green growth/economy and achieving sustainable development by adopting Green Productivity (GP) with
E-Learning Courses				
Jan –Dec 2012	03	105	<ul style="list-style-type: none"> To review the key strategies of the export promotion & develop 	<ul style="list-style-type: none"> To enhance participants understanding of the management

Jan –Dec 2013	05	100	programs of governments in member countries & assess the extent to which these are supporting productivity improvement	of organic agrifood products in food supply chains
Jan –Dec 2014	03	90	<ul style="list-style-type: none"> To enable participants to understand the standards, requirements and application of the Information Security Management System (ISMS) based on the ISO 27000 Series. 	
TES				
Jan –Dec 2012	04	195	<ul style="list-style-type: none"> Kaizan Management Organic Certification and Quality standards S & Productivity Tools Quality Management systems Green & Black Belt; Six Sigma 	<ul style="list-style-type: none"> Conduct awareness and capacity building of the participants and organizations
Jan –Dec 2013	03	90		
Jan –Dec 2014	05	To be implemented		
Multicounty				
Jan –Dec 2012	01	14 International 08 Local	<ul style="list-style-type: none"> Understand the challenges and difficulties for the performance management in the public sector by sharing case studies 	<ul style="list-style-type: none"> Solutions of effective us of performance management
Jan –Dec 2013	03	40 International 24 Local	<ul style="list-style-type: none"> Discuss the issues and capacity development needs of agri-business and provide the platform for presenting and discussing the latest, scientific methodologies 	
Jan –Dec 2014	01	16 International 08 Local	<ul style="list-style-type: none"> Building horticultural values chains Food safety Management 	

			systems ISO 22000	
Self Learning				
Jan –Dec 2013	04	300	<ul style="list-style-type: none"> To provide an understanding of innovation from a service sector perspective for enhancing productivity 	<ul style="list-style-type: none"> Understand the concept and implementation of the program
Jan –Dec 2014	08	500	<ul style="list-style-type: none"> To learn about and share the implementation strategies for successful application of innovation in the service sector To promote innovation in the service sector by sharing stories 	

Brief Year wise detail of Training Courses

Year	Total No. of Courses Conducted	Total Participants
2013	17	204
2014	12	158
2015	01	06
Total	30	368

E-Learning Courses

Year	Total No. of Courses Conducted	Total Participants
2013	22	156
2014	40	244
2015	06	31
Total	68	331

11. HEAVY MECHANICAL COMPLEX (HMC)

Heavy Mechanical Complex (HMC), Taxila was established under 3rd. Five Years Plan, with the technical and financial co-operation of government of People's Republic of China, to implement government's industrial policy to shift emphasis from consumer goods to capital goods manufacturing industry. HMC started its operations in December 1971.

Later in 1977, Heavy Foundry & Forge (HFF) was established, also with the co-operation of People's Republic of China, to produce heavy castings and forgings to facilitate HMC and other industry in the country. This project also envisaged the need of heavy engineering sector in his inaugural address in the following words, "***the role of engineering sector, particularly of heavy engineering is of paramount importance in developing economy. Meaningful industrial growth can only start after heavy engineering base is provided. Because of nature of this industry gestation period is long and returns are slow but equally they are essential***".

In 1990, Heavy Foundry & Forge was merged into Heavy Mechanical Complex.

PRODUCTION FACILITIES

The facilities in the company are comprehensive and largest in the country, under one roof. The facilities include design & engineering; Foundry & Forge Works comprising of steel casting, cast iron & non-ferrous castings, die & free forgings, heat treatment and pattern making shops; Mechanical Works comprising of fabrication, machining, assembly, galvanizing facilities and non ferrous fabrication facilities. HMC can undertake projects right from designing to manufacturing, installation and commissioning of plants.

QUALITY ASSURANCE

HMC has in-house quality assurance facilities manned by highly qualified professionals. These include for all types of mechanical tests, chemical tests, non-destructive tests and metrology.

QUALITY CERTIFICATIONS

HMC has also the following international quality certifications;

- ISO 9000: 2000 Certification
- ASME certification for stamps U, U2, S, PP & R for manufacture of pressure vessels, boilers, pressure piping under ASME codes.
- Lloyds of UK certification as manufacturer of 1st. class fusion welded pressure vessels.

PRODUCT RANGE & DEVELOPMENT

HMC has made significant contribution in local development of heavy engineering projects and its products line include sugar plants, cement plants, equipment for oil and gas processing plants, equipment for hydro and thermal power plants, Over head travelling cranes, steam boilers, pressure vessels, heat exchangers, road construction machinery, steel structures, heavy castings and forgings and other engineering goods.

EXPORTS

Besides meeting local requirement of plant and machinery, HMC has exported 4 sugar plants, one clinker grinding plant, over head travelling cranes, road construction machinery and host of other items to friendly countries as follows; -

Indonesia	Subang sugar mills (3000 tcd)
Bangladesh	Natore sugar mills (1500 tcd) Pabna sugar mills (1500 tcd) Sks clinker grinding plant(1450 tpd) E.O.T cranes for railways Boilers
Sri Lanka	Gates for irrigation system (Mahawali Development Project)
Kenya	Asphalt mixing plant
Ghana	E.O.T. cranes for railways
Sudan	Evaporation station for sugar mill
Saudi Arabia	4 tph heat recovery boiler
Ethiopia	Sugar mill (8000 TCD)

FINANCIALS

Financial performance of the company for the last five years is tabulated below; -

**PERFORMANCE AT A GLANCE YEARS
2010 ~ 2015**

Rs. in Million

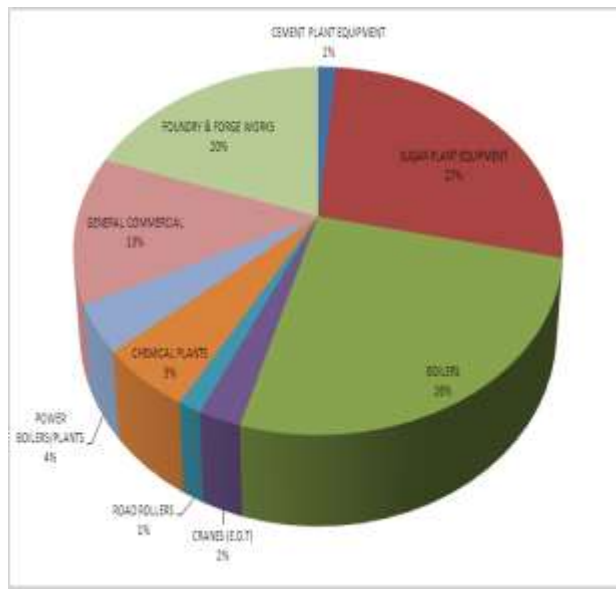
Year Ending 30th. June	Sales	Gross Profit/ (Loss)	Pre-Tax Profit/ (Loss)	Loans		Inventory	Orders in hand
				Long term	Short Term		
2010	1983.40	202.13	1.08	428.10	150.00	842.00	1400.98
2011	2251.42	239.49	3.146	914.08	150.00	1033.51	2102.37
2012	2628.51	267.47	14.20	959.79	150.00	1139.26	2600.05
2013	2634.11	239.17	2.32	429.00	150.00	804.00	1799.65
2014	2983.96	309.83	32.60	429.00	150.00	716.95	886.27
2015 (Provisional)	1010.15	-799.88	1041.42	429.00	150.00	405.03	651.944

**PROFIT & LOSS
YEARS 2014 & 2015**

Rs. in Million

Description	Actual Jul-Jun 2014	Budget Jul-Jun 2015	Actual Jul-Jun 2015 (Prov.)	Variance over	
				Actual last year	Budget
Sales (mnf.)	2983.958	3300.068	1010.146	(1973.812)	(2289.922)
Cost of Sales	2674.127	2974.809	1810.028	(864.099)	(1164.781)
Gross Profit/(Loss)	309.831	325.259	(799.882)	(1109.713)	(1125.141)
<u>Operating Expenses</u>					
General & Admin.	210.988	214.084	185.383	(25.605)	(28.701)
Selling & Distribution	35.129	46.019	39.077	3.948	(6.9.42)
Total Opr. Expenses	246.117	260.103	224.460	(21.657)	(35.643)
Operating Profit/(Loss)	63.714	65.156	(1024.342)	(1088.056)	(1089.498)
Financial Expenses	(92.809)	(93.612)	(93.612)	0.803	
Other/Interest income	69.893	76.535	76.535	6.642	
WPPF/others	(8.202)	-	-	(8.202)	(8.202)
Profit/(Loss) before Tax	32.596	48.079	(1041.419)	(1074.015)	(1089.498)
Taxation	(26.076)	(33.000)	(10.101)	(15.974)	(22.898)
Profit/(Loss) after Tax	6.520	15.079	(1051.520)	(1058.040)	(1066.599)

Sales Break-up during 2014-15



FUTURE DIRECTION OF THE COMPANY

Since its inception in early seventies, HMC has excelled in many disciplines. HMC can rightly be proud of its achievements in local development of capital goods especially in heavy engineering sector like Sugar mills, Cement plants, Boilers, Cranes, Oil & Gas industry, Power generation plants, Heavy Castings / Forgings and many such other similar products.

In line with its policy of indigenization of technology for the growth of local industry, HMC, in addition to other areas, is specifically working on the following areas/ products:

16 MW NALTAR-III HYDROPOWER PROJECT

HMC has manufactured and supplied large number of equipment for hydropower plants for various projects in the country. Now, Government in view of need and large potential of hydro-electric power generation has entrusted HMC with turn-key execution of 16 MW, Naltar-III hydropower project, as a model local project, to develop the local capabilities in turn key execution of hydro power plants. The Project is now awarded and formalities for signing contract with Water & Power Department, Gilgit Baltistan are being completed.

HIGH PRESSURE BOILERS FOR CO-GENERATION

There is large potential for power generation in sugar industry by replacing the existing low pressure boilers with high pressure boilers. HMC has been regularly designing, manufacturing and supplying bagasse fired boilers to sugar industry, according to their needs. Now, HMC has completed the design of high pressure bagasse fired boiler and is offering to sugar industry. The indigenous availability of high pressure boilers will help in expediting co-generation in sugar

industry, which will greatly help in reducing the electricity shortage in the country. Recently HMC has supplied a high pressure boiler of 140 ton / 67 bar capacity and complete fuel & ash handling system for a 26.2 MW co-generation project which is operating successfully. Furthermore, HMC is also negotiating supply of high pressure boilers and complete fuel & ash handling system to three co-generation projects.

FALLING FILM EVAPORATORS

HMC has been meeting the entire requirements of the sugar industry for more than three decades. It has been keeping pace with the developments in sugar industry to provide the industry with better equipment for improvement in performance. Recently HMC has developed falling film evaporators, which improve the performance with energy conservation. HMC has offered this product to local industry.

TWO ROLLER CANE CRUSHING MILL

Recently HMC has completed the indigenous development of 2-roller cane crushing mill for sugar mills. These mill are replacing the 3 & 4 –roller mills at present. These mills are energy efficient and give better results. HMC has already executed two orders for these mills, which have been installed in the crushing season.

FUTURE PLANS FOR ENERGY SECTOR

HMC is working on developing capabilities as an EPC company, to make contribution in energy sector, for domestic requirements on priority along with export potential for engineering goods to increase the country's exports.

On the initiative of Ministry of Industries & Production, HMC has prepared future plans for up-gradation of its design and manufacturing capabilities and had submitted the two PC-1s. These PC-1s have been approved by the CDWP and ECNEC for execution. These PC-1s are for the following projects: -

1. ESTABLISHMENT OF DESIGN INSTTUTE

The project costing RS.665 million is to develop local capabilities for complete design of power plants (Thermal, hydro & renewable) and oil & gas processing and refining plants within the country. This PC-1 was approved by CDWP in January 2011 and is under implementation.

2. UP-GRADATION OF FACILITIES

HMC is for up-gradation of its facilities for production of equipment for complete power plants including turbines and other energy sector plants. The project will cost around Rs.21.5 billion. It shall up-grade steel melting & refining, forgings, fabrication and CNC machining facilities. This PC-1 was approved by CDWP & ECNEC in January & May 2011 respectively.

12. UTILITY STORES CORPORATION (USC)

Brief History

Utility Store Corporation was established in July 1971, by taking over 20 retail outlets from the Staff Welfare Organization. Passing through various stages of expansion and reorganization, the Corporation was operating 5663 stores throughout the Country during year 2014-2015.

Legal Status

The Corporation was established under an Executive Order of the then President of Islamic Republic of Pakistan. It had been registered as private limited company under Companies Act, 1913, now called Companies Ordinance, 1984.

Basic Objective

The basic objectives among the other for which the Corporation had been established are: -

- a. To protect the real income of the people by selling essential consumer items at prices lower than those prevailing in the open market.
- b. To act as a price moderator in the market and deterrent to profiteering, hoarding and black marketing by the private sector.
- c. Provision of Economic relief to consumers through Special Relief Packages.
- d. Food security during crisis. (Provision of basic Food items to affectees during Natural Calamities).

Operational Efficiency

Operational performance of the Corporation during the last seven years is tabulated hereunder:-

Year	Sales achieved (Rs. In Billion)	Net profit/Loss (In Millions)
2008-09	48.734	0.452
2009-10	52.932	0.708
2010-11	68.917	0.844
2011-12	68.281	0.775
2012-13	93.000	1.158
2013-14	95.000	1.001
2014-15	57.992	(1.338)

Employment Generation

The Corporation at present is one of the major job providers in the Country. The Corporation had Manpower of more than 13,500 personals in different categories.

No burden on Government Ex-Chequers

The Corporation is not a burden on the Government Ex-Chequer. It is not getting any kind of grant or subsidy for its operational expenses. All kinds of operational expenses which include the cost of salaries, wages, cost of selling and distribution, rentals of the buildings, the cost of electricity, payment of taxes etc. Are being met by the Corporation itself from the Gross Profit margin of the sale proceeds. This is a great service to the Nation. Monthly salary bill of the Corporation is more than 275 Million.

Taxes Deposited in the National ex-Chequers

Despite selling the essential consumer items at the prices lower than the open market, the Corporation during the last Seven years has paid various taxes amounting to Rs.34.851 Billion in the Government exchequer as per following details:

Sr. No	Year	Amount (Rs. In Billions)
a.	2008-09	4.149
b.	2009-10	4.534
c.	2010-11	6.412
d.	2011-12	5.294
e.	2012-13	5.318
f.	2013-14	7.802
g.	2014-15	1.342
Total: -		Rs. 34.851

Expansion of the Network

Since the year 2007 the network of the corporation had been considerably expanded. Number of Warehouses increased from 15 to 65 and stores from 560 to 5663. At present, Utility Stores Corporation is one of the biggest Corporation of Ministry of Industries having its network all over the Country. The Corporation is operating 34% in the urban and 66% in rural areas.

Provision of essential commodities

The Corporation has successfully discharged its obligatory functions of provision of essential commodities at reduced prices. The prices of essential commodities being sold at USC outlets are 5 to 10 percent less as compared to open market.

Penetration into rural areas

The Corporation has successfully penetrated in the rural areas by opening of stores at Union Council level. Present percentage / ratio of the coverage of the stores in Urban and rural areas is that the Corporation is operating 34% in urban areas and 66% in rural areas.

Ramzan Relief Package 2014

a. During the last seven years, the Corporation had successfully conducted Ramzan Relief Packages under which essential commodities, which include Atta, Ghee / Oil, Dal Channa, Baisan, Black Tea, Milk and Spices were sold on subsidized rates. In addition, the Corporation by narrowing its own margin reduced the prices of more than 1000 items by 5 to 10%.

b. The performance of the Corporation in terms of quality and service during Ramzan Relief Package 2013 was appreciated by the Government as well as public. The Corporation achieved the record sale of Rs.19.854 Billion during the Holy month of Ramzan 2013. The consumers through this Ramzan Relief Package availed much needed economic relief.

c. The Government approved Ramzan Relief Package-2014 for a relief of 2000 Million. Under this Ramzan-2014, sixteen essential commodities which include Atta, Ghee/Oil, Dal Channa, Dal Mash Washed, Dal Moong Washed, Dal Masoor, Baisan (Chakki), Dates (Khajoor), Rice Basmati, Rice Sela, Broken Rice, White Gram, Squashes and Syrups (Bottles), Black Tea, Milk (Tetra Pack) and Spices have been sold on subsidized rates. In addition to this, the prices of more than 1500 food and non-food items have been reduced by the Corporation by narrowing its own margins and through obtaining additional discounts from vendors/suppliers. In addition to the Sales / provision of subsidized items to consumers through USC own network, the Corporation also established more than 250 Stalls in the Sasta Bazars organized by the Government of Punjab in all the Districts of Punjab. The Corporation has achieved sale of Rs.19.281/- Billion during the month of Ramzan-2014. Much needed relief has been availed by the consumers.

Ramzan Relief Package 2015

The Government approved Ramzan Relief Package-2015 for a relief of 130 Million. Under this Ramzan-2015, eighteen essential commodities which include Atta, Ghee/Oil, Dal Channa, Dal Mash Washed, Dal Moong Washed, Dal Masoor, Baisan (Chakki), Dates (Khajoor), Rice Basmati, Rice Sela, Broken Rice, White Gram, Squashes and Syrups (Bottles), Black Tea, Milk (Tetra Pack) and Spices have been sold on subsidized rates. In addition to this, the prices of more than 1500 food and non-food items have been reduced by the Corporation by narrowing its own margins and through obtaining additional discounts from vendors/suppliers. In addition to the Sales / provision of subsidized items to consumers through USC own network, the Corporation also established more than 300 Stalls in the Sasta Bazars organized by the Government of Punjab in all the Districts of Punjab and arranged mobile Utility Stores throughout the country where Utility Store was not operated. The Corporation has

achieved sale of Rs. 13.719/- Billion during the month of Ramzan-2015. Much needed relief has been availed by the consumers.

Special Role of USC

- i) Provision of Food security to affected People during the natural calamities
- ii) Intervention in market through sale of subsidized items.
- iii) Provision of economic relief to consumers through special Relief package like Ramzan Relief Package every year.
- iv) Market intelligence.

13. PAKISTAN INDUSTRIAL DEVELOPMENT CORPORATION (PIDC) & ITS SUBSIDIARY COMPANIES

The role of PIDC is to develop non-traditional and unorganized sectors to contribute effectively towards accelerated growth in export from Pakistan through private sector. PIDC through its subsidiaries develops and expand technical/engineering /craftsmen skills in various disciplines of socio-economic importance.

1. Pakistan Gems and Jewellery Development Company (PGJDC)

Pakistan Gems and Jewellery Development Company (PGJDC) is a subsidiary of Pakistan Industrial development Corporation, working under the Ministry of Industries & Production, Government of Pakistan. The charter of the Company is to enhance the value chain productivity of Gems and Jewellery industry of Pakistan from Mine to Market. The Company aims to enhance exports through facilitation, technology upgrading, skill development and marketing/branding initiatives. The company endeavors to establish Pakistan as a high value added, internationally competitive, world class hub for jewelry manufacturers, traders (retailers/wholesalers/exporters) and other stakeholders.

Achievements

- Gems and Jewellery Common Facility Training and Manufacturing Centers (CFTMCs) in Karachi, Lahore, Quetta, Peshawar, Gilgit, Sargodha and Muzaffarabad (AJK) have been established. These centers are facilitating training in Gemology, Lapidary, Manual Jewellery and Computer added designing.
- Gem Exchanges in Peshawar and Quetta, are providing Gem identification Laboratories Trading booths and Gem Bazars at very low charges to local sector.
- Gem Identification/Certification Laboratories in Karachi, Lahore, Quetta, Peshawar, Gilgit, Sargodha and Muzaffarabad (AJK) are facilitating and training the local cluster in the field.
- Assaying and Hallmarking Centers in Karachi and Lahore have registered 111 members and a total of 3248 articles have been analyzed during 2013-14.
- Marketing & Branding is in process through: -

- a. Participation in International Shows
- b. Organizing local Gems and Jewellery Exhibitions/Bazaars
- c. Advertising and Promotion

2. Furniture Pakistan (FP)

Furniture Pakistan is a subsidiary of Pakistan Industrial development Corporation (PIDC), established in 2007 with the objective to facilitate the furniture industry through provision of access to latest furniture manufacturing technology and produce skilled labour and to enhance the compatibility of the furniture industry of Pakistan in international markets.

Achievements

- Construction work of three sites i.e. Common Facility Training & Manufacturing Centers (CFTMC) Chiniot, Peshawar, & new site for Center of Excellence for Wooden Arts (CEFWA) Sargodha has been completed.
- State of the art machinery for CFTMCs has been procured and shifted to the centers for operations.
- Prepared-Prospectus, Curriculum, Training manual for '3 month Carpenter Course'.
- Chalked out province wise plan & implementation matrix (2013-18) for development of furniture sector in Pakistan.
- Chalked out future strategy for self-reliance of Furniture Pakistan and its projects, in order to lower the burden on government ex-chequer.

3. Pakistan Hunting & Sporting Arms Development Company (PHSADC)

Pakistan Hunting and Sporting Arms Development Company (PHSADC) was established in 2006, as public company with limited liability, having share capital under section 42 of the companies ordinance, 1984 as subsidiary of Pakistan Industrial Development Corporation (PIDC) under administrative control of the then Ministry of Production, Islamabad.

As per PC-I the Company has given the mandate to make this sector a "driving force, enterprise strengthening through technology up-gradation, total quality management, import substitution and new business channels and International promotion".

Achievements

- Facilitated exports of Hunting and Sporting Arms to the tune of US\$ 1.3 million.
- The company has provided technical support to the local SME's production lay-outing for mass production to make the product competitive in the international market.
- To attract foreign buyers PHSADC organized successful Target & Outdoor Shooting Sport (TOSS) shows in 2011 & 2012.

4. Aik Hunar Aik Nagar (AHAN)

The concept of AHAN is designed to emulate the OVOP (One Village One Product) of Japan and OTOP (One Tombon One Product) of Thailand programs which have been quite successful in modernizing non-farm micro-and small-enterprises (MSEs) and thus improving employment prospects of the poor. AHAN objective is to support poverty alleviation initiatives of GoP through facilitating rural craft persons, artisans and poor producer groups in accessing enterprise development services and cater for neglected sector of hand crafted products produced in rural and semi urban areas.

Achievements

- AHAN has so far executed 132 projects in all provinces which includes Gilgit Baltistan and AJK.
- From Rural and semi urban areas more than 60 districts have been covered through these projects.
- AHAN has so far targeted more than 33,000 artisans and craft persons throughout the country in which approximately 70% are woman.

5. Southern Punjab Embroidery Industries (SPEI)

Southern Punjab Embroidery Industries (SPEI) was established as under Public / Private Partnership. Its funding included public sector share of 26% and rest by private sector to promote hand & machine embroidery as an industry to compete in the local as well as global market through skill development.

Achievements

- SPEI engaged about more than 4500 local Raw and Skilled peoples in which most of them are woman.

6. Agro Food Processing Company (AFP)

Agro Food Processing Facilities Multan was established under section 42 of the company's act 1984 in July, 2012 for providing processing facilities and pulp extraction of various vegetables fruits by establishing common facilities center.

Achievements

- AFP created direct and indirect emolument opportunities for approximately 400 persons during each season.
- AFP achieved the milestone of processing 200 tons of fruit per day in current financial year.
- Value addition of Rs. 35-45 per kg.

- Increase in the price of second category fruit and reduction in the wastage loss of second category fruit.

7. Khadi Crafts Development Company (KCDC)

Khadi Crafts Development Company established on Public - Private Partnership. Its funding included public sector share of 46.75% and rest by private sector to revive traditional craft of khadi industry/sector through enhancing competitiveness and productivity by creating employment opportunities for local artisans including woman.

Achievements

- KCDC has organized an excellent exhibition in Kashmir Garrison and provided quality stuff in competitive prices with exemplary customer care.
- KCDC declared as innovator of the year 2014 & won 1st prize of the event. This competition was organized under the Innovation Pakistan Forum, Planning Commission of Pakistan.
