



**TRADING CORPORATION OF PAKISTAN (PRIVATE) LIMITED**  
Ministry of Commerce – Government of Pakistan

**COMPANY INFORMATION**

**BOARD OF DIRECTORS (AS ON 30<sup>TH</sup> JUNE 2024)**

**CHAIRMAN & CHIEF EXECUTIVE OFFICER**

1. SYED RAFEO BASHIR SHAH

**DIRECTORS**

- |     |                          |               |
|-----|--------------------------|---------------|
| 2.  | MR. AHSAN ALI MANGI      | NON-EXECUTIVE |
| 3.  | DR. IMRANULLAH KHAN      | NON-EXECUTIVE |
| 4.  | MR. MUHAMMAD AZAM KHAN   | NON-EXECUTIVE |
| 5.  | MS. SAIRA IMDAD ALI      | NON-EXECUTIVE |
| 6.  | MIR BALAGH SHER MARRI    | INDEPENDENT   |
| 7.  | SYED MIRAN MUHAMMAD SHAH | INDEPENDENT   |
| 8.  | MR. AASIM AZIM SIDDIQUI  | INDEPENDENT   |
| 9.  | MR. FUAD HAMID AHMED     | INDEPENDENT   |
| 10. | MS. TASNEEM YUSUF        | INDEPENDENT   |

**AUDIT COMMITTEE**

- |    |  |           |
|----|--|-----------|
| 1. | MR. AASIM AZIM SIDDIQUI (INDEPENDENT DIRECTOR)               | CHAIRMAN  |
| 2. | MS. TASNEEM YUSUF (INDEPENDENT DIRECTOR)                     | MEMBER    |
| 3. | DR. IMRAN ULLAH KHAN (REPRESENTATIVE OF FINANCE DIVISION)    | MEMBER    |
| 4. | MR. AHSAN ALI MANGI (REPRESENTATIVE OF MINISTRY OF COMMERCE) | MEMBER    |
| 5. | CHIEF INTERNAL AUDITOR                                       | SECRETARY |

**HR, ADMIN & IT COMMITTEE**

- |    |  |           |
|----|--|-----------|
| 1. | MIR BALAGH SHER MARRI (INDEPENDENT DIRECTOR)                 | CHAIRMAN  |
| 2. | SYED MIRAN MUHAMMAD SHAH (INDEPENDENT DIRECTOR)              | MEMBER    |
| 3. | JOINT SECRETARY, MINISTRY OF NAT. FOOD SECURITY & RESEARCH   | MEMBER    |
| 4. | MR. AHSAN ALI MANGI (REPRESENTATIVE OF MINISTRY OF COMMERCE) | MEMBER    |
| 5. | GENERAL MANAGER (HUMAN RESOURCE)                             | SECRETARY |

**PROCUREMENT COMMITTEE**

- |    |  |             |
|----|--|-------------|
| 1. | MS. TASNEEM YUSUF (INDEPENDENT DIRECTOR)                     | CHAIRPERSON |
| 2. | MR. FUAD HAMID AHMED (INDEPENDENT DIRECTOR)                  | MEMBER      |
| 3. | SYED RAFEO BASHIR SHAH (CHAIRMAN TCP)                        | MEMBER      |
| 4. | MR. AHSAN ALI MANGI (REPRESENTATIVE OF MINISTRY OF COMMERCE) | MEMBER      |
| 5. | DR. IMRANULLAH KHAN (REPRESENTATIVE OF FINANCE DIVISION)     | MEMBER      |
| 6. | MIR BALAGH SHER MARRI (INDEPENDENT DIRECTOR)                 | MEMBER      |
| 7. | GENERAL MANAGER (TRADE & RESEARCH)                           | SECRETARY   |

**INVESTMENT COMMITTEE**

- |    |  |             |
|----|--|-------------|
| 1. | MS. TASNEEM YUSUF (INDEPENDENT DIRECTOR)                     | CHAIRPERSON |
| 2. | MIR BALAGH SHER MARRI (INDEPENDENT DIRECTOR)                 | MEMBER      |
| 3. | DR. IMRANULLAH KHAN (REPRESENTATIVE OF FINANCE DIVISION)     | MEMBER      |
| 4. | MR. AHSAN ALI MANGI (REPRESENTATIVE OF MINISTRY OF COMMERCE) | MEMBER      |
| 5. | GENERAL MANAGER (FINANCE & ACCOUNTS)                         | SECRETARY   |



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**CSR COMMITTEE**

- |    |   |           |
|----|---|-----------|
| 1. | MIR BALAGH SHER MARRI (INDEPENDENT DIRECTOR)    | CHAIRMAN  |
| 2. | MR. AASIM AZIM SIDDIQUI (INDEPENDENT DIRECTOR)  | MEMBER    |
| 3. | SYED MIRAN MUHAMMAD SHAH (INDEPENDENT DIRECTOR) | MEMBER    |
| 4. | SYED RAFEO BASHIR SHAH (CHAIRMAN TCP)           | MEMBER    |
| 5. | COMPANY SECRETARY                               | SECRETARY |

**RISK MANAGEMENT & LITIGATION COMMITTEE**

- |    |  |                 |
|----|--|-----------------|
| 1. | SYED MIRAN MUHAMMAD SHAH (INDEPENDENT DIRECTOR)              | CHAIRMAN        |
| 2. | MIR BALAGH SHER MARRI (INDEPENDENT DIRECTOR)                 | MEMBER          |
| 3. | MR. AHSAN ALI MANGI (REPRESENTATIVE OF MINISTRY OF COMMERCE) | MEMBER          |
| 4. | SYED RAFEO BASHIR SHAH (CHAIRMAN TCP)                        | MEMBER          |
| 5. | MR. FARRUKH MAJEED QURESHI                                   | CO-OPTED MEMBER |
| 6. | GENERAL MANAGER (COMPLIANCE)                                 | SECRETARY       |

**REAL ESTATE COMMITTEE**

- |    |  |           |
|----|--|-----------|
| 1. | MIR BALAGH SHER MARRI (INDEPENDENT DIRECTOR)                 | CHAIRMAN  |
| 2. | MR. AASIM AZIM SIDDIQUI (INDEPENDENT DIRECTOR)               | MEMBER    |
| 3. | SYED MIRAN MUHAMMAD SHAH (INDEPENDENT DIRECTOR)              | MEMBER    |
| 4. | MR. FUAD HAMID AHMED (INDEPENDENT DIRECTOR)                  | MEMBER    |
| 5. | SYED RAFEO BASHIR SHAH (CHAIRMAN TCP)                        | MEMBER    |
| 6. | MR. AHSAN ALI MANGI (REPRESENTATIVE OF MINISTRY OF COMMERCE) | MEMBER    |
| 7. | GENERAL MANAGER (REAL ESTATE)                                | SECRETARY |

**COMPANY SECRETARY**

MR. FARRUKH MAJEED QURESHI

**REGISTERED OFFICE**

4<sup>th</sup> & 5<sup>th</sup> Floor, Finance & Trade Centre  
Main Shahra-e-Faisal, Karachi-75530  
Phones: 021-99202947-49  
Fax: 021-99202722, 99202731



**TRADING CORPORATION OF PAKISTAN (PRIVATE) LIMITED**  
**Ministry of Commerce – Government of Pakistan**

**57<sup>th</sup> DIRECTORS REPORT TO THE MEMBERS**  
**FOR THE YEAR 2023-24**

The Board of Directors has the pleasure in presenting the TCP's Annual Report and the Audited Statement of Accounts for the Financial Year 2023 - 24 ended on 30<sup>th</sup> June 2024.

**1. DIRECTORS' PROFILES & CHANGES IN BOARD OF DIRECTORS:**

The current Board of Directors, as mentioned above, was notified on 8<sup>th</sup> August 2023 i.e. during the financial year 2023-24. Besides the representative of the Ministry of Commerce, Board of Directors has representation from the Ministry of Finance, Ministry of Industries & Production and Ministry of National Food Security & Research, as ex-officio / Non-Executive Directors.

Brief profiles of the Directors on the Board of the Corporation are given as under:

**1.1 SYED RAFEO BASHIR SHAH:**

Syed Rafeo Bashir Shah is the Chairman & Chief Executive Officer of the Corporation. He is a BS-22 Officer from the Commerce & Trade Group. He holds a Master degree in International Law & Economics, from the World Trade Institute, University of Berne, Switzerland and a Bachelors of Electrical Engineering. He brings to the Corporation, an extensive experience of Trading and Commercial marketing of more than 20 years from his working in the erstwhile Export Promotion Bureau and the current Trade Development Authority of Pakistan. He has held various important positions in Trade Development Authority of Pakistan (TDAP), Ministry of Commerce, Finance Department Government of Sindh etc. and these have contributed to improvements in the Administration and institutional strengthening of TCP as well as i research and operations of the Trading Corporation of Pakistan Apart from his Directorship / Chairmanship at Trading Corporation of Pakistan since September 2021, he has previously held the Directorship and was the CEO of National Insurance Company Limited in 2017 & 2019. He has also served as member of the Security Exchange Commission of Pakistan's Policy Board in the year 2020.

**1.2 MR. AHSAN ALI MANGI:**

Mr. Ahsan Ali Mangi is a BS-21 civil servant, who holds a MS degree in Developmental Finance from Manchester University and a Bachelor degree in Law. Apart from his directorship of the Corporation, he has been on the Boards of Directors of National Bank of Pakistan from 2015 to 2018 and Pakistan Petroleum Limited during 2019 & 2020.

**1.3 DR. IMRAN ULLAH KHAN:**

Dr. Imran Ullah Khan is a BS-20 civil servant, currently serving at the Ministry of Finance. He holds PhD (International Development Studies) from National Graduate Institute for Policy Studies, Tokyo (Japan). He has served on various key positions in the civil service domain.

**1.4 MS. SAIRA IMDAD ALI:**

Ms. Saira Imdad Ali is a BS-20 civil servant, current posted at the Ministry of Industries & Production as Joint Secretary. She holds an LLM degree from the University of Galway, Ireland. She has also served as the Director General at Trade Development Authority of Pakistan. She has also served on the Boards of Directors of RLM, LCDC and SYRDC.

**1.5 MR. IMTIAZ ALI GOPANG / MR. MUHAMMAD AZAM KHAN:**

Mr. Imtiaz Ali Gopang is a BS-20 civil servant, who was posted at the Ministry of National Food Security & Research as Food Security Commissioner. He has held various key posts in this domain. He holds an MSc degree in Agriculture.

Mr. Muhammad Azam Khan has joined the Ministry of National Food Security & Research as Food Commissioner in place of Mr. Imtiaz Ali Gopang.



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#### 1.6 MR. AASIM AZIM SIDDIQUI:

Mr. Aasim Azim Siddiqui is a renowned businessman. He has been the Managing Director of Marine Group of Companies from 1994 to 2022 and the CEO of Pakistan Intermodal Limited from 2022 till date. He holds a Masters degree in Business Administration from Clark University, Worcester Massachusetts. He has also served on the Board of Directors of National Insurance Company Limited from 2018 to 2021.

#### 1.7 MS. TASNEEM YUSUF:

Ms. Tasneem Yusuf is a chartered accountant from the Institute of Chartered Accountants of Pakistan and a fellow member of ACCA and a CPA. She has worked for Unilever Pakistan, Deloitte Middle East and Nasdaq Dubai. Since 2009, she has been associated with Munaf Yusuf & Co, where she presently heads the audit and assurance services department. She sits on the boards of Ismail Industries Limited, B.F. Modaraba, Faran Sugar Mills Limited and Reliance Insurance Company Limited.

#### 1.8 SYED MIRAN MUHAMMAD SHAH:

Syed Miran Muhammad Shah is renowned legal practitioner and is currently enrolled as Advocate Supreme Court of Pakistan. He has also served as the Additional Advocate General, Government of Sindh in the year 2008. He holds an LLB degree and a Bachelor degree in Economics from University of Illinois (USA).

#### 1.9 MIR BALAGH SHER MARRI:

Mir Balagh Sher Marri has served on the Boards of Directors of National Bank of Pakistan from 2015 to 2018 and Pakistan Petroleum Limited from 2019 to 2020. He holds a Masters degree in Political Sciences and an LLB degree.

#### 1.10 MR. FUAD HAMID AHMED:

Mr. Fuad Hamid Ahmed has been associated with a renowned rice & grains exporter i.e. Garibsons (Private) Limited since 1988, as a director and the responsibilities include overseeing the entire manufacturing operations, procurement & dealings with international clients. He has been a member (Managing Committee) of the Rice Exporters Association of Pakistan, and was appointed as Chairman of the Wheat Traders Association of Pakistan (WTAP) in 2010. He has also represented his company in various delegations & food exhibitions to France, Germany, Canada, USA, Saudi Arabia, Russia, Africa, Philippines and Indonesia. He has been nominated as guest speaker from Pakistan for the various World Rice Conferences held from 2011 to 2019 at far-east destinations. He possesses a Bachelor of Science degree in Electrical Engineering from Columbia University, New York, USA. In recognition of his contribution, he was awarded Tamgha-e-Imtiaz on 23<sup>rd</sup> March 2023.

#### 1.11 CHANGES IN THE BOARD OF DIRECTORS:

Subsequent to the initial nomination on 8<sup>th</sup> August 2023, following changes in the Board of Directors took place during the financial year 2023-24:

- |                          |   |
|--------------------------|---|
| a. Mr. Imtiaz Ali Gopang | Relinquished the charge of the office as Director, TCP on 24 <sup>th</sup> June 2024. |
| b. Mr. M. Azam Khan      | Assumed the charge of the office as Director, TCP on 24 <sup>th</sup> June 2024.      |

## 2. MANAGEMENT:

#### 2.1 CHAIRMAN AND THE BOARD OF DIRECTORS:

The Management of the Corporation is vested in a Board of Directors appointed by the Federal Government. The Board comprises the Chairman who is directly appointed by the Federal Government and also acts as the Chief Executive Officer of the Corporation. The Corporation's efforts to segregate the office of the Chairman and the Chief Executive Officer have been explained in detail in this report.



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The Chairman & Chief Executive Officer of the Corporation is Syed Rafeo Bashir Shah, who is BS-22 civil servant from the Commerce & Trade Group. A brief profile of Syed Rafeo Bashir Shah has been given in the foregoing section of this report.

### 2.2 EXECUTIVE DIRECTORS:

- a. Mr. Riaz Ahmed Shaikh Executive Director (Operations)
- b. Mr. Miandad Rahoojo Executive Director (Finance) w.e.f 10<sup>th</sup> May 2024 until 12<sup>th</sup> July 2024
- c. Mr. Saqib Bashir Executive Director Finance (Additional Charge of Executive Director REM&S w.e.f. 10<sup>th</sup> October 2022 until 9<sup>th</sup> May 2024)
- d. Mr. Kadir Bux Executive Director (Admin/HR/Legal Affairs)

### 2.3 CHANGE OF COMPANY SECRETARY:

Mr. Sher Muhammad Mahar relinquished the charge of the office of Company Secretary, TCP on 31<sup>st</sup> August 2023. Mr. Farrukh Majeed Qureshi assumed the charge of the office of Company Secretary, TCP on 01<sup>st</sup> September 2023. Prior to joining the Corporation, Mr. Farrukh Majeed Qureshi has been serving as the Company Secretary & Head of Compliance at National Insurance Company Limited, which is a public limited State-Owned Enterprise.

### 2.4 DIVISIONAL HEADS/INCHARGES OF REGIONAL OFFICES/SUB REGIONAL OFFICES

Details of Divisional Heads / Incharges of Regional Offices / Sub-Regional Offices are Given at **Annexure-I**.

### 3. TCP AT A GLANCE: INCORPORATION, OBJECTIVES AND PAID-UP SHARE CAPITAL:

The Trading Corporation of Pakistan Limited (referred to as “TCP” or “the Corporation” in this report) was set up as a private limited company in July 1967, registered under Companies Act, 1913 (now Companies Act, 2017). The shares of the Corporation are owned by the Ministry of Commerce, Government of Pakistan.

The initial paid up capital of the Corporation subscribed by the Government in 1967 was Rs. 2.5 million, which was subsequently raised to Rs. 5 million in 1969-70 and to Rs.7.5 million in 1970-71 out of Corporation’s own resources. In 1977-78, TCP increased its paid-up capital from Rs.10.00 million to Rs.50.00 million and further increased to Rs. 100.00 million in 1978-79 out of its own resources by issuing bonus shares. In 2005-2006, the authorized capital enhanced to Rs.1000 million, whereas the subscribed and paid-up capital increased from Rs.100.00 million to Rs.685.805 million and then, in 2009-10, paid up capital increased to Rs. 1,000 million due to a rise in the volume of trade under the Government’s directive.

The Corporation was the first move by the Government to introduce state trading in the country so as to achieve the following objectives: -

- i) Achieve economy of scale by handling bulk transactions; secure advantages of price, freight, and port-handling expenses etc.
- ii) Stabilize market conditions and neutralize the effect of high market prices resulting from unwarranted escalation by private importers and, ipso facto, act as a check on disparity between import prices and scarcity prices.
- iii) To intervene in the market to forestall shortages of essential commodities and provide the same to the common man at affordable prices. Its price support initiatives are meant to prevent artificial management of agricultural and essential commodities by interest groups and also to ensure that growers receive fair price for their agricultural products.

In January 1995, the Federal Cabinet assigned the following new role to TCP: -



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**a. Imports**

- i) Import of essential commodities in emergent conditions, as in the past.
- ii) Import of Soybean Oil in future under PL-480 Programme and CC Credit.
- iii) Import of Palm Oil from Malaysia under Malaysian credit.
- iv) Import of Industrial raw materials and other selected bulk items.
- v) Utilization of Credit Facilities.

**b. Exports**

- i) Export of selected items of public sector corporations, agencies, etc.
- ii) Channelizing exports through TCP to various markets under credit line given by the Government to expand business in areas such as Commonwealth of Independent States (CIS)/Central Asian Republics (CAR)/Malaysia, African countries, etc.
- iii) Export of Pakistani products to new/non-traditional markets by way of giving concessions/incentives offered by Government to prospective buyers for capturing new markets.
- iv) To perform innovative role of undertaking export of non-traditional items to non-traditional markets on experimental basis.
- v) To undertake and develop export of fresh fruits/vegetables and minerals in collaboration with and on partnership basis with the private sector.

TCP acts only on the directions of the Federal Government to implement trade related decisions in the larger public interest.

**4. CURRENT OPERATIONAL AND FINANCIAL MODEL OF THE CORPORATION:**

The Corporation has always imported essential commodities and / or procured these commodities locally, on behalf of the respective line ministry. Fertilizer and sugar are procured on behalf of Ministry of Industries and Production (MoIP) and agencies under its control such as National Fertilizer Marketing Limited (NFML) and Utility Stores Corporation (USC), and wheat / cotton are procured on behalf of Ministry of National Food Security & Research (MNFSR) and agencies under its control such as Pakistan Agricultural Storage and Services Corporation (PASSCO).

Procured commodities have also been handed over, on the directives of the concerned Line Ministry, to provincial governments. The procurement process required approvals of the relevant Ministry, ECC and the Cabinet, via summaries moved by the respective Ministries.

Post approval of the summary by ECC and the Cabinet, the Ministry of Finance allocated Cash Credit Limit (CCL) to the Corporation, which is utilized through commercial banks loans for local procurement payments and / or arranging foreign exchange to establish letters of credit (LCs) in favor of foreign suppliers for imports. The recipient agencies, which received the cargo on behalf of the aforementioned two Ministries, used to partially settle the amounts, based on the foregoing approvals.

**5. ACTIVITIES & PERFORMANCE OF THE CORPORATION:**

**5.1 REVENUE STREAM:**

The Corporation's revenue stream during the Financial Years 2022-23 and 2023-24, is given as under:

Income Stream	2023-24	2022-23	Rs. in '000
			Increase/ (Decrease)
<b>Income from Core Business Activities:</b>			
Commission income	481,352	3,102,771	-2,621,419
Rice inspection fee	57,902	43,388	14,514
<b>Income from Other Business Activities:</b>			
Income from investment	4,818,307	3,656,967	1,161,340
Rental income from godowns given on rent	499,359	462,815	36,544



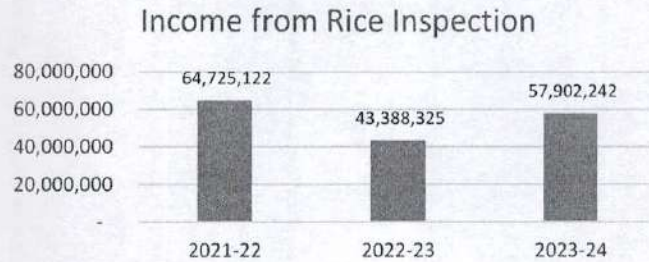
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Income Stream	Rs. in '000		
	2023-24	2022-23	Increase/ (Decrease)
Miscellaneous / Other Income	8,952	408,626	-399,674
<b>Total</b>	<b>5,865,872</b>	<b>7,674,567</b>	<b>-1,808,695</b>

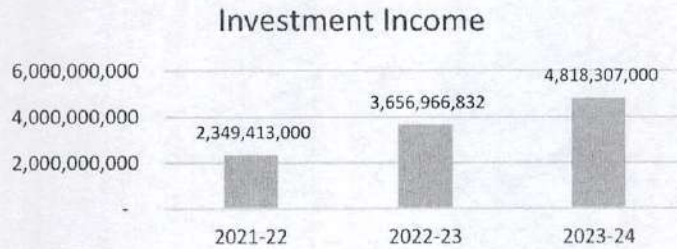
Pursuant to the directives of the ECC / Federal Cabinet, TCP imported a total quantity of 219,789 MT of Urea from Azerbaijan on G2G basis, which was handed over to NFML. Commission Income decreased due to import operation of urea only, whereas wheat was also procured during the preceding year.



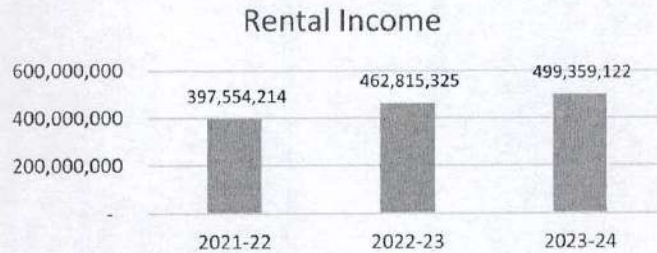
Rice Inspection Fee increased due to increase in international export of Rice during the outgoing year. During the financial year 2023-24, TCP issued 1,162 Authenticity Certificates for export of 343,599.675 MT Brown / Parboiled Rice exported to European Union Member Countries, and 4,260.885 MT White/Long Grain Basmati Rice exported to Sri Lanka under Pak-Sri Lanka Free Trade Agreement earned an amount of Rs.57,902,242/- in terms of inspection fee.



Income from Investment has been increased due to tightening of monetary policy by the State Bank of Pakistan to curb rising inflation, which led to a consequent increase in Government Securities' yields. The amounts already invested were reinvested upon maturity / liquidation.



Increase in Rental Income was due to revision of rental agreements and increase in number of tenants. During the financial year 2023-24, Rental Income of Rs. 499,359,122/- was earned from TCP's Godowns located at Pipri, Landhi and Korangi, Residential Colonies located at Pipri & Landhi, TCP House, TCP 8 Floor and Multan (PCSI).



Miscellaneous / other Income of last year mainly consist of one-time-charge of exchange gain and forfeiture of Makhdoom Logistics.

**5.2 PROFITABILITY:**

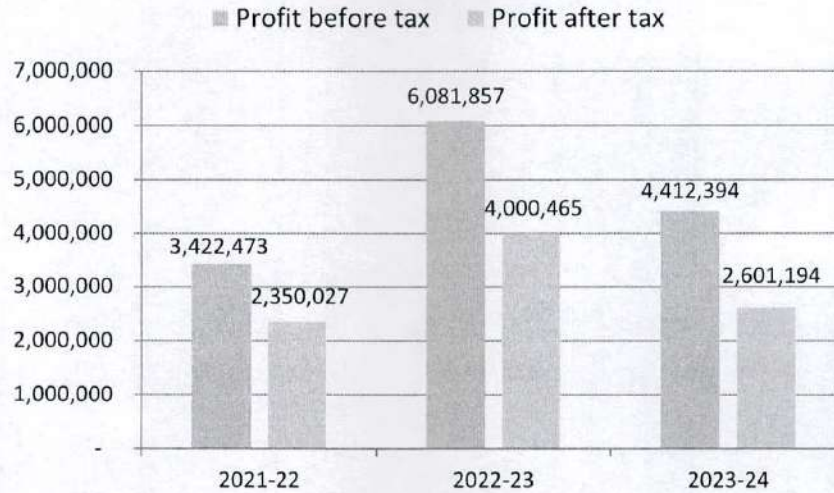
During the Financial Year 2023-24, profit earned by TCP is as under:

Profit before Taxation	Rs.4,412.394 million
Tax amount	Rs.1,811.200 million
Profit after Taxation	Rs.2,601.194 million
Earning Per Share (EPS)	Rs.26.012 per Share

A graphical representation of Profit before and after taxation can be seen as under:



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The key operating and financial data for the last six years i.e. from 2016-17 to 2023-24 is provided at [Annexure-II](#). And, comparative statement of financial results during the years 2016-17 to 2023-24 is given at [Annexure-III](#).

### 5.3 DIVIDEND:

Dividend for F.Y. 2023-24 shall be Rs.200 million i.e. Rs.2/- per share @ 20 percent of the par value (2022-23: Rs.200 million i.e. Rs.2/- per share @ 20 percent of the par value).

### 5.4 ACCUMULATION OF DEBT AND EFFORTS FOR RECOVERIES:

The Corporation, working under the direction of Ministry of Commerce, has been importing commodities or procuring these commodities locally on behalf of the respective line ministries for the purpose of maintaining strategic reserves and market stabilization. These procurements of commodities are made on the approval of ECC's summary by the Federal Cabinet, based on which the Ministry of Finance (MoF) allocates Cash Credit Limit (CCL) to the Corporation backed by Government of Pakistan's sovereign guarantees that are utilized for raising loans from commercial banks for local procurement payments and arrangement of foreign exchange to establish LCs in favor of foreign suppliers, as the case may be. And, once the commodities are procured, the same are handed over to the entities nominated by the respective ministries.

Prior to the year 2018, there were no written agreements between the recipient agencies and the Corporation. Thereafter, since year 2018, agreements are being signed between respective agencies and the Corporation which are handed over as per directives of the Federal Government to the nominated recipient agencies. However, the proceeds are remitted to the Corporation after a considerable delay despite the Corporation's repeated requests for payments. Even in cases where there was a subsidy to be borne by the Federal Government, the amounts have not been cleared. Since the procurements were based on loans from Commercial Banks at prevailing lending markup rates, every delayed payment results in compounding effect on the markup amount. Except small amounts relating to incidental charges etc., none of the recipient agencies have disputed the principal outstanding amounts. However, most of the recipient agencies have contended that the liability of accrued markup for past periods has to be borne by the Federal Government, and not the recipient agencies. Accumulation of debt position is disclosed in the annexed Audited Financial Statements for the year ended 30<sup>th</sup> June 2024. As at 30<sup>th</sup> September 2024, the delayed payments arising from procurements executed on behalf of the Federal Government and its agencies have accumulated to a total of PKR 296.608 billion (PKR 93.692 billion principal with PKR 202.916 billion markup) as detailed at [Annexure-IV](#).

**Recoveries on Account of Wheat:** During the year 2023-24, the Corporation has recovered an amount of Rs.1,788.000 million from Sindh Food Department against sale of imported wheat during the year 2004-05 & 2008-09. An amount of Rs.18,000.00 million and Rs.4,789.361 million received from PASSCO on 26<sup>th</sup> October 2023 and 21<sup>st</sup> November 2023 respectively on account of supply of imported wheat during the year 2022-23.

**Recoveries on Account of Urea:** An amount of Rs. 144.574 million received from NFML on 20<sup>th</sup> October 2023 on account of supply of imported urea during the year 2022-23. TCP received an amount of Rs. 6,000.00 million from





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Ministry of Commerce on 27<sup>th</sup> May 2024 on account of Federal Government share on import of Urea during the year 2022-23. The Corporation billed an amount of Rs. 27,347.661 million on account of supply of 219,789.009 MT imported urea to M/s. NFML and the same was fully recovered (including mark-up).

**Recoveries on Account of Sugar:** An amount of Rs. 4,031.250 million received from USC on account of supply of imported sugar during the year 2021-22.

**Further Efforts for Recoveries:**

- i) A meeting was held at Finance Division, Islamabad on 1<sup>st</sup> December 2023 with provincial Finance and Food Secretaries wherein it was decided that respective provincial governments / agencies to remit agreed amount within two (2) weeks periods and for unreconciled amounts, whereas the reconciliation exercise shall be completed within three (3) weeks by the parties. Pursuant to the above direction from Ministry of Finance, four (4) reconciliation meetings have been held with M/s. Utility Store Corporation (USC) on 1<sup>st</sup> January 2024, Government of Balochistan held on 27<sup>th</sup> - 29<sup>th</sup> December 2023, Government of AJK on 19<sup>th</sup> February 2024 and Government of Gilgit Baltistan from 26<sup>th</sup> & 29<sup>th</sup> January 2024.
- ii) A D.O. letter has been forwarded by Chairman TCP dated 07<sup>th</sup> December 2023 to all Chief Secretary of Provincial Governments for recovery of receivables on account of wheat supplied by TCP.
- iii) A letter has been forwarded by Executive Director (Finance) to the Special Secretary, Ministry of Commerce dated 14<sup>th</sup> February 2024 requesting Finance Division for convening the meeting to ensure the compliance of the already issued directive via the above referred meeting (i.e. held on 1<sup>st</sup> December 2023) so that the already agreed outstanding amount from provincial government and other federal agencies may be timely received to avoid further accumulation of mark-up.
- iv) Two letters have been forwarded by Executive Director (Finance) to the Joint Secretary (Exim), Ministry of Commerce dated 26<sup>th</sup> March 2024 & 20<sup>th</sup> May 2024 requesting Finance Division for convening the meeting to ensure the compliance of the already issued directive via the above referred meeting i.e. held on 1<sup>st</sup> December 2023.
- v) In pursuance of decision taken in 600<sup>th</sup> meeting of the Audit Committee held on 9<sup>th</sup> February 2024, wherein it has been directed that “a monthly report of Federal Government (Finance Division) of the receivable balances outstanding against it both principal and mark-up amount emphasizing that the delay is enhancing the mark-up amount substantially”. In this regard, TCP had forwarded five (5) letters to Section Officer, Ministry of Commerce dated 19<sup>th</sup> March 2024, 18<sup>th</sup> April 2024, 10<sup>th</sup> May 2024, 6<sup>th</sup> June 2024 & 8<sup>th</sup> July 2024 wherein forwarded the updated receivables position.
- vi) A meeting was held on 17<sup>th</sup> May 2024 between Cane Commissioner Punjab and TCP wherein Cane Commissioner desired to provide the information related to the import of sugar 2020-21 & 2021-22 from TCP enabling them to place the summary before Provincial Cabinet for release of funds. Subsequently, TCP vide letter dated 21<sup>st</sup> May 2024 shared the requisite information with Cane Commissioner Punjab.
- vii) A meeting was also held on 5<sup>th</sup> June 2024, under the Chairmanship of Additional Finance Secretary AFS (CF) at Finance Division, Islamabad wherein it was decided that respective provincial governments / agencies to remit agreed amount and complete the exercise of un-reconciled amounts, immediately. In pursuance to the above directions a team of TCP was deputed to visit KPK on 11<sup>th</sup> June 2024 and Punjab on 13<sup>th</sup> & 14<sup>th</sup> June 2024 for reconciliation with the recipient departments.
- viii) During the year TCP has issued two (2) reminder letters to each debtor each month (i.e., M/s. USC, M/s. NFML, M/s. PASSCO, DGP Army, Pakistan Navy and all Provincial Governments and Ministry of Commerce, Ministry of Industries & Production, Cotton Commissioner, Islamabad for settlement of outstanding dues / receivables. TCP has also requested these recipients to hold reconciliation meetings for expeditious recovery of the outstanding amount.



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**5.5 DISPOSAL OF LEGAL CASES & RECOVERIES:**

As a result of rigorous efforts by the management under the oversight of the Risk Management & Litigation Committee of the Board, the Legal Team has been able to generate noticeable results, as at the beginning of the year 2023-24, a total of 344 cases were pending in various courts of law, out of which seventeen (17) cases were decided in favor of the Corporation from a total of thirty two (32) cases that were disposed of during the year under consideration. Furthermore, during the above mentioned period eleven (11) cases were filed by TCP and Twelve (12) cases were filed against TCP, which make up a total of twenty-three (23) new cases during the year.

<b>Cases as at the Beginning of the Year 2023-24</b>	<b>344</b>
New Cases Filed by the Corporation	11
New Cases Filed by Other Parties	12
<b>Total Number of New Cases During the Year 2023-24</b>	<b>23</b>
Cases Decided in Favor of the Corporation	17
Other Cases Disposed Of During the Year 2023-24	15
<b>Total Cases Disposed Of During the Year 2023-24</b>	<b>32</b>
<b>Cases as at the End of the Year 2023-24</b>	<b>335</b>

Category-wise detail of the seventeen (17) cases decided in favor of the Corporation is as under:

a. No. of Civil matters	=	06
b. No. of Service matters	=	11

In order to ensure rigorous pursuance of the cases, three advocates were added to the Corporation's panel during the period, which certainly has strengthened the panel of TCP's lawyers.

Moreover, an amount of Rs. 252,513,749/- has been decreed in favor of TCP during the period.

**5.6 REAL ESTATE BUSINESS DEVELOPMENT:**

A strategic approach towards real estate business development reflects the Corporation's commitment to modernizing its facilities and ensuring that its operations align with contemporary standards. The anticipated improvements are projected to bolster the functionality, and provide a more conducive working environment.

**Construction of Silos:** The Corporation has re-submitted a proposal to the Export Development Fund (EDF) for the construction of silos with a storage capacity of 50,000 MT to 250,000MT at the Pipri Godown, aimed at supporting the export of the corn crop. Additionally, it is envisioned that this facility could be utilized for the storage of other grains during the off-season.

**Renovation of Office Premises:** The new office premises have been established on the 8<sup>th</sup> Floor of the FTC Building, Karachi to provide a modern working environment. This strategic move aims to improve overall operational efficiency and foster a more dynamic work culture.

**Developmental Work at Godowns:** In light of the critical importance of security and safety at TCP's godowns, a comprehensive study has been conducted by the organization to assess the need for installing CCTV cameras at these facilities. This initiative aims to enhance monitoring and safeguard valuable assets, ensuring real-time surveillance and prompt response to any potential security threats. The installation of CCTV cameras is expected to strengthen overall security measures, providing an additional layer of protection for the goods stored in the godowns.

Additionally, firefighting equipment has been installed in TCP godowns to enhance safety and emergency response capabilities. This initiative reflects TCP's commitment to maintaining high safety standards in all operational areas. Furthermore, the organization plans to acquire a new firefighting vehicle in the upcoming fiscal year of 2024-25. This



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vehicle will enhance the effectiveness of their firefighting capabilities, enabling quicker responses to any potential fire hazards. The strategic investment in both equipment and vehicles underscores TCP's proactive approach to safeguarding its facilities and personnel. By prioritizing fire safety, TCP aims to create a secure working environment that mitigates risks and enhances operational efficiency. These measures will not only protect the assets within the Godowns but also promote confidence among stakeholders regarding safety protocols. Overall, the comprehensive fire safety strategy is set to bolster TCP's operational resilience and readiness against fire-related incidents.

Moreover, after successful efforts of current management of TCP, Landhi Godown measuring 66 acres was transferred in the name of TCP during the current year.

**Plan for Profitable Utilization of Properties:** To enhance the appearance of the office located at the Godowns, a comprehensive study was undertaken by TCP. This initiative aims to improve the infrastructure and is set to commence civil work in the financial year 2024-25. In addition to this, a separate assessment was performed regarding the maintenance of the TCP Godown in Multan, with plans to initiate civil work during the first quarter of 2024-25.

TCP has developed an initial business plan concerning the utilization of its property, specifically Plot No. 26-30 in Multan. This plan outlines the construction of prefabricated godowns 50,000 MT extendable to 250,000 MT along with the establishment of plug-and-play facilities, designed to facilitate operational efficiency and promote business activities. The proposed developments are expected to not only optimize space usage but also enhance overall service delivery.

**Solarization Project:** The solarization of the TCP House was implemented as part of an initiative to advance the government's commitment to green energy. This project underscores the importance of renewable energy sources in achieving sustainability goals. By installing solar panels, TCP House aims to reduce its carbon footprint and contribute to a cleaner environment. This initiative aligns with national policies that advocate for energy efficiency and the utilization of renewable resources.

Furthermore, it serves as a model for other government buildings, encouraging them to adopt similar sustainable practices. The transition to solar energy not only supports the government's vision but also promotes public awareness about the benefits of green technology. It exemplifies a significant step toward fostering a culture of environmental responsibility within the community. The project is expected to yield long-term economic benefits by decreasing energy costs and increasing energy independence. Ultimately, the solarization of TCP House stands as a testament to the potential of renewable energy in reshaping our energy landscape for future generations.

In addition to its ongoing projects, TCP has proposed the installation of solar power systems on the rooftops of its godowns. This initiative is aimed at optimizing energy consumption and reducing operational costs by harnessing renewable energy sources. To ensure the project's success, detailed viability assessments were conducted, alongside comprehensive feasibility studies that examined the technical and economic aspects of the installation. These studies confirmed the potential benefits of the project, particularly in reducing the carbon footprint and lowering reliance on traditional power grids.

Moreover, TCP plans to explore innovative financing models to make the project economically viable, such as collaborating with solar energy providers for a power purchase agreement (PPA) model. In doing so, the organization aims to not only cut down on electricity expenses but also contribute to the national goal of sustainable energy transition.

As the next step, TCP will work on securing the necessary permits and engaging with stakeholders to ensure a smooth implementation phase. This forward-looking approach underscores TCP's commitment to integrating sustainable practices into its operations, setting an example for other public sector entities. The solar rooftop initiative is expected to be a key element in TCP's long-term strategy for environmental sustainability and operational efficiency.

### 5.7 INFORMATION TECHNOLOGY:

In the year 2022, we started carrying out the process of the implementation of the digital transformation within our organization. Officials in the TCP now have access to a newly developed/custom made specialized software portal for document digitalization "DMS". TCP has successfully transformed more than 4.5 million pages into digital content during the period specified. TCP has successfully transformed more than 6.8 million pages into digital content since the start, till 30<sup>th</sup> June 2024.



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**6. CORPORATE GOVERNANCE:**

**6.1 IMPLEMENTATION OF PRINCIPLES OF GOVERNANCE:**

In order to improve public service delivery and to make grievances redressal mechanism more efficient and responsive

- i) The Board has complied with the relevant principles of corporate governance and has identified the rules that have not been complied with, the period in which such non-compliance continued, and reasons for such non-compliance.
- ii) The financial statements prepared by the management of the Corporation fairly presents its state of affairs, the result of its operations, cash flows and changes in equity.
- iii) Proper books of accounts have been maintained by the Corporation.
- iv) Appropriate accounting policies have been consistently applied in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- v) The Board has recognized its responsibility to establish and maintain a sound system of internal control.
- vi) Total (12) Board Meetings have been held during the year and meeting attended by each director is given below:

<b>Name of Board Member</b>	<b>No. of Meetings Attended</b>
Syed Rafeo Bashir Shah, Chairman	12
Mr. Ahsan Ali Mangi, Ministry of Commerce	12
Mr. Imtiaz Ali Gopang, Ministry of National Food Security & Research	08
Dr. Imranullah Khan, Ministry of Finance	11
Ms. Saira Imdad Ali	01
Mir Balagh Sher Marri	12
Mr. Aasim Azim Siddiqui	08
Syed Miran Muhammad Shah	12
Mr. Fuad Hamid Ahmed	07
Ms. Tasneem Yusuf	12

- vii) The pattern of shareholders is attached as **Annexure-V**.
- viii) The appointment of Chairman and other members of the board and the terms of their appointment along with the remuneration policy adopted are in the best interest of the Corporation, as well as in terms with the best practice.
- ix) The Audit Committee has played a crucial role in overseeing the organization's governance and financial reporting during the past year. The Audit Committee has held regular meetings, reviewed financial statements, and monitored the effectiveness of internal controls. The Committee has also worked closely with the external auditors to ensure the accuracy and completeness of the financial reporting. Terms of reference (ToRs) of the Audit Committee have been attached as **Annexure-VI**.
- x) In compliance with the State-Owned Enterprises (Governance and Operations) Act, 2023 and the State-Owned Enterprises Management Ownership and Management Policy, 2023, the Board has evaluated the performance of the Audit Committee, in its 401<sup>st</sup> meeting held on 7<sup>th</sup> October 2024, and has declared the performance as "Satisfactory".
- xi) The Board, in its 399<sup>th</sup> meeting held on 4<sup>th</sup> September 2024, has evaluated the performance of the senior management.
- xii) The Board and the management of the Corporation are confident and hereby issue the statement that:



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- i. Financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), as are applicable;
  - ii. There are reasonable grounds that the Corporation shall be able to pay their debts as they become payable, given the fact that all liabilities of the Corporation are fully covered through sovereign guarantee of the Federal Government; and
  - iii. The financial statements and notes comply with the requirements of the SOE Law.
- xiii) The Board of Directors of the Corporation, as a matter of prudence, has reviewed the Corporation's compliance with the provisions of / requirements set out in the State-Owned Enterprises (Governance and Operations) Act, 2023 and the State-Owned Enterprises Ownership and Management Policy, 2023, and the Statement of Compliance, as reviewed and approved by the Board of the Corporation, has been made part of the Annual Report for the year ended 30<sup>th</sup> June 2024.

#### 6.2 PRIME MINISTER'S PERFORMANCE DELIVERY UNIT (PMDU) COMPLAINTS:

In order to improve public service delivery and to make grievances redressal mechanism more efficient and responsive in all Ministries/Divisions and their attached department, the Prime Minister's Performance Delivery Unit (PMDU) has designed and introduced information & Communication Technology (ICT) based system i.e., Pakistan Citizen Portal. During the year 2023-24, four (4) complaints were received on the dashboard of TCP from Pakistan Citizen Portal, out of which three (3) complaints pertained to TCP, which were resolved in the light of relevant Rules/Regulations and decided on merit for possible provision of relief to the citizens. The remaining one (1) complaint pertained to other Department/Authority which was forwarded to them accordingly.

#### 6.3 DEVELOPMENT OF ORGANOGRAM / POLICY AND PROCEDURE MANUAL:

During the year 2023-24, a professional consultancy firm (M/s. A. F. Ferguson) was engaged by the Corporation to develop the organogram to optimize the organizational structure through rightsizing while enhancing operational efficiency. The new organogram was developed after a careful evaluation and analysis of various jobs and manpower requirements across various divisions of the Corporation at all cadres, as a result of which the previously approved sanctioned strength was significantly revised with proper allocation of the human resources across different divisions. The Board of Directors has approved the newly developed organogram after minutely re-evaluating the rationale behind the proposal. This newly developed and approved organogram has been placed onto the official website of the Corporation.

In addition to developing the organogram, the consultant firm was also tasked to revamp significant policies and procedure manuals. After a thorough study of the Corporation's needs and prevalent practices was conducted by the consultant firm, with an objective to align these policies and procedure manuals with the international best practices while adhering to the applicable legal framework, the consultant firm came up with these policies and procedure manuals, which were placed before the relevant Committees of the Board for consideration and recommending to the Board. Thereafter, the Board of Directors has approved a comprehensive set of policies and procedure manuals aimed at enhancing governance and streamlining operations. These policies and procedure manuals include:

- i) Operations Policy & Procedure;
- ii) Credit & Claim Settlement Policy and Procedure Manual;
- iii) Procurement Policy;
- iv) Policy for Renting Out and Utilization of TCP's Properties;
- v) Investment Policy;
- vi) Related Party Transactions Policy;
- vii) Financial Management Manual;
- viii) Accounting Policies and Procedures;
- ix) Internal Audit Manual;
- x) HR Policies and Procedures Manual;
- xi) Whistleblowing Policy;
- xii) Health, Safety, and Environment Policy;
- xiii) Corporate Social Responsibility Policy.



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These were crucial to aligning TCP's operations with industry best practices and ensuring the right sizing of its workforce to meet organizational goals.

#### 6.4 RECRUITMENT, PROMOTIONS AND CAPACITY BUILDINGS:

In recent organizational developments, the company has made significant strides in strengthening its management team and facilitating career advancements within the organization.

At First, four General Managers with specific qualification & experience have been appointed on a permanent basis, taking on key leadership roles in I.T., Internal Control and Compliance, Finance & Accounts, and Real Estate Business Development. This recruitment effort aligns with the company's goal of enhancing operational efficiency and strategic business growth.

Additionally, three Deputy Managers with relevant expertise have also been appointed on a permanent basis to oversee critical functions in Finance, Audit, and Operations, further reinforcing the company's commitment to strong governance and financial oversight.

In the months of October and November 2023, the company conducted departmental promotions. Eligible officers were promoted to senior roles such as General Managers, Deputy General Managers, Managers, and Deputy Managers, in accordance with the established promotion guidelines of the Corporation.

Moreover, the company has recruited a Company Secretary and a Chief Financial Officer, both on a contractual basis, to bring specialized expertise to these vital roles, ensuring continued compliance with regulatory requirements and sound financial management. These appointments reflect the company's forward-looking approach to securing key talent for its ongoing success.

TCP also held capacity building trainings for its employees at various levels in the areas of E-Procurements, PPRA Rules, Cyber Security and Leadership. Details are at [Annexure-VII](#).

#### 6.5 MANAGEMENT – EMPLOYEES' RELATIONSHIP:

The relationship between the Management, TCP Officers Association and TCP Employees Union remained harmonious during the year. The Management is happy to record its appreciation for the hard work put in by the officers and employees of the Corporation at all levels.

The Management of TCP has signed an agreement with the Employees Union of TCP (CBA) biennially on the basis of the Charter of Demand submitted by the Employees Union in light of the relevant Labor Laws. The latest Charter of Demand has been submitted by the Employees Union (CBA) on 3<sup>rd</sup> August 2023 for the period of 1<sup>st</sup> July 2023 to 30<sup>th</sup> June 2025, on which negotiations between the Management and the Employees Union have been concluded for signing of the Agreement on the Charter of Demand for the period 2023-2025.

#### 7. STATUTORY AUDITORS AND AUDITOR'S REPORT:

The Statutory Audit for FY 2022-23 has been conducted by M/s. Baker Tilly Mehmood Idrees Qamar, Chartered Accountants in accordance with the International Auditing Standards as applicable in Pakistan in line with the corporate legal framework.

In Auditors opinion based on audit, except for the possible effects of the matters observed as qualifications [Management responses on the Audit Observations are attached as [Annexure-VIII](#)]:

- i) proper books of account have been kept by the Company as required by the Companies Act, 2017(XIX of 2017);
- ii) the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flow together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017), and are in agreement with the books of account and returns;



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- iii) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- iv) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The existing statutory auditors (i.e. M/s. Baker Tilly Mehmood Idrees Qamar, Chartered Accountants) have consented to act as statutory auditors for the subsequent year i.e. FY 2024-25.

## **8. FUTURE PLANNING FOR DIVERSIFICATION OF TCP OPERATIONS AND ACHIEVING COMPLIANCE:**

During the course of review of the operations of TCP, it came to fore that there is a dire need to streamline as well as diversify the operations of TCP with a view to enhance revenue while instilling efficiency. This is because of the fact that, at this point in time, sole dependence of TCP's core business revenue is on Government procurements and that too in limited number of commodities. Moreover, the existing procurement process is intricate and slow, limiting TCP's ability to promptly meet the needs and requirements of government procurement. Therefore, a dire need was felt to streamline the procedural requirements for operational ease of TCP, which relates to proposed amendments in identified provisions contained in the PPRA Rules. These proposed amendments have been sent to PPRA for consideration.

### **8.1 ISSUES IN CURRENT OPERATIONAL AND FINANCIAL MODEL:**

Based on the aforementioned current business model, TCP obtained commercial loans on behalf of MoIP (for NFML, Utility Stores Corporation) and MNFSR (for PASSCO), other Federal and Provincial recipients on the directives of the Federal Government. The Federal Government and the foregoing agencies have always been aware of this operational model, i.e., that imports were financed by TCP through CCLs and commercial bank loans, which had to be re-paid by the recipient agencies. This has never been disputed by any Ministry &/or recipient agency. However, payments started getting delayed due to various reasons such as disputes/refusal on incidental charges payments, non-reconciliation, refusal to bear the cost of subsidy, refusal to bear the cost of markup etc. Even in cases where there was a subsidy to be borne by the Federal Government, the amount was not paid in time. Since the procurements were based on loans from Commercial Banks at market rates interest, every delayed payment accrued mark-up to the principal amount.

Due to this huge markup, TCP has been forced to make quarterly payments by obtaining further bank loans at prevailing commercial markup rates. This has resulted in the ballooning of circular debt and TCP is forced to take loans to repay other loans because of non-payment of outstanding dues by recipient agencies and the Federal Government. The end result thereof is that the bulk of the bank financing margins available with TCP for operational financing are now consumed in debt repayments.

Finance Division, while communicating the Cash Credit Limits to TCP, has started mentioning in its communications that the loan settlement would be the responsibility of TCP. It has been contested at every level by TCP. TCP has consistently highlighted the fact that the liability is accrued against TCP on behalf of a Ministry that requires a certain commodity to be imported and that Ministry is responsible for repayment of the loan and its accrued mark-up. Response thereon is yet awaited from Finance Division. TCP has however made it clear to Ministry of Commerce that if the Federal Government and its agencies do not re-pay these loans along with mark-up, TCP would not be able to execute any further import operations.

### **8.2 PROPOSED FINANCIAL & OPERATIONAL MODEL FOR TCP:**

Since Agriculture is a devolved subject, purely under the domain of the Provincial Governments after the 18th Amendment, therefore, for all bulk Agro based imports (e.g. Wheat, Urea etc.), TCP proposes that in case the Provincial Governments intend to undertake imports of required commodities through TCP, then:

- i) Provinces will either directly intimate TCP or through the respective line Ministry in the Federal Government, the import requirement of commodity in question;
- ii) These procurements would be based on advance payments by the provincial governments to TCP;



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- iii) In such cases, the responsibility of timely planning, placement of order and the financing arrangements would directly be of the Provincial Governments, with no financial liability on TCP &/or the Federal Government.

If TCP is required to import Strategic reserves for the Federal Government then the same shall be done on the directives of the Cabinet through a Summary moved by the line Ministry with advance planning and budgetary allocation to be made by the Line Ministry. In case that is not done and procurements are made in emergency, all liability for the loan and its accrued mark-up would be that of the line Ministry which has moved the summary for procurement. In such cases, TCP would take the Cash Credit limit (CCL) from Commercial banks, open the LC, import the Commodity and retire the LC. As soon as the LCs stands retired, the CCL shall be shifted to the line Ministry of the recipient agency by Finance Division. In this manner, TCP would execute its Public Service Obligation with efficiency and without accruing any liability on TCP. The mechanism to execute this procedure (for liability settlement in case of fresh commodity operations) is as follows, which has also been discussed in detail with TCP's consortium banks:

- i) TCP from its CCL available limits will approach banks to open LC(s) for commodity imports for particular contract.
- ii) Once documents are presented at the banks counter, same will be retired from TCP's CCL limits.
- iii) Simultaneously respective agencies will request the Finance Division for provision of CCL limit based on information provided by the TCP
- iv) The CCL obtained by the respective recipient agency from Finance Division for the subject imports will be used for settlement of TCP liabilities by giving inflows from the recipient agencies own CCL limits immediately. Concurrently, TCP's CCL limits will be adjusted accordingly.

The above proposals are meant to contain the liability of TCP and also to enable it to perform its Public Service Obligations under the SOE Act, 2023. They are also aimed at streamlining the import operations of TCP in a more effective, efficient and sustainable manner, both operationally as well as financially. It is time that TCP be allowed to operate in accordance with the principles prescribed under the SOE Act, 2023, Act. It is with that intent that the Ministry of Commerce proposes to change the operational and financial model of TCP.

TCP has accordingly informed Ministry of Commerce to move a Summary for the approval of Cabinet for the same.

### **8.3 BUSINESS DIVERSIFICATION PLAN:**

A business development plan was developed by the management, and thereafter, the same was discussed at length by the Board of Directors, which was then approved by the Board of Directors. It primarily focused on alternate sources of revenue for TCP, while remaining within the realm of the TCP's Memorandum of Association as well as with the focus to efficiently cater to the requirements of the Government of Pakistan. This plan has been bifurcated into three stages which are as under: -

#### **a. SHORT TERM PLANS (1-2 YEARS):**

##### **Commodity supplies for public and private sector:**

- Trade for the private sector (wheat/lentils/edible oil or any other item on demand) at no cost to the Government of Pakistan
- Considering the possibility for import of Wheat and urea for the Government of Afghanistan
- Indenting operations for INGOs

##### **Usufruct / Infrastructure development:**

- Construction of Silos at Pipri Karachi under PPP / JV mode with the capacity of 50,000 MT to 250,000 MT.

#### **b. MEDIUM TERM PLANS (2-5 YEARS):**

##### **Commodity supplies for public and private sector:**

- Trade for the private sector (wheat/lentils/edible oil or any other item on demand) at no cost to the Government of Pakistan.





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**Usufruct /Infrastructure development:**

- Construction of Silos / Warehousing at Multan for which feasibility has been prepared by the Consultant for a capacity of 50,000 MT extendable to 250,000 MT.
- Solarization of TCP's warehouses at Pipri / Landhi & Korangi.

**Others:**

- Exploring Marine Insurance operations through a SOE.

**c. LONG TERM PLANS (5 YEARS):**

**Commodity supplies for public and private sector:**

- Trade for the private sector (wheat/lentils/edible oil or any other item on demand) at no cost to the Government of Pakistan

**Infrastructure development:**

- Construction of Solar Park at TCP Pipri land

**Real estate development:**

- Modernization of existing warehousing facilities along with the addition of some new infrastructure, through REIT or other modalities.
- As per the new SOE Act 2023, TCP developed, in addition to its Business Development Plan, a Statement of Corporate Intent which is as under: -

**8.4 STATEMENT OF CORPORATE INTENT:**

Set up in 1967, as a State-owned Enterprise for Trading purposes, TCP has since evolved into a Private Limited Company, under the Companies act whose main intent has been market stabilization through trade of essential commodities. In order to enhance the support role of TCP and its business model in line with its Memorandum of Association, TCP intends to play a reinvigorated role in commodities trade (and its allied infrastructure development), optimal utilization of its real estate as well as gradually increase its footprint in alternate energy development. This would on the one hand ensure a proactive approach towards public & private section commodities trade as well as development of a facilitative ecosystem of storage, insurance and logistics including infrastructure, and on the other hand, enhance revenue streams for TCP as well as for the Government of Pakistan."

TCP has currently undertaken development and revision of its constitutional documents such as Memorandum & Articles of Association, and also other policy documents like HR/Accounts/Finance/Real Estate related Policy and procedure manuals as well as the development of a functional as well as administrative organogram for TCP.

Furthermore, as a step towards automation and paperless official business processes, TCP has transitioned to the E-Office system of the Government of Pakistan and is carrying out scanning and digitization of the complete record of the Corporation.

**8.5 ALTERATIONS IN THE MEMORANDUM OF ASSOCIATION:**

Memorandum of Association is one of the primary constitutional document of any company registered / to be registered under the Companies Act, 2017. Memorandum of association of a company lays down the business / activities, which a company intends to undertake throughout its lifecycle. Memorandum lays down clauses, which address as to "what will the company do?". There are other important ingredients of a memorandum that have been laid down under Sections 26, 27, 30 and 31 of the Companies Act, 2017.

The Memorandum of Association, in its existing form, contained object clauses in accordance with the mandate given to the Corporation at the time of its establishment back in July 1967; however, the mandate of the Corporation was revised in accordance with the approval of the Cabinet in January 1995, which includes market stabilization through imports of essential commodities in emergent conditions, import of fertilizer, wheat, and industrial raw material and other selected bulk items. Accordingly, the revenue of TCP comes from Commission Income on commodity operations that is determined by the Federal Government, Investment Income that comes from the investments in Government



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securities, Rental Income from renting out of Godowns, and Rice Inspection Fee that is earned on rice exports to EU countries.

Accordingly, the Board of Directors of the Corporation felt expedient to update and simplify the Corporation's Memorandum of Association and to modify it in order to reflect the existing and future business of the Corporation, while remaining within the legal framework of allowable activities / businesses, which the Corporation is authorized / eligible to perform and carry on. The procedure for making alterations in the memorandum has been laid down under Section 32 read with Sections 33,34 & 35 of the Companies Act, 2017. Such modifications / alterations in the memorandum of association are bound by the relevant provisions of Sections 26, 27, 30, 31, 32, 33, 34 & 35 of the Companies Act, 2017.

In order to get the memorandum of association professionally altered, the consultant (M/s. A. F. Ferguson) was engaged in accordance with the provisions of the PPRA Rules, 2004. The proposed draft memorandum of association was, hence, prepared by the consultant and legal vetting was done by M/s. HaiderMota & Co. The Board of Directors of the Corporation, in its 395<sup>th</sup> meeting held on 20<sup>th</sup> May 2024, has approved the proposed draft memorandum of association for placing the same before the members of the Corporation at a general meeting in compliance with the requirements set out in the Companies Act, 2017.

In order to lay down for consideration of the members of the Corporation the matters concerning alterations in the Memorandum of Association, an Extraordinary General Meeting was initially convened on 14<sup>th</sup> June 2024, however, the said alterations could not be approved. Therefore, another Extraordinary General Meeting was convened on 12<sup>th</sup> July 2024, wherein it was decided, on the request of the representative of the Ministry of Commerce, Government of Pakistan, to reconvene another Extraordinary General Meeting after twenty-one days' time i.e. on 2<sup>nd</sup> August 2024. The Extraordinary General Meeting was held on 2<sup>nd</sup> August 2024, however, the same remained unconcluded due to shortage of quorum, and hence, was adjourned till 9<sup>th</sup> August 2024 in accordance with the provisions of Section 135 of the Companies Act, 2017, which was also not concluded. However, since the adjourned meeting may not be adjourned any further in pursuance of Section 135 of the Companies Act, 2017 read with Articles 66 and 69 of the Articles of Association of TCP, the shareholders / members present at the Adjourned Extraordinary General Meeting held on 9<sup>th</sup> August 2024 felt expedient to take the representation from the Federal Government / Ministry of Commerce onboard before a decision may be taken for which such General Meeting was being called, and decided not to hold the Extraordinary General Meeting in the absence of the representation from the Ministry of Commerce, Government of Pakistan. Now, the representative of the Ministry of Commerce has been nominated, who needs to review the proposed draft memorandum of association before it may be placed at a general meeting, which is to be convened with the approval of the Board of Directors of the Corporation. The purpose is to seek approval of the shareholders of the Corporation as part of the process of making alterations in the memorandum of association of the Corporation, and thereafter, to file a petition through relevant Forms prescribed under the Companies (General Provisions and Forms) Regulations, 2018 for obtaining an order of the Securities and Exchange Commission of Pakistan (SECP), so that the alterations so approved by the shareholders and confirmed through an order by the SECP may take effect in accordance with the provisions of Section 32, 33, 34 & 35 of the Companies Act, 2017.

**8.6 ALTERATIONS IN THE ARTICLES OF ASSOCIATION FOR SEGREGATION OF CHAIRMAN AND CEO:**

Articles of Association is one of the primary constitutional document of any company registered / to be registered under the Companies Act, 2017. It explains as to "How will the company broadly function" – It includes clauses comprising of broad procedures relating to company's overall legal structure like share capital, the issuance / transfer of shares, appointment of board directors and matters ancillary thereto, general meetings, CEO and his appointment, minimum quorum for a meeting of directors or committees, obtaining of loans / advances etc. The requirements and provisions appertaining to the articles have been laid down under Sections 16, 17, 18, 30, 35, 36 & 37 of the Companies Act, 2017.

Since, the revenue of TCP comes from Commission Income on commodity operations that is determined by the Federal Government, Investment Income that comes from the investments in Government securities, Rental Income from renting out of Godowns, and Rice Inspection Fee that is earned on rice exports to EU countries. Over and above, the legal framework applicable to the Corporation has substantially changed over time e.g. the Corporation was incorporated in 1967 when the repealed Companies Act, 1913 was in the field. Thereafter, the Companies Act, 1913 was repealed and the new Companies Ordinance, 1984 was promulgated, which again was repealed through the enactment of the Companies Act, 2017. Moving forward, the State-Owned Enterprises (Governance and Operations) Act, 2023 was enacted, which, to a noticeable extent, has overridden various provisions of the Companies Act, 2017.



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Fact on ground is that the Corporation has been facing serious recovery issues, as commodity procurements are financed through Cash Credit Limits from Commercial Banks, and until the moneys are collected from recipient of goods, the markup keeps on accruing on bank borrowings, so there was a need to streamline the processes and governing documents for efficient working of the Corporation's core business activity. Over and above, owing to promulgation of the Companies Act, 2017 and the State-Owned Enterprises (Governance & Operations) Act, 2023, the Board of Directors of the Corporation felt expedient to alter the articles of association in order to cater for the segregation of the office of the Chairman and the Chief Executive Officer, and also to modify in such a manner that the provisions of the State-Owned Enterprises (Governance & Operations) Act, 2023 and the policy made thereunder are catered for, while adhering also to the other related but non-conflicting provisions of the Companies Act, 2017. The procedure for making alterations in the articles of association have been laid down under Section 38 of the Companies Act, 2017. Such alterations in the articles of association are bound by the relevant provisions of Sections 16, 17, 18, 30, 35, 36, 37 & 38 of the Companies Act, 2017.

In order to get the articles of association professionally altered, the consultant (M/s. A. F. Ferguson) was engaged in accordance with the provisions of the PPRA Rules, 2004. The proposed draft articles of association were, hence, prepared by the consultant and legal vetting was done by M/s. HaiderMota & Co. The Board of Directors of the Corporation, in its 395<sup>th</sup> meeting held on 20<sup>th</sup> May 2024, has approved the proposed draft articles of association for placing the same before the members of the Corporation at a general meeting in compliance with the requirements set out in the Companies Act, 2017.

As mentioned earlier, in order to lay down for consideration of the members of the Corporation the matters concerning alterations in the Articles of Association, an Extraordinary General Meeting was initially convened on 14<sup>th</sup> June 2024, however, the said alterations could not be approved. Therefore, another Extraordinary General Meeting was convened on 12<sup>th</sup> July 2024, wherein it was decided, on the request of the representative of the Ministry of Commerce, Government of Pakistan, to reconvene another Extraordinary General Meeting after twenty-one days' time i.e. on 2<sup>nd</sup> August 2024. The Extraordinary General Meeting was held on 2<sup>nd</sup> August 2024, however, the same remained unconcluded due to shortage of quorum, and hence, was adjourned till 9<sup>th</sup> August 2024 in accordance with the provisions of Section 135 of the Companies Act, 2017, which was also not concluded. However, since the adjourned meeting may not be adjourned any further in pursuance of Section 135 of the Companies Act, 2017 read with Articles 66 and 69 of the Articles of Association of TCP, the shareholders / members present at the Adjourned Extraordinary General Meeting held on 9<sup>th</sup> August 2024 felt expedient to take the representation from the Federal Government / Ministry of Commerce onboard before a decision may be taken for which such General Meeting was being called, and decided not to hold the Extraordinary General Meeting in the absence of the representation from the Ministry of Commerce, Government of Pakistan. Now, the representative of the Ministry of Commerce has been nominated, who needs to review the proposed draft articles of association before it may be placed at a general meeting, which is to be convened with the approval of the Board of Directors of the Corporation. The purpose is to seek approval of the shareholders of the Corporation as part of the process of making alterations in the articles of association of the Corporation, and thereafter, to file a copy of the new articles with the registrar of companies at the Company Registration Office (Karachi), in compliance with the provisions of Section 38 of the Companies Act, 2017 within a period of thirty (30) days from the date of passing the resolution making such alterations in the articles of association of the Corporation.

Once the new articles of association are in the field after the procedure for making alterations is concluded, the process of appointment of the Chief Executive Officer of the Corporation shall immediately be initiated for an expeditious appointment, in compliance with the relevant provisions of the State-Owned Enterprises (Governance and Operations) Act, 2023.

**9. PRESENTATION AT THE 57<sup>TH</sup> ANNUAL GENERAL MEETING:**

The Board of Directors of the Corporation lay this report along with the Annual Audited Financial Statements for the year ended 30<sup>th</sup> June 2024, before the members / shareholders of the Corporation at the 57<sup>th</sup> Annual General Meeting being held on 28<sup>th</sup> October 2024, for information and approval / adoption. [Karachi, 7<sup>th</sup> October 2024]

**DIRECTOR**

**CHAIRMAN & CHIEF EXECUTIVE**



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ANNEXURE-I

**DETAILS OF DIVISIONAL HEADS / INCHARGES**  
**OF REGIONAL OFFICES / SUB REGIONAL OFFICES**

<b>Sr. No.</b>	<b>Name of Division Head / Incharge</b>	<b>Designation</b>	<b>Division / Regional Office / Sub-Regional Office</b>
i)	Mr. Jatin Kumar	Chief Financial Officer	Finance Division
ii)	Mr. Farrukh Majeed Qureshi	Company Secretary	Secretary Division
iii)	Mr. Salim Ullah Khan	Chief Internal Auditor	Internal Audit Division
iv)	Mr. Naveed Rehman Bugti	General Manager	Internal Control and Compliance Division
v)	Mr. Rashid Hussain	General Manager	Trade and Research Division
vi)	Mr. Sheeraz Ali Shahzad	General Manager	Dispatch & Operation Division
vii)	Mr. Radain Shah	General Manager	Real Estate Business Development Division
viii)	Mr. Muhammad Asif	Manager	Real Estate Operation Division
ix)	Mr. Muhammad Ali	General Manager	Finance & Accounts Division
x)	Mr. Rashid Hussain	General Manager	Human Resource Division
xi)	Mr. Sher Muhammad Mahar	General Manager (Additional Charge)	Legal Division
xii)	Mr. Ali Raza Altaf	Deputy General Manager	Administration & Coordination Division
xiii)	Sayed Basit Qadir	General Manager	Information Technology Division
xiv)	Mr. Muhammad Samiullah Bhutta	Manager	Regional Office Islamabad
xv)	Mr. Israr Ahmed	General Manager	Regional Office Lahore
xvi)	-----	-----	Regional Office Gwadar
xvii)	Mr. Muhammad Hasnain Naveed	Deputy Manager	Sub-Regional Office Multan
xviii)	Mr. Akhlaque Ahmed Samoo	Manager	Korangi Godown
xix)	Mr. Muhammad Tarique Khan	Deputy General Manager	Pipri Godown
xx)	Mr. Israr Hussain	Manager	Landhi Godown



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ANNEXURE-II

**KEY OPERATING AND FINANCIAL DATA**

*Rs. In (000)*

<b>Operating Data</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>
Commission Income	33,869	-	101,234	97,146	628,050	1,489,762	3,102,771	481,352
Administrative Expenses	1,080,597	1,015,666	886,062	846,566	964,700	1,046,915	1,590,384	1,449,717
Finance Cost	-	-	-	-	-	-	2,326	3,761
Other Income	1,534,289	1,536,169	2,246,100	2,734,102	2,415,294	2,979,626	4,571,796	5,384,520
Profit Before Tax	487,561	520,503	1,461,272	1,984,682	2,078,644	3,422,473	6,081,857	4,412,394
Profit After Tax	403,271	375,506	1,119,131	1,452,932	1,517,441	2,350,027	4,000,465	2,601,194
<b>Financial Data</b>								
Paid-up Capital	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Non-Current Assets	826,174	721,578	10,247,028	10,363,343	538,769	537,599	568,005	46,535,644
Long term Investment	125,980	65,827	9,643,072	9,806,574	9,991,495	10,201,408	10,439,414	10,709,509
Current Assets	126,149,582	125,566,129	131,160,521	140,511,496	151,876,382	206,788,543	281,037,773	312,071,318
Current Liabilities	114,992,924	114,104,808	128,318,941	136,537,696	146,755,712	199,509,695	270,364,849	299,284,114
<b>Key Ratios</b>								
Net Profit	25%	25%	47%	51%	50%	53%	52%	44%
Current ratio	1.10	1.10	1.02	1.03	1.04	1.04	1.04	1.04
Net Working Capital	11,156,658	11,461,321	2,858,178	3,973,800	5,467,245	7,278,848	10,672,924	12,787,204



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ANNEXURE-III

**COMPARATIVE STATEMENT OF FINANCIAL RESULTS**  
**DURING THE YEARS 2016-17 TO 2023-24**

*(Rupees in million)*

S.No.	Particulars	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
1	Paid-up capital	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
2	Total C&F value of imports	NIL	NIL	5,061.70	4,859.29	82,936.64	179,420.78	323,561.11	24,067.61
3	Total value of Exports	1,810.63	NIL	NIL	NIL	NIL	NIL	NIL	NIL
4	Profit/(Loss) before tax	487.56	520.50	1,461.27	1,984.68	2,078.64	3,422.47	6,081.86	4,412.39
5	Profit/(Loss) after tax	403.27	375.51	1,119.13	1,452.93	1,517.44	2,350.03	4,000.47	2,601.19



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ANNEXURE-IV

**DEBT AND LIABILITIES' POSITION AS ON 30<sup>TH</sup> SEPTEMBER 2024**

(PKR IN MILLION)

S. No.	Name of Debtor	Principal	Markup	TOTAL
		P	M	T=P+M
1	USC	24,334	74,162	98,496
2	NFML	53,814	64,344	118,158
3	MNFS&R (Cotton subsidy)	621	1,932	2,553
4	PASSCO	1,155	4,713	5,868
5	SINDH FOOD DEPARTMENT	543	8,039	8,582
6	PUNJAB FOOD DEPARTMENT	4,688	11,065	15,753
7	KPK FOOD DEPARTMENT	2,527	9,327	11,854
8	BALUCHISTAN FOOD DEPARTMENT	1,794	6,715	8,509
9	GOVERNMENT OF GILGIT BALTISTAN	1,284	4,736	6,020
10	GOVERNMENT OF AJK	231	1,786	2,017
11	DGP ARMY	255	1,271	1,526
12	PAKISTAN NAVY	43	165	208
13	MOIP ( FORMERLY MINFAL ON SUGAR AC)	2,403	14,661	17,064
<b>GRAND TOTAL</b>		<b>93,692</b>	<b>202,916</b>	<b>296,608</b>



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ANNEXURE-V

PATTERN OF SHAREHOLDING AS ON 30.06.2024

1.1 Name of the Company

TRADING CORPORATION OF PAKISTAN (TCP) PRIVATE LIMITED

2.1. Pattern of holding of the shares held by the shareholders as at

3 0 0 6 2 0 2 4

2.2. No of shareholders	Shareholdings	Total shares held
2	1 to 5	2
1	99,999,995 to 100,000,000	99,999,998
3	<b>Total</b>	<b>100,000,000</b>

2.3 Categories of shareholders	share held	Percentage
2.3.1 Directors, Chief Executive Officer, and their spouse and minor children.	2	0.000002
2.3.2 Associated Companies, undertakings, and related parties.	-	-
2.3.3 NIT and ICP	-	-
2.3.4 Banks Development Financial Institutions, Non-Banking Financial Institutions.	-	-
2.3.5 Insurance Companies	-	-
2.3.6 Modarabas and Mutual Funds	-	-
2.3.7 Shareholders holding 10%	FEDERAL GOVERNMENT OF PAKISTAN	99.99
2.3.8 General Public		
a. Local	-	-
b. Foreign	-	-
2.3.9 Others (to be specified)	-	-





**TERMS OF REFERENCE (TORs) OF THE AUDIT COMMITTEE**

The ToRs of the BAC shall be the following.

**Composition of the Audit Committee:**

- 1 The Board shall establish an audit committee, whose members shall be financially literate and majority of them, including its chairman, shall be Independent Non-Executive Directors.
- 2 The chairman of the Board as well as the chief executive of the Public Sector Company shall not be a member of the audit committee.
- 3 The audit committee shall appoint a secretary of the Committee, who shall circulate minutes of its meetings to all members, directors, and the chief financial officer, within fourteen days of the meeting.

**Meetings of the Audit Committee:**

- 1 The Committee shall meet at least once in every Quarter.
- 2 Audit Committee must meet prior to the approval of interim results by its Board of directors and after completion of external audit.
- 3 The Committee shall meet at least four times in a year, with authority to convene additional meetings as circumstances require. Two meetings shall coincide with consideration of the half-year and full-year results announcements. Meetings may be called by any member of the Committee through the Committee Secretary.
- 4 A quorum of meetings of the Committee shall be at least two members.
- 5 At least once a year, the audit committee shall meet the external auditors without the presence of the chief financial officer, the chief internal auditor and other executives being present, to ensure independent communication between the external auditors and the audit committee.
- 6 At least once a year, the audit committee shall meet chief internal auditor and other members of the internal audit function without the chief financial officer and the external auditors being present.

**Responsibilities of Audit Committee / Terms of Reference:**

- 1 Determination of appropriate measures to safeguard the Public Sector Company's assets.
- 2 Review of financial results.
- 3 Review of quarterly, half-yearly and annual financial statements of the Public Sector Company, prior to their approval by the Board including any major judgmental areas, significant adjustments, going concern issues (if any), any changes in accounting policies and compliance with applicable accounting standards.
- 4 Facilitating the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight (in the absence of management, where necessary).
- 5 Review of management letter issued by external auditors and management's response thereto.
- 6 Ensuring coordination between the internal and external auditors of the Public Sector Company.
- 7 Review of the scope and extent of internal audit and ensuring that the internal audit function has adequate resources and is appropriately placed within the Public Sector Company.
- 8 Consideration of major findings of internal investigations and management's response thereto.
- 9 Ascertaining that the internal control system including financial and operational controls, accounting system and reporting structure are adequate and effective.
- 10 Review of the Public Sector Company's statement on internal control systems prior to endorsement by the Board.
- 11 Recommending or approving the hiring or removal of the chief internal auditor;
- 12 Review actions taken to resolve key issues identified by the Internal Audit Function.
- 13 Instituting special projects, value for money studies or other investigations on any matter specified by the Board, in consultation with the chief executive and to consider remittance of any matter to the external auditors or to any other external body.
- 14 Investigating any deviation from or violation of the SOE's code of conduct or other systems of internal control.



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- 15 Determination of compliance with relevant statutory requirements.
- 16 Monitoring compliance with the best practices of corporate governance and identification of significant violations thereof.
- 17 Review and Recommendation of Related Party Transactions to the Board for Approval.
- 18 Overseeing whistle-blowing policy and protection mechanism; and
- 19 Consideration of any other issue or matter as may be assigned by the Board.
- 20 The audit committee shall be responsible for managing the relationship of Public Sector Company with the external auditors. In managing the Public Sector Company's relationship with the external auditors on behalf of the Board, the audit committee's responsibilities include;
  - a. Suggesting the appointment of the external auditor to the Board, the audit fee, and any questions of resignation or dismissal.
  - b. Considering the objectives and scope of any non-financial audit or consultancy work proposed to be undertaken by the external auditors and reviewing the remuneration for this work.
  - c. Discussing with the external auditors before the audit commences the scope of the audit and the extent of reliance on internal audit and other review agencies.
  - d. Discussing with the external auditors any significant issues from the review of the financial statements by the management, and any other work undertaken or overseen by the audit committee.
  - e. Reviewing and considering the external auditors' communication with management and management's response thereto; and
  - f. Reviewing progress on accepted recommendations from the external auditors.

**Reporting and Performance Evaluation:**

1. The Audit Committee will report to the Board and update on every meeting of the Audit Committee shall be presented before the Board.
2. The Committee reviews and assesses annually the adequacy of these Terms of Reference and confirms that all the responsibilities set out in the current Terms of Reference have been carried out.
3. Ensure the SOE's annual report describes the work of audit committee, including a copy of its terms of reference, with specific points that must be addressed for full disclosure and transparency.
4. Ensure that the Internal Audit function reports on recommended improvements in SOE management and activities covered by its purview.
5. Ensure that the Internal Audit function report is considered, and at least one summary is submitted to the full board.
6. Collaborate with the board to determine and delegate to the Chief Executive what his or her role will be in the internal audit selection, function, and reporting.



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ANNEXURE-VII

**TRAINING & CAPACITY BUILDING OF EMPLOYEES**

<b>Sr. No.</b>	<b>Particular</b>
i)	Seminar on International Management Capability of Enterprises for Developing Countries held from 12-Oct-23 to 1-Nov-23 - Ministry of Commerce, Islamabad's –2023 Multilateral Training Program under China Aid.
ii)	Project on Result Based Management held from 6 – 8 November, 2023 Ministry of Commerce, Islamabad's – Training Course for 2 <sup>nd</sup> Quarter (October – December) 2023-24.
iii)	Project Tender & Procurement Management held from 6 – 8 December, 2023.
iv)	Seminar on Economics and Trade Cooperation for Developing Countries – schedule in China 14 <sup>th</sup> November – 4 <sup>th</sup> December, 2023 (21 Days).
v)	Seminar on E-Commerce and Internet Innovation <b>Online</b> 2 <sup>nd</sup> November – 15 <sup>th</sup> November, 2023.
vi)	In-House Training of Ms. Office (Word, Excel, Power Point) for the Staff of TCP held on 29 <sup>th</sup> & 30 <sup>th</sup> April and 2 <sup>nd</sup> May, 2024.
vii)	Conducting “Exclusive Director's Training Program” organized by M/s. Pakistan Institute of Corporate Governance, Karachi held from 22 <sup>nd</sup> April to 26 <sup>th</sup> April, 2024 at TCP Principal Office, Karachi.
viii)	Training Course on Building Reliable Supply Chains by Srilanka and APO Secretariat Japan International Program Face-to-Face Multi-country Training 24 to 28 June at Colombo, Srilanka.
ix)	Exclusive Director Training Program (SOE) for Trading Corporation of Pakistan held from 22 <sup>nd</sup> to 26 <sup>th</sup> April, 2024.
x)	DTP for SOE Program Offered by PICG in Karachi and Islamabad.



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ANNEXURE-VIII

**AUDITOR'S QUALIFICATIONS AND MANAGEMENT REPLIES**  
**ON TCP'S ANNUAL ACCOUNTS FOR THE YEAR ENDED JUNE 30, 2024**

S. No.	Qualification	Management Reply																																	
a.	<p>As disclosed in note no. 12 to the financial statements, trade debts include receivables of Rs. 9,899.130 million from various government institutions. During the course of our audit, we circularized confirmations to these debtors however, we have not received responses to our confirmation requests and there have been no movements or recoveries in the last six years. Therefore, we were unable to assess their ageing and recoverability. Further, one of the debtor M/s. Utility Stores Corporation of Pakistan (USC) confirmed its balance for the first time during the year and the amount not confirmed by USCP is also included in the above qualified amount.</p>	<p>Last year in 2023 qualified amount was Rs. 10,601.176 million is primarily related to supplies made to USC and Provincial Governments against which they have not made payment. Out of above said amount, during the year an amount of Rs. 1,788.00 million received from M/s. Sindh Food Department and two confirmations are received from M/s. USC and Baluchistan Food Department for Rs. 23,948 million (against receivable amount of Rs. 26,980.213 million) and Rs. 1,696.00 million respectively. However, for the recoverability, TCP has been following up aggressively with the Provincial Governments and during period multiple meetings held with these agencies. However, Para 5.6 of this report may be referred for further details of efforts taken for recoveries.</p>																																	
b.	<p>As disclosed in note 14.1 to the financial statements, other receivables include Rs.16,032.99million (including accrued mark-up and other charges of Rs.13,653.37 million till June 30, 2024) from sugar mills on account of sugar not supplied by them under the contractual terms. The Company had initiated legal action and also referred the matter to National Accountability Bureau (NAB). In the absence of management objective evaluation of probable outcome of the said legal action, we are unable to satisfy ourselves as to the recoverability of receivables from sugar mills under the head prepayment and other receivables.</p>	<p>The main observation of the auditors relates to recoverability of total amount of Rs.16,032.99 million from Nine (9) sugar mills which include markup and other charges. The recoverability of the amounts depends on the ultimate outcome of Legal proceedings as the cases are pending in High Court. However, the sugar mills refused to pay outstanding payments including markup thereon. TCP is vigorously pursuing the cases at relevant forum and hopefully the cases shall be decided in favor of TCP, in accordance with the contractual terms. The details of outstanding recoveries as on 30-06-2024, against Nine (09) sugar mills are given as follows:</p> <table border="1"><thead><tr><th>Sr. No</th><th>Name of Sugar Mill</th><th>Rs. In Million</th></tr></thead><tbody><tr><td>1</td><td>Abdullah Shah Ghazi Sugar Mill</td><td>2,700.63</td></tr><tr><td>2</td><td>Haq Bahu Sugar Mill</td><td>2,889.20</td></tr><tr><td>3</td><td>Macca Sugar Mill</td><td>1,181.13</td></tr><tr><td>4</td><td>Abdullah Sugar Mill, Depalpur</td><td>269.80</td></tr><tr><td>5</td><td>Abdullah Sugar Mill, Ex-Yousuf</td><td>2,289.96</td></tr><tr><td>6</td><td>HaseebWaqas Sugar Mill</td><td>519.99</td></tr><tr><td>7</td><td>Seri Sugar Mill</td><td>604.02</td></tr><tr><td>8</td><td>T.M.K. Sugar Mill</td><td>2,817.93</td></tr><tr><td>9</td><td>Tandlianwala Sugar Mill</td><td>2,760.34</td></tr><tr><td><b>Total</b></td><td></td><td><b>16,032.99</b></td></tr></tbody></table>	Sr. No	Name of Sugar Mill	Rs. In Million	1	Abdullah Shah Ghazi Sugar Mill	2,700.63	2	Haq Bahu Sugar Mill	2,889.20	3	Macca Sugar Mill	1,181.13	4	Abdullah Sugar Mill, Depalpur	269.80	5	Abdullah Sugar Mill, Ex-Yousuf	2,289.96	6	HaseebWaqas Sugar Mill	519.99	7	Seri Sugar Mill	604.02	8	T.M.K. Sugar Mill	2,817.93	9	Tandlianwala Sugar Mill	2,760.34	<b>Total</b>		<b>16,032.99</b>
Sr. No	Name of Sugar Mill	Rs. In Million																																	
1	Abdullah Shah Ghazi Sugar Mill	2,700.63																																	
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<b>Total</b>		<b>16,032.99</b>																																	



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<b>S. No.</b>	<b>Qualification</b>	<b>Management Reply</b>
c.	As stated in note no 24.1.1 and 24.1.4 to 24.1.14, the Company has pending litigations and open tax assessments against the company aggregating to Rs. 12,195.65 million. The ultimate outcome of these litigations cannot presently be determined, and no provision that may result, has been made in the financial statements.	The legal status of tax cases is included in the note No. 24 of contingencies.