STATEMENT OF CORPORATE INTENT (SCI)

1. **Name of State-Owned Enterprise**

Lahore Garment City Company

2. **Profile and Overview of the SOE**

a. Legal Framework:

The Lahore Garment City Company (LGCC) is a project of Ministry of Commerce and was incorporated on 16th September 2004 under Section 42 of Companies Ordinance,1984 (now Companies Act 2017) with Registrar Joint Stock Companies, City District Government, Lahore. LGCC is an approved non-profit organization under Section 2(36) of the Income Tax Ordinance, 2001.

b. Ownership and Governance:

- LGCC is owned by the Federal Government of Pakistan.
- It operates under the administrative control of the Ministry of Commerce, Government of Pakistan. The company's governance structure includes a Board of Directors responsible for decision-making and strategic planning.

3. **LGCC's Vision**

"To promote and establish vertical Textile production facilities through conversion of fabric and accessories into world's highest standard garment manufactured by cluster of stitching units with complete ancillary support and services in a modern and state of art infrastructure facilities."

LGCC's Mission Statement:

"To set up, run and expand state of the art Garment Cities to multiply export of value-added textile products and play pivotal role in achieving the goals set by the Government of Pakistan."

4. **Strategic objective:**

- The central objective of the Project is to reduce capital outlay of garment manufacturers and provide fully compliant state-of-the-art infrastructure which meets all international compliance criterion for exports of value-added garments from the country.

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5. Nature and Scope of Activities:

The underlying objective was to reduce the capital outlay of Garment Manufacturers and provide them with a PLUG-N-PLAY Facility, fully compliant and equipped with state of the art facilities which meets all the international compliance criteria and to facilitate in improving the textile industry based on international standards. In this facility they can establish their units by avoiding the lengthy process of buying land and then constructing factories thereon.

6. Strategic Issues:

The purpose of the company is to provide the state of the art facility to the textile industry Late Approval of PC-I

- Increase the original Cost of the Project
- After the earthquake of 2005 the land regulations of the area was revised which results in the redesigning of the structure and escalation in the original estimated cost.
- The revised PC-I was submitted in 2009 with revised estimated cost of project based on the market condition PKR 586.88 million. This revision took more than a year to get approval and due to the slow supply of funds, the project was stopped and the main contractor went for the litigation. After a long pause the project was restarted in 2011.
- The project could not attain the anticipated pace due to delayed payments to the contractors and hence the project time line was compromised.

7. Performance Targets and Other Measures:

Phase-I of the project was considered to be a success story as the major aspects of the goals set during the conception of the project were achieved within the first 3 years of the completion of the project. Although the Phase-I was delayed due to several unforeseen reasons, yet due to a huge vacuum of any such facility in the market, the building was immediately occupied and the facility started operations almost immediately after completion.

At the time of completion, it was the only state of the art facility for the textile unit in the region which meets the international criteria of safety and workers friendly production facility.

This fact was appreciated by the end user as it helps in the increase and sustainability of internal orders for textile.

- Annual exports US $ 244 million in FY 2024-25
- Annual trained 1,800 un-skilled labor into skilled workers

- In-house job training facilities of 1,270 workers quarterly
- Employment of 6,000 (Male 84% & Female 16%)
- Full salary during training
- Rental Income yearly basis Rs. 118.996 Million
- Sewing Machines Nos. 3500
- Garments produced per day 80,000-85,000
- Facility provides women employment along with children care in day care center
- Medical facility along with standby Ambulance

- **Pick & Drop**
  Free pick & drop facility to the workers especially facilitate to Female workers. Facility gives opportunity to remote and far-flung areas for employment by offering daily transport.

- **Dispensary:**
  Medical Dispensary on site with stand by Ambulance,

- EOBI facility, Medical facilities for worker and their families under Social Security.

- **Day Care:**
  Child Day Care Center, Marriage grant, strictly implemented Women Harassment Laws.

- **Training Center:** Established New Training Centre at site. Full salary paid during training.

- **Future Plan:**

  After the completion and optimal utilization of the constructed halls in the Phase-I, need for the new construction in Phase-II was felt keeping in view the interest by the Small & Medium Enterprises. LGCC submitted 3 times PC-I of Phase-II to textile wing for onward submission to Planning Commission on following dates.

  - 12th July,2019
  - 4th February,2020
  - 24th May,2021

  LGCC also submitted Concept Note for 7 buildings as following construction of 07 New blocks of Cat A, B & C including external development and related allied works. As per the concept note proposed covered area of Phase-II works out to 1031708 Sqft with estimated capital cost of Rs.4978.92 million. Ministry of Commerce directed LGCC to submit PC-I and feasibility study of project which was submitted on 12th July,2019. Ministry however forwarded PC-I and feasibility study to CDWP for consideration on 1st March,2021.

Ministry of Commerce returned the PC-I and feasibility study with certain observations. On 24th May,2021 LGCC submitted the PC-I and feasibility study to the Ministry after addressing the observations for further action. In the Pre-CDWP meeting dated 3rd

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May,2023 LGCC was suggested to adopt Public Private Partnership(P3A) for construction like vise FGCC.

LGCC therefore arranged a Board Meeting for the proposal given by the Ministry. Accordingly, 73rd Board meeting was held on 20th June,2023 in LGCC office wherein it was resolved that LGCC management may take written proposal with financial aspects from P3A. A Zoom meeting with P3A was held on 20-07-2023, in this regard LGCC contacted a consultant for preparation of concept paper for P3A for the development of LGCC Phase-II, which was placed before the Board for approval and onward submission to P3A through development wing.

SO (Textile) Ministry of Commerce vide his letter no.8(10) TID/07-Dev-II 24th September,2024 and 28th October,2024 reported that a summery was submitted to ECC of the Cabinet on 27th August,2024 for implementation report of the directives of the Federal Cabinet regarding LGCC with proposal. The ECC of the Cabinet in its meeting dated 11th September,2024 directed Ministry of Commerce to re-submit the summary along with a sustainable detailed action plan for the ECC. In this regard a meeting was held on 29th Nov,2024 in the Ministry of Commerce headed by Special Secretary Ministry of Commerce to discuss the report and detailed action plan prepared by the LGCC.

ECC directed LGCC on 19th Nov,2024 to submit an action plan for transaction of the project under P3A mode. The subject matter was also discussed in the 81st Board meeting held on 23rd Dec,2024. The Board unanimously approved to initiate the process of signing of Advisory Service Agreement with Public Private Partnership Authority (P3A). Resultantly a Zoom meeting was held on 1st January,2025 with the Project Head Muhammad Danish and Mr. Khurram Mustafa Satti (infrastructure Specialist) of P3A. In the above meeting P3A recommended that the project of LGCC and KGCC may adopt a PPP modality similar to that of FGCC.

Secretary LGCC requested to advise on the date and time for signing the Advisory Service Agreement between the P3A & LGCC. Advisory Services Agreement was signed between LGCC & P3A in January,2025. Accordingly, RFP documents were shared by the P3A for hiring of Transaction Advisor, which consisted of feasibility study (Inception Report, Technical Feasibility Study, Financial viability Assessment Report and PPP Options Analysis Report, Legal Institutional & Regulatory Assessment Report).

LGCC Board of Directors constituted a committee to oversee the process of hiring of Transaction Advisor. The committee convened a meeting on 15th April,2025 wherein it was resolved to advertise (RFP) in the vide National Electronic/print media, LGCC website and EPADs. EPADs requirements, an (EOI) is mandatory prior to issuing the RFP. P3A in its reply dated 29th April,2025 advised LGCC to concert the PPRA regarding estimated cost of Transaction Advisory Services for LGCC is two phases PPP Projects. P3A vide their letter dated 27th May,2025 replied to consult directly with the PPRA for procurement related matters. EOI document were prepared with the consent of P3A and PITB E-Procurement Department with estimated cost of Rs.20 million. The advertisement was uploaded on PPRA, EPADs, LGCC website and published in the

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leading newspapers. The bid was opened on 20th August,2025. A Zoom meeting was held on 27th August,2025 to evaluate the EOI documents of consulting firms.

Another meeting was held on 4th September,2025 to evaluate and finalize the bid. And finally financial bid of M/s. UHY Hassan Naeem & Co for Rs.17.00 million being the lowest (payable proportionately on submission of certain reports and deliverables) was proposed to the Board for approval, which was approved unanimously by the Board on 18th November,2025 in 84th meeting.

The vendor M/s. UHY submitted inception report to P3A along with copy to LGCC on 7th April,2026. Similarly, Draf Technical Feasibility Study and deliverables were furnished by the TA on 10th June,2026. P3A stressed compliance with FAR requirements, which was returned by the P3A to the TA for removal of observations raised by the P3A. M/s. UHY also submitted another report titled PPP Option Analysis Report which has been furnished to P3A for their expert opinion/ recommendations etc.

Management of LGCC is however pursuing the TA vigorously.

8. Statement of Current and Anticipated Borrowings:

LGCC paid principal amount of grant Rs.572 million **(converted into loan by Finance Division which have been paid by LGCC)**. As per schedule of interest approved by the Finance Division LGCC paid two installments @ Rs.96.596 million out of total markup Rs.965.957 million. The remaining amount of markup Rs.772.765 million shall be paid in eight equal installments.

9. Accounting Policies

Financial Statements are prepared in accordance with Accounting & Reporting Standards as per Govt of Pakistan.

10. Summary Indicative Financial Statements (Balance Sheets, Profit & Loss Account, consolidated (Including Subsidiaries)

Annual Audited Reports of the Company (Balance Sheets, Profit & Loss Statement etc) are uploaded on LGCC website from 2005 to 30th June,2025. Audited Financial Statements for the last five years are annexed.

- LGCC has not any subsidiary.

11. Proposed Dividend and Distribution Policy:

LGCC has no any Dividend.

12. Public Service Obligation (PSO) Arrangements:

LGCC has no any Public Service Obligation

13. Additional Information and Reporting Commitments

Not Applicable

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STATEMENT OF INCOME AND EXPENDITURE AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2025

	2025	2024	2023	2022
	(Rupees)			
INCOME				
Income from leting out of buildings	108,178,535	87,860,590	82,303,880	74,364,563
other income	43,548,968	131,578,136	78,179,353	38,480,420
	151,727,503	219,438,726	160,483,233	112,844,983
EXPENSES				
Operating Expenses	76,460,626	77,097,155	41,246,630	35,571,405
Administrative Expenses	24,172,209	23,020,172	15,264,363	11,507,546
Operating Surplus	51,094,668	119,321,399	103,972,240	65,766,032
Finance Cost	13,456	52,148,352	10,440	7,656
Surplus before taxation	51,081,212	67,173,047	103,961,800	65,758,376
Taxation				
Surplus for the year	51,081,212	67,173,047	103,961,800	65,758,376

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