

## DIRECTORS' REPORT TO THE SHAREHOLDERS

The Board of Directors of **Technology Upgradation and Skill Development Company** (Your Company) is pleased to present the Annual Report along with the audited financial statements for the year ended June 30, 2011.

### OVERVIEW

The fiscal year 2010-2011 proved to be a difficult year for Pakistan, Pakistan's economy remains stressed in the aftermath of the unprecedented floods, low GDP growth, double digit inflation, deteriorating security environment and due to the continued delays in the implementation of key economic reforms. Your Company's future outlook has also suffered due to the catastrophic flooding in major parts of the country, leading to loss of lives, displacement of a large segment of population and extensive damage to infrastructure, which present the Government another formidable challenge and restraints on financial resources for development.

The Country's Development Budget has suffered large cuts and funds were directed towards rehabilitation of IDP's and strengthening of national security. Therefore, Six (6) projects of the company for which fund allocation was made in PSDP 2009-2010 did not materialize. These projects included PITAC Transformation, Establishment of Six CAD/CAM Training Centres in Bahawalpur, Sargodha, Okara, Larkana and Hyderabad, Peshawar Engineering Support Centre, Quetta Engineering Support Centre, Hyderabad Engineering Support Centre and Federal Institute of Material and Homologation. In addition our PC-1s for electronics and CFL Bulbs were diverted to possible funding from China.

The year under review was the 5th operational year of your Company in which **four** projects namely NIDA (Lahore, Quetta & Sialkot) & SDCs-Batagram completed three years of successful operations. **Two** NIDA Centres (Karachi & Peshawar) and **One** SDC (Khaki) has completed two years of operations. SDC Khaki and SDC. batagram are in process of handing over to Provincial Government of Khyber Paktunakhawa. **SkillTech Karachi** has completed 4 months of its operational activities.

Apart from running of aforementioned projects in operational phase, most of the machines have been commissioned at GTDMC & CDTC and operations have been started for GTDMC. We are hopeful that these centres will be fully operational in the coming year.

A detailed report on the achievements of your Company during the year is given as under.

#### **Establishment of NIDA (Advanced CAD/CAM) Centres** **Rs321.12 Million**

NIDA Centres are providing unique design training experience incorporating the academic aspects together with social interaction during the training. NIDA training facilities are flexible and technologically advanced learning environment is provided that are safe, healthy, comfortable, aesthetically pleasing and accessible. NIDA centres have state of art lab rooms, contemporary building, licensed software and office equipments that are essential for a modern training centre.

NIDA (Eight(8) Advanced CAD/CAM training centres), the project was initially approved for 3 years as per PC-I to establish five(5) CAD/CAM centres in Lahore, Karachi, Sialkot, Peshawar and Quetta under management of Your Company in first phase. The project was further extended for a period of one(1) year on request of Your Company's management to achieve its objectives effectively. NIDA Centres at Lahore, Quetta and Sialkot have successfully completed their 4 years of operations, Peshawar & Karachi have started their 4<sup>th</sup> Year of operations.

These centres were planned to teach 'Design' rather than commercial software training and impart skills of critical importance to help Pakistan's industry move to the other side of digital divide. CAD/CAM Centres design and develops courses on internationally renowned design software to make full use of existing "proven" technologies and offers reasonably priced, justifiable, supportable costs to its clients/students. CAD/CAM technologies, not only reduce time to design & produce quality but also enhance the capacities of Pakistani skilled manpower & increase their competitiveness. In pursuit of this objective the CAD/CAM Centres have conducted 676 trainings and 7939 CAD/CAM skilled workforce have been provided to the economy.

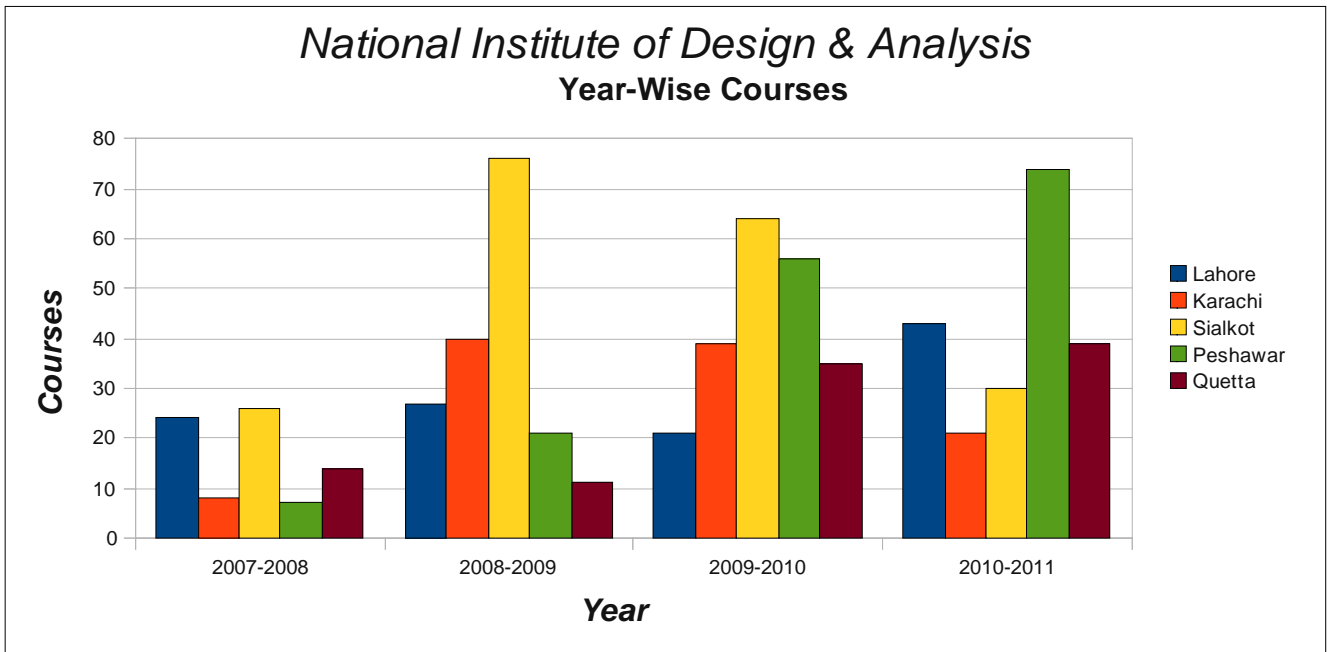
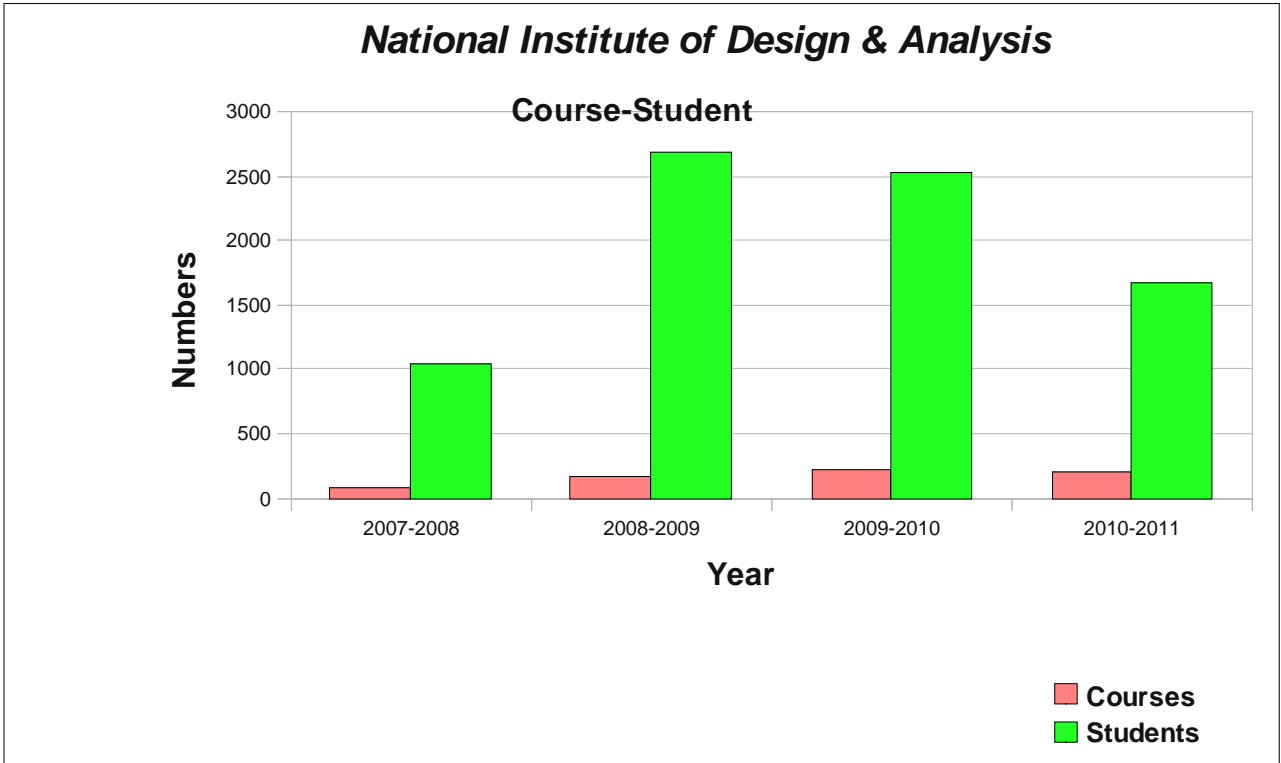
Students certified by CAD/CAM Centres are working in different sectors of Industry and providing valuable services to economy of Pakistan. Many of our certified students are working aboard and sending precious foreign remittance to Pakistan. These trickle down effects have already been observed by the management/Ministry of Production as many of our trained students have been able to get jobs overseas on the basis of courses they completed in NIDA Centres.

A brief table of operational results of five NIDA Centres is as under:

PARTICULARS	Completed 4 <sup>th</sup> year of Operations			Completed 3 <sup>rd</sup> year of Operations		TOTAL
	Lahore	Quetta	Sialkot	Karachi	Peshawar	
Courses Conducted	115	99	196	108	158	676
Student Pass Out	1111	1406	2272	1663	1487	7939

Figure-3

Source: NIDA Head Office



**Skill Development Centres  
(Batagram & Khaki – Operational)**

**Rs 200.00 Million**

SDC Batagram (completed four years of successful operations) has received tremendous response from the local community. More than 3400 students passed out as compared to the

1,140 students target set as per PC-1. This includes 110 students who were registered with Trade Testing Board (TTB), KPK in January 2010 in Diploma in Information Technology, Electrician, Civil Surveyor, Carpenter, Welding, Plumbing and Information Technology in SDC Batagram. 92 students are currently registered for one year TTB courses. Furthermore, 206 students are enrolled in Benazir Income Support Fund (BISP) program started from 15<sup>th</sup> April 2011. The course duration is six months in 9 trades.

SDC Khaki started operations on December 01, 2007. The Centre is conducting courses in 6 trades of construction, 8 trades of hospitality and tourism and some other basic courses. So far 3,018 students have been passed out. This includes 86 students who were registered with TTB for Diploma in Information Technology, Electrician, Civil Surveyor, Carpenter, Welding, Plumbing and Information Technology Certificate. Currently 24 students are registered for the batch 2011.

Construction and Civil works, Hotel Management and some other basic kinds of courses are being held in SDC Centres. Construction and civil works includes Electrician, Plumbing, Welding, Mason, Shuttering Carpenter, Steel Fixer, Building Supervisor and Quantity Surveyor. Hotel Management includes Food & Beverages Production, Kitchen Helper, House Keeping, Front Office, Courtesy Driver, Tour Guide, Trekking Guide and Food and Services. Other Courses includes Basic Computer, English Language, Motor Winding and Electrical Supervisor.

**Cement Research and Development Institute (CR&DI) Rs 22.29 Million**

After upgradation and revitalization of the CR&DI laboratory and building, the laboratory started functioning under TUSDEC management and control in January 2006 . Since then, more than one 1792 samples have been tested and generated revenue Rs.11.347 Million

Renovation of existing facility and transformation to modern laboratory under Phase-2 & Phase-3 is pending approval of PC-1 and release of project funds from PIDC.

During the financial year ending June 30,2011, CR&DI received 360 samples, conducted tests and earned revenue of Rs. 2.25 M.

Among major achievements CR&DI has successfully launched European Cement Standards & Sri Lanka Cement Standards for cement testing and has initialized comprehensive strength of Concrete ,Dry shrinkage & Fire Bricks Crushing Strength & Chemical Analysis of Silica fumes, Cylinder testing,Concrete Expansion testing

Various prominent project entrusted us for quality assurance of cement (June 11-July 11)

1. Neelam Jhelum hydro project
2. Duber Khwar hydro project
3. Bong Hydro project
4. DHQ Hospital Khutta
5. AJK University campus
6. Kalma Chowk Flyover
7. 747 Mw power plant Guddu
8. Satpra Dam Sakrdu

9. Lahore Ring Road Project
10. Faisalabad-Khanewal Motorway(M-4)
11. Bridge over River Ravi Toba tek Singh

CR&DI have credibility have been acknowledged by

- 34-Consultants
- 83-Construction Firms
- 29-Cement Factories.

A comparison of CR&DI activities over the last six year have been depicted as:-

#### 6-YEARS PERFORMANCE

YEAR	REVENUE	SAMPLES
2005-06	Rs.5,31,500.00	92
2006-07	Rs.14,58,800.00	245
2007-08	Rs.19,70,300.00	298
2008-09	Rs.25,55,600.00	392
2009-10	Rs.25,74,500.00	405
2010-11	Rs.22,56,500.00	360
<b>TOTAL REVENUE</b>	<b>Rs.11,34,720.00</b>	<b>1792</b>

#### FUTURE INITIATIVES

To meet basic objective of substantial increase in revenue following new proposal has been suggested :-

1. ISO Accreditation
2. Launching of ISO 679 International Cement Standards
3. Concrete Cylinder testing
4. Marketing
5. UTM annual Maintenance (after 2 years)
6. water Analysis
7. Coal Analysis
8. Iron Bars Tensile strength determination

#### **Ceramics Development and Training Complex (CDTC)**

**Rs 475.4 Million**

The objective of CDTC is to help upgrade Ceramics industry, in particular the sanitaryware sector by providing engineering and production support in the form of a Common Facility Centre (CFC) to mitigate their current low level technical facilities using outdated technologies. This CFC will result in the sector's ability to reduce imports while developing export potential.

After on site surveys and in-depth discussions with local and foreign manufacturers,

consultants and machinery makers to address the prevailing issue of non-availability of operational funds from the Government and specific desire expressed to reach self-sustainability as rapidly as possible, the machinery list in the PC-1 was upgraded by including a few modern and state-of-the-art Processing Machines. The inclusion of these dual-role machines will allow the Centre to introduce new technologies and be a flagship project for upgradation and quality improvement of Ceramics Sector all over Pakistan. It will enable adoption and bring improvement in this local sanitaryware cluster to develop new products, new 'international' standard designs for securing a competitive edge in the local and global market without burdening Government resources and ensuring self-sustainability.

A request was made to Ministry of Industries and Production (MoIP) for re-appropriation and escalation of Project Cost Components due to inflation, Pak Rupee depreciation and additional machinery which was approved on 12 August 2009 & 28 May 2010 respectively. Further, a revised PC-1 has been submitted and approved by MoIP with no change in scope except that the project was modified to cover the whole Ceramics Sector and some state-of-the-art machines added to introduce new technology and ensure sustainability of the project in the long run. It also includes a machine to help upgrade the industry in automation of its current casting techniques. The procurement of additional machines and equipment is in line with the enhanced scope of the project, to cover the whole ceramics sector.

The allocation of funds for Financial Year 2011-12 is Rs. 124.07 M. which include the cost of revised PC-1. The PC-1 revision was made as directed by DAC and the revised PC-1 has been approved by MoIP and awaiting CDWP. The funds will be consumed mainly in procurement of machines related to modern casting techniques, such as High Pressure Injection Casting, Battery Casting and procurement of remaining equipments in Laboratory. Plus the funds will be consumed in provision of basic facilities for managing day to day affairs of CDTC such as Construction of Rooms for Office Staff, Construction of Class Rooms, Construction of Rooms for Kiln Control Panel, UPS, Multimedia, Photo Copier, Fire Fighting System, De-Centralized Air Conditioning System and other basic facilities. A major chunk of Allocated 112.27 M are for Operational Expenses of CDTC in the coming years. ]

During the financial year 2010-11, following milestone achievements were made

- ✦ Shuttle Kiln was successfully repaired, commissioned and now has started firing of wares for the local Sanitary ware cluster
- ✦ Equipments installed in Laboratory were made functional, test runs were carried out and within one month CDTC laboratory will be able to start testing for local ceramic industry.
- ✦ **Marble Processing Machines**
  - Marble processing machines were made operational, samples were produced and placed at different outlets/selling points in Lahore and Gujranwala
  - Market survey related to potential of Marble Processing Machines was carried out which showed that high end products for high end market can be targeted as these high end products are mainly imported from different countries. Foreign exchange reserve can be saved by utilizing these Marble Processing Machines which can perform import substitution
  - Liaison and working relationships were built with local distributor and manufacturers for effective and efficient utilization of Marble Processing Machines
  - Sourcing of tools used in these machines was carried out, alternate sources were

searched for in China

Once fully Operational CDTC will start

- ✧ recruiting students for provision of trainings in different areas of Ceramics and will also start 3 Year Diploma Classes.
- ✧ Start Consultancy services for the industry

***Technology Upgradation Management and Skill Development Fund (iTUF) Rs3000 Million***

All final use products do require continuous research and development for enhancing competitiveness either by technology up-gradation, skill development or by improved management systems. In the Trade Policy 2009-10 of Pakistan, a fund dedicated to support these activities named Technology, Skill and Management Up-gradation Fund of Rs. 3 billion has been announced to be established. This initiative has been proposed to be implemented by MoIP through TUSDEC.

The Fund has been designed to make interventions to stimulate technological upgradation and relevant skill development in the focused industrial sectors of Pakistan. The Fund would be an essential ingredient in the success and prosperous development of the industrial sector which would enable Pakistan to become competitive and connect it to the global value chain.

The Fund would facilitate induction of state-of-the-art or near-state-of-the-art technology and skill set through:

- Procurement of Plant and Equipment (targeted technologies of the focused industrial sector)
- Procurement of technology licensing, patents, rights, prototypes and designs.
- Development of skills on targeted technologies.

It is essential that the level of sophistication of industrial technology is enhanced and the industry is upgraded to produce globally competitive products. Fund will identify focused sub-sectors in the manufacturing sector. The fund would benchmark the current technology level in these sub-sectors. Within the sector, targeted technologies will be identified pursuant to the level of sophistication required. The fund would also identify relevant skills to set-up, maintain and operate the machinery as well as the skills required in acquiring, organizing and utilizing the data being produced by these machines. The Fund will directly finance the acquisition of targeted technologies, paraphernalia and skill set so as to facilitate the upgradation process to the next higher technical stage. Such technical jumps eventually would congregate to enable the industrial sector to reduce the technology gap and to move wider on the techno-spectrum.

Thousands of medium, small and cottage industrial units spread all over the country that comes under Light engineering industry sector will be the beneficiaries of the ITF. All micro and meso scale enterprises involved in in-house manufacturing of small engineering products or acting as vendors of parts /services to Original Equipment Manufacturers (OEMs) will be included as beneficiaries to the fund.

The PC-1 has been submitted and approval is waited for funding.

## Initiatives of Skill Development Department for FY 2011-12

Skill Development Department is providing International Certifications of Engineering Council UK and City & Guilds UK qualifications in Pakistan. This will allow youth to be equipped with internationally certified skills and enable them to compete confidently with the global workforce. Skill development department is successfully conducting these examinations from last two years. All the examinations were conducted in the state of the art examination centre as per the requirement of City & Guilds UK. These examination stream generate a very good revenue for TUSDEC.

Skills International, Sri Lanka an official representative of City & Guilds, UK in Sri Lanka, Maldives and Pakistan has signed agreement with TUSDEC to become partner for the implementation of its programme and conducting examinations in Punjab, KPK and AJK. This is a unique opportunity for TUSDEC to work directly with City & Guilds UK and enhance its coverage, acceptability, outreach and earn greater revenue through attracting registration of public and private institutes involve in technical and vocational training with minimal investment. TUSDEC has now started earning very good revenue through conducting examination in the areas of Punjab, Federal and AJK.

Skill Development Department is also providing management training to corporate sector. Skills is offering these courses through proper planning. All these courses are designed on the market need and valued input from clients. Feed back received from participants are very important and all the courses are developed on the feed back received from candidates.

A brief table of Skill Development Department results are as under:

### **International Certifications** (Engineering Council UK and ESOL / SESOL City & Guilds UK)

Year	No. of Exam Conducted	No. of Candidates	Fee Collected (Rupees)	Gross Profit (Rupees)
2009 – 10	1	29	1507011	371247
2010 – 11	4	41	878198	182939
2011 – 12 (Up to July)	4	60	180000	102800

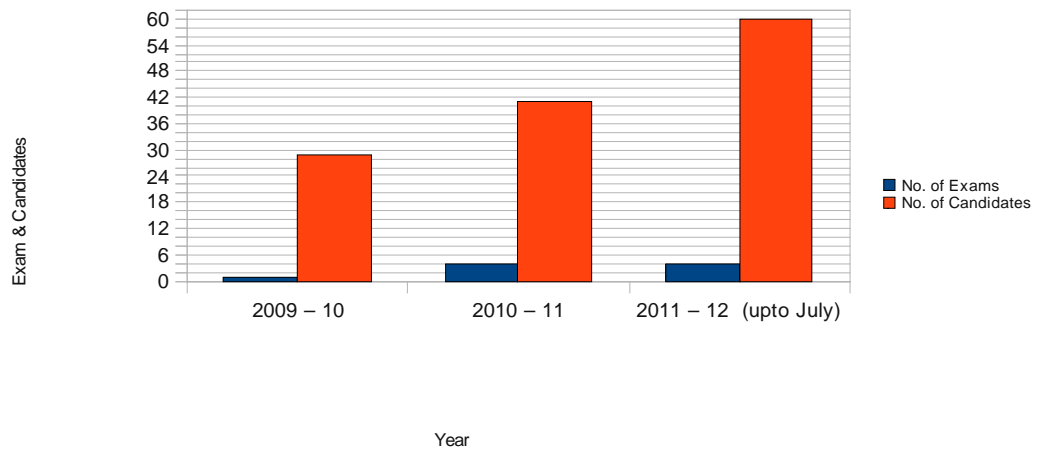
### **Management Trainings**

Year	No. of Courses Conducted	No. of Participants	Fee Collected (Rupees)	Gross Profit (Rupees)
2008 – 09	6	60	686537	53074
2009 – 10	10	130	1127790	402594
2010 – 11	12	135	1618978	738640

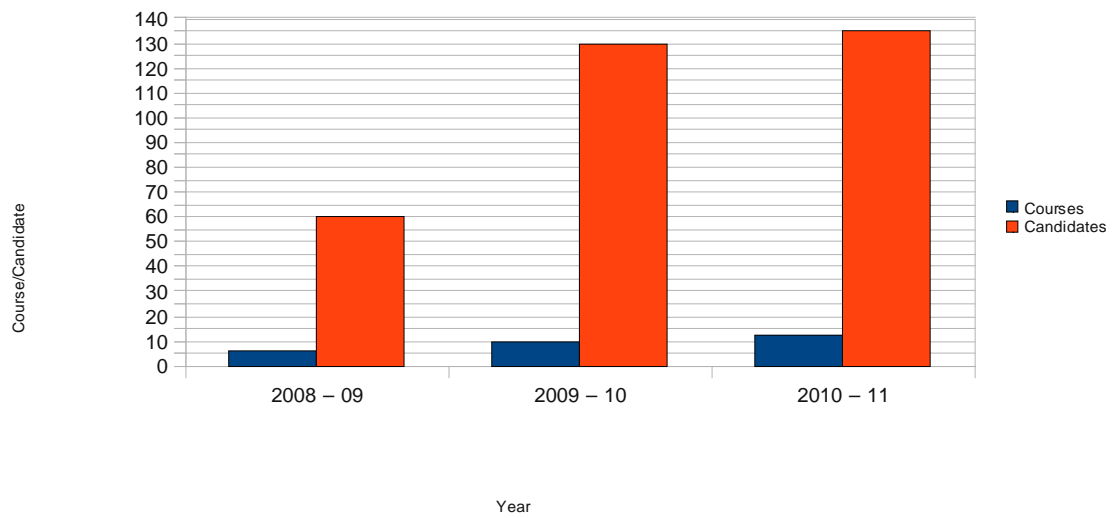
Graphical presentation is attached

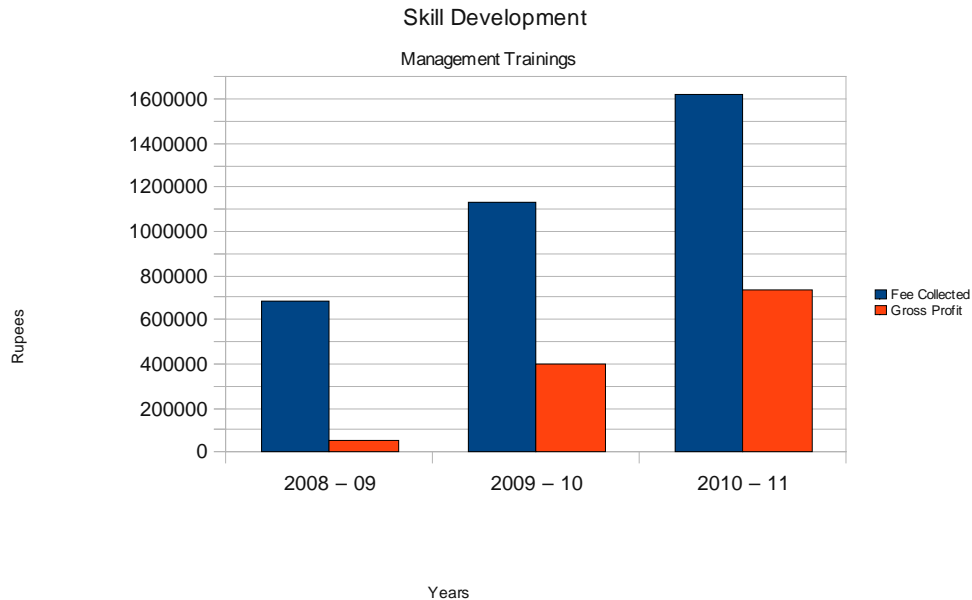


### Skill Development Department International Certifications



### Skill Development Department Management Trainings





### **Engineering Support Centres**

**Rs 671.95 M**

- **Peshawar Engineering Support Centres (PESC)                      Rs 230.56M**
- **Lasbella Engineering Support Centres (QESC)                      Rs 217.9M**
- **Hyderabad Engineering Support Centres (HESC)                      Rs 223.49M**

Three Engineering Support Centres (ESC) have been planned to be set up in Peshawar, Hub/Lasbella and Hyderabad with a project cost as shown above sponsored by Asian Development Bank (ADB) funding through Government of Pakistan.

These Engineering Support Centres (ESC) shall provide following services;

- Design, development and manufacture of tools, products and rapid prototyping
- Technical Services in conventional and CNC Machining, Heat Treatment, CAD/CAM and CAE solutions, Precision Grinding and Inspection
- Technical literature, books, journals, software, research in tools and technical assistance

Advanced technical & managerial training courses for manufacturing & production oriented industries will be offered. Advisory services for improvement of products, processes, quality and productivity will be provided through experts hired by the three ESC.

For these projects respective chambers of commerce in Lasbela and Hyderabad are providing free of cost Land and Peshawar chamber is providing land and building.

PC1s for the above three projects have been approved by CDWP and administrative approval has been received. The allocation of of the projects for FY 2011-12 is Rs 5M each. Cash/Work Plans has been submitted to MoIP for release of funds.

### **Up-gradation of Cement Research and Development Institute (CR&DI)**

### ***Rs 22.29 Million***

Product quality is a high priority issue after the implementation of national and international quality standards (PSS, ISO, ASTM, EN,IS,SLS and BSS) and WTO regime is a driving force for local cement industries to guarantee quality of their product not only to sustain in the market but also to meet compliance requirement. But, quality control laboratories of local cement industries are not equipped with all kind of testing facilities required by different standards and on the other hand, they also require verification of their results in order to counter check their conformity with desired quality standards.

No centre in Pakistan is providing training, consultancy and research facilities to cement industry. There are approx 184 polytechnic institutes (Punjab) and approx 16 engineering universities in all the provinces of Pakistan. All these institutes are engaged in only academic type training and there are no regular short term training courses available for stakeholders while cement industry needs people who have know how on latest technologies being used in the world to improve their productivity. Absence of continuing education in this sector has posed a lot of skill gap which needs to be filled.

Presently CR&DI is conducting test of 15 types of Cement Standards. After upgradation of CR&DI, the lab would be equipped with latest testing facilities and CR&DI will carry out all necessary tests for cement, concrete and allied materials as per BSS/ASTM/PSS/EN/IS/SLS/ISO to ensure product quality according to standards as demanded. This would ensure reliable and good quality construction. Testing section will be composed of three sections (Physical testing, Chemical Testing, Concrete testing). It is estimated to conduct 3000 test in three years.

CR&DI after its upgradation will also conduct training courses in areas of Cement Testing Techniques, Raw Materials and Processing, Kiln Operations and Improvement, Energy Conservation, Quality Control and Preventive Maintenance etc. It is planned to train 225 professionals in the next three years.

PC1 for Upgradation of CR&DI has been submitted to PIDC for funding.

### ***Skill Mapping***

### ***Rs 48.76 Million***

Skill mapping will identify the quantity and quality of skills of workforce in a specified geographical area. It will carry out quantitative analysis of skills to identify how many persons in a specific region have which particular skill. In addition, a qualitative analysis will be carried out to determine the level of skill which exists in each area.

TUSDEC aims to conduct Skill Mapping as a first step to address the challenges posed by skill development and faced by stakeholder, i.e. Government, professional associations, higher education institutions, employers, prospective students and those already in the workforce etc. Purpose of Skill Mapping is to identify existing skills, determine issues, challenges and opportunities for Pakistan in the short run and eventually help synergies professional skills capacity enhancement to meet the country's future economic needs on a sustainable basis

PC-1 for Skill Mapping Project has been prepared and submitted to PIDC for approval.

**Six (6) Additional Advanced CAD/CAM Training Centres** **Rs 475.53 Million**  
**Hyderabad, Larkana, Bahawalpur, Okara, Kasur and Sargodha**

This PC-1 follows on the success of establishing and operating 5 (five) of the originally proposed 8 (Eight) Advanced CAD/CAM Centres and proposes to set-up additional 6 centres.

The project aims to:

- Provide multidisciplinary training in design using CAD/CAM tools; Help enhance productivity and competitiveness in local and international markets;
- Bridge the 'Digital Divide' by changing the industrial environment from analogue to digital;
- Serve as a Common Facility Centre (CFC) for turnkey product, part, process design and development;
- Overcome shortage of CAD/CAM trained human resource;
- Lead the way to indigenous product design;
- Reduce reliance on foreign technology, tools and designs;
- Add innovation into a product and reduce 'time to market'

PC1 has been prepared, submitted and signed by Secretary MOIP, Government of Pakistan and sent to Planning Commission for CDWP consideration.

**Engro Construction Skills Training Program - Operational** **Rs 3.175 Million**

ENGRO Foundation was allotted 20 acres of land in Rakh Ehsanpur, Muzaffargarh for the construction of a new village for flood affected populations under the Punjab Model Village Program.

TUSDEC and ENGRO Foundation signed an agreement on 11 June 2011 to collaborate for the establishment of a Construction Skills Training (CST) program that will cater to the betterment of livelihoods for flood affected victims of Muzaffargarh, Punjab. Through this program, Civil Works Training (Masonry, Steel-fixing and Shuttering Carpenter) is being imparted to 50 participants.

Considering the performance of TUSDEC, it is expected that the program will be extended to some other trades.

**Business Edge- IFC/World Bank**

Business Edge is the product of the World Bank/IFC group. It aims at improving the business performance and competitiveness of firms in developing countries. This is achieved by strengthening the management skills of SMEs and middle managers of larger firms by providing them access to Business Edge practical training solutions. Business Edge consists of management training products in five topic areas (HR, Marketing, Finance, Operations and Personal Productivity Skills) based on international curricula and adapted to the local business context.

TUSDEC is the first public sector organization that had been awarded the license of the Business Edge's training suite. TUSDEC has recently submitted a proposal to SMEDA- the executing agency- to use Business Edge in the KPP for the training of SMEs under multi-donor trust fund.

### **Skill Development in Southern Punjab- PSDF**

Punjab Skill Development Fund (PSDF) has been established by the Government of the Punjab in collaboration with Department for International Development UK. PSDF aims to provide skills and vocational training opportunities to the poor and vulnerable populations of the four poorest districts of Punjab- Bahawalnagar, Bahawalpur, Lodhran and Muzaffargarh - for improving their ability to find work or progress in their current employment or develop an enterprise. It also aims to up-skill those in low-skills-low-returns' jobs and enhance their earning potential.

TUSDEC has been shortlisted for providing training in six model villages under PSDF. It has been ranked second out of four competing service providers and has been invited for negotiation. TUSDEC has also submitted a separate Expression of Interest (EOI) by assembling a consortium of leading organizations to be the training service providers for the duration of the project.

### **CAD Training in Home Clothing and Textiles**

Promoting Gender Equality for Decent Employment (GE4DE) is a CIDA funded project being implemented by the ILO which aims to improve and enhance gender equality and decent employment by raising awareness amongst employers and workers and developing the skills of rural and urban women and men. In addition to other sectors it is focusing on home clothing and textile and is particularly keen to enhance the skills of women workers in machine operations, maintenance, Computer Added Design (CAD) etc. TUSDEC has been short-listed as one of the service providers and is being invited to submit comprehensive proposals to impart these trainings.

### **Transfer of Proprietary Technologies**

TUSDEC has entered into partnership with a Canadian-based Firm namely International Business Consultants (IBC) for the transfer of Canadian-based technologies to Pakistan. IBC is a technology development commercialization and consulting company that is engaged in providing professional services to market proprietary technology based systems designed and developed in Canada. The Company has so far shared information on the following proprietary technologies: 1. A laser-based system for micro-machining for stents manufacturing 2. Solar beam Concentrator for hot water & photovoltaic electricity production. TUSDEC will now hold discussion with IBC on marketing plan and the potential of obtaining funds and entering into Joint Ventures with local potential partners for the transfer of these technologies.

### **Citrus CFC**

There are reported to be around 200 kinnow pack-houses mostly in Sargodha district. Out of these, only 15 per cent have cold storage facilities and 7 per cent have cold storage and blast chilling facilities. Kinnow is exported in reefer containers and therefore has to be pre-cooled soon after processing and held at 4<sup>0</sup>C. In the absence of adequate cold storage and blast chilling facilities, a major portion of total exports goes without pre-cooling. This adversely

impacts its shelf life and in turn marketability. This is duly supported by complaints from the importers as well as low prices fetched in the international market. Additionally, testing facilities are non-existent in production areas from where kinnow is directly exported. The testing laboratories are distantly located in Faisalabad, Lahore and Islamabad. Based on the above- analysis, TUSDEC in collaboration with Pakistan Horticulture Development Company has submitted a concept note to the Industries Department, Government of the Punjab proposing the establishment of a Citrus Common Facility Center (CFC) providing both cold storage and testing facilities in production/exporting areas.

### **Capacity Building /Technical Collaboration with PSIC**

TUSDEC has finalized an MOU with the Punjab Small Industries Corporation (PSIC) to work in the following areas: **Short:** Access capacity development needs of PSIC's Cluster Development Centers' employees and develop and deliver customized capacity development programmes; **Medium;**Organizational Development exercise ,Business Plan & Marketing strategy for PSIC Product Services; **Long term;** Technical Collaboration between TUSDEC's CFCs and PSIC's CDCs in the areas of Light Engineering, Auto Parts Die making and Hardening, composite based material testing and Bakelite Electric fittings, co-branding of products and services and floating joint proposals to donors for support and technical assistance.

### **Capacity Building of Industry stakeholders in Carbon Credits**

TUSDEC submitted a proposal to the Environment Protection Department, Government of Punjab to generate a broad understanding of the CDM and creating an enabling business & regulatory environment for CDM investment in Punjab through developing institutional capability & human capacity in target public & private entities. The project aims to promote environmentally friendly investments in industrial sector for sustainable development. TUSDEC in collaboration with a Partner i.e. Carbon Services has offered its services to Environment Protection Department, Government of Punjab and a proposal has been submitted in this regard.

### **Courses on Disaster Risk Reduction (DRR)**

A Ministerial Working Group on mainstreaming Disaster Risk Reduction into Development was constituted under the chairmanship of the then Additional Secretary -11 Ministry of Industries and Production. The working group focused on key sectors for mitigating risks and hazards at various stages ranging from production, processing, handling, transportation and disposal. The Working Group identified following sectors for interventions chemicals, fertilizers, paints and varnishes, compressed gases and electroplating. TUSDEC proposed training programs in these sectors for capacity buildings of workers, supervisors, managers, trade union representatives and safety and health professionals on safety, health and environmental problems. The training courses were designed in collaboration with the Centre for the Improvement of Working Conditions and Environment (CIWCE). The Training courses have now been re-submitted to the Ministry of Production.

### **Up-gradation of Industrial Homes**

TUSDEC is working on a proposal to upgrade District Industrial Homes (Sanatzars) in Punjab. These homes would be upgraded in terms of technology and skill development. New machines and equipment would be identified and training courses would be revamped to align them with the job market. Emphasis would be placed on practical and employable skills

that would allow women to access better job opportunities and enhance their existing income levels.

### **Standardization of Agriculture Implements**

A large number of SMEs in various parts of the country are involved in the manufacturing of agriculture implements that are the basic requirement in the farm mechanization. But these implements are of low quality and lack standardization. Similarly the lack of knowledge about designs, materials, quality, standardization, relevant technology and production are major problems faced by the manufacturers of agriculture implements. Also farmers are unable to adopt the mechanization due to lack of training on usage, maintenance and operations. The agriculture implements which are already being manufactured in the country, especially those in the conventional SME clusters, need to be standardized. This would entail complete engineering design including Computer Aided Design (CAD) based drawings, models and specifications for materials. TUSDEC has already conducted some preliminary research on agri-implements industry in Pakistan as part of its proactive approach towards technological upgradation in key industrial clusters of the country. Based on the findings, a proposal on standardization of agriculture implements has been prepared and submitted to the Agriculture Department, Government of Punjab.

### **Water Meter**

Metering provides the information needed to ensure water users comply with the conditions of their water entitlement. Recorded metered usage provides water users with the certainty and security needed to purchase and use entitlements with confidence. Enhanced reliability of the water user's access to water ensures investments in entitlements and infrastructure are not undermined by upstream extractions. Meters provide water use information that will help the concerned department to monitor the effectiveness of water resource plans (WRPs) and their progress in meeting environmental flows and water allocation security objectives.

TUSDEC is working with the Urban Unit, Government of Punjab to get manufacture water meter locally for the Province of Punjab. TUSDEC would be responsible for the manufacturing and supply of water meters while the Government of Punjab would generate and sell these meters.

### **Waste-to-Energy Initiative**

Urban Unit, P& D department, Government of Punjab aims to introduce sustainable and more environmentally sound options such as waste-to-energy, biogas production, recycling, RDF (Refuse Derived Fuel) & Composting. It is working to establish a recycling facility (Segregation, Treatment & Disposal) along with a waste-to-energy (Biogas) plant where both organic and inorganic components of MSW will be treated to produce saleable recyclables, electricity & fertilizer.

TUSDEC is collaborating with Urban Unit to provide technical assistance in the manufacture and fabrication of various parts and eventual installation and running of the plant to generate electricity.

### **Energy efficient Street Lights**

In the midst of prevailing energy crisis in the country and the limited deployment of resources; the obvious focus has been shifted towards the measures; ensuring energy efficiency and optimal utilization of resources. In this regard the street lighting system is one of the areas which have been to address the energy conservation and efficiency concerns.

TUSDEC is working with the Urban Unit to identify and leverage appropriate technology for energy efficient street light solutions. In particular context of street lighting; it is considering variety of ways to bring efficiency in the system e.g. reducing operating time as well as number of lamps, improving control system as well as replacing inefficient light sources through efficient ones.

### **Corporate farm management programme**

The Secretary Agriculture Department, Government of Punjab has shown his interest in raising a cadre of specialized "Farm Managers" who could manage corporate farms . He noted that there is dearth of farm management personnel. He showed his keen interest in . farm management training based on the best international practices and supported and backed up by some well -reputed international institution.

TUSDEC is currently working on a concept paper on the corporate farm management programme to be presented to the Secretary Agriculture

### **Baseline Survey in 15 districts in of Punjab- GIZ**

GIZ has invited proposal for carrying out a baseline survey in the province of Punjab in 15 selected districts to " provide information on the main causes of lack of access to TVET. TUSDEC has submitted bid for the project in collaboration with Socio-Engineering Consultants

### **Proposal for Leather Sector Development- European Union**

European Union has launched call for proposal with the objective of improving competitiveness of private sector firms, especially Small and Medium-sized Enterprises in the sectors of Gems & Jewellery and Leather Products. This is launched under TRTA -111.

The Call for Proposals will finance actions and activities to strengthen provision of services to private firms, to improve their competitiveness, to facilitate training of the workforce in these areas and to open international markets to the firms working in the sectors of Gems & Jewellery and Leather Products. This Call for Proposals has a budget of 4 million Euro and could finance between 2 and 4 projects for a duration of 24 to 28 months.

TUSDEC is working on proposal on the development of leather products and is currently identifying team members and assembling partners to develop a competitive proposal.

### **OPERATING RESULTS**

Your Company has a net deficit of **Rs. 27.23** million for the year 2010-11 as compared to net deficit of Rs.22.026 million in 2009-10.

The key financial figures have been tabulated as follows



	<b>Year Ended June 30, 2011 Rupees</b>	<b>Year Ended June 30, 2010 Rupees</b>
(Deficit)/Surplus before tax	(27,229,660)	(22,026,036)
Taxation		
-Current year	-	-
<b>(Deficit)/Surplus after tax</b>	<b><u>(27,229,660)</u></b>	<b><u>(22,026,036)</u></b>

### **EARNING PER SHARE**

Basic earning /(Loss) per share comes at **Rs (1.82)** - (Year 2010: Rs.(1.47) )

### **DIVIDEND**

Your Company is a non-profit organization and all surplus earned would be employed by your Company to meet its objectives. The Securities and Exchange Commission of Pakistan while granting license u/s 42 of the Companies Ordinance, 1984 has also required that no payment would be made to the members; therefore, your Company is not required to declare any dividends.

### **OUTSTANDING STATUTORY PAYMENTS**

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

### **MEETINGS OF BOARD OF DIRECTORS**

During the year, four meetings of Board of Directors were held. Attendance by each Director at the board meeting is as under:

<b>Name</b>	<b>Eligibility</b>	<b>Attended</b>
Manzar Shamim	2	2
Suhael Ahmed	2	2
Secretary Ministry of Industries and Production	2	2
Secretary, Ministry of Finance	2	Nil
Secretary, Ministry of Science and Technology	2	Nil
CEO, Pakistan Industrial Development Corporation	2	1
CEO SMEDA	2	2
Khawar Anwar Khawaja	2	1
Aamir H Sherazi	2	Nil
Sohail P Ahmad	2	Nil
Imtiaz Ali Rastgar	2	1
Hakimuddin F. Daud	2	Nil
Avais Mazhar Hussain	2	Nil
Muhammad Imtiaz Ahmed	2	2
Rana Shahzad Hafeez	2	1

The Directors who could not attend a Board Meeting were granted leave of absence in

accordance with the law.

## **PATTERN OF SHAREHOLDING**

The pattern of shareholding as at June 30, 2011 is annexed to the Annual Report.

## **HOLDING COMPANY**

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

## **FINANCIAL REPORTING FRAMEWORK**

- The financial statements, prepared by the management of the Company present fairly its state of affairs, the result of its operations, its cash flows and its changes in equity.
- Proper books of account of the Company have been maintained.
- Appropriate accounting policies have been applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgement.
- International Accounting Standards, as applicable in Pakistan, have been followed in the preparation of financial statements and any departure there from has been adequately disclosed.
- No material changes and commitments affecting the financial position of your Company have occurred between the end of the financial year to which this balance sheet relates and the date of the Directors' Report.
- The system of internal control is sound in design and has been effectively implemented and monitored
- There are no significant doubts about the company's ability to continue as going concern

## **AUDITORS**

As recommended by the Finance Committee, the present auditors M/s Ford Rhodes Sidat Hyder and Co., Chartered Accountants retire and being eligible, offer themselves for re-appointment.

## **ACKNOWLEDGEMENT**

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

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