

**BOARD OF DIRECTORS**

**Chairman/CEO**

**Mr. Rizwan Ahmed.**

**Directors**

- |    |                         |               |
|----|-------------------------|---------------|
| 1. | MR. KHALIQ-UR-RAHMAN    | Independent   |
| 2. | MR. IRFAN QAISER SHEIKH | Independent   |
| 3. | MR. ZAHOOR AHMED        | Non-Executive |
| 4. | MR. MUHAMMAD ASHRAF     | Non-Executive |
| 5. | DR. SHAKIL AHMED KHAN   | Non-Executive |

**BOARD AUDIT & RISK MANAGEMENT COMMITTEE**

- |    |                      |          |
|----|----------------------|----------|
| 1. | MR. KHALIQ-UR-RAHMAN | Chairman |
| 2. | MR. ZAHOOR AHMED     |          |
| 3. | MUHAMMAD ASHRAF      |          |

**Company Secretary**

MR. MUHAMMAD NADEEM AQEEL

**Registered Office**

4<sup>th</sup> & 5<sup>th</sup> Floor, Finance & Trade  
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**ANNUAL REPORT OF TRADING CORPORATION OF PAKISTAN (PVT) LTD**  
**FOR THE YEAR 2015-2016**

The Board of Directors has pleasure in presenting the TCP's Annual Report and the Audited Statement of Accounts for the financial year 2015 - 2016 ended on 30<sup>th</sup> June 2016.

**CHANGES IN BOARD OF DIRECTORS**

Following changes in the Board of Directors took place during the financial year 2015-16 (from 01-07-2015 to 30-06-2016):-

(1) Mr. Adnan Afridi

Relinquished the Charge of the office as  
Director, TCP on December 21, 2015.



## 2. MANAGEMENT:

The Management of the Corporation is vested in a Board of Directors appointed by the Federal Government. The Board comprises a Chairman who is the Chief Executive of the Corporation and Directors who look after the finance, import, export and other affairs of the Corporation. Besides, one Joint Secretary of the Ministry of Commerce, one Joint Secretary of Ministry of Finance and one Food Commissioner representing the Ministry of Food & Agriculture, Government of Pakistan, Islamabad are also included in the Board of Directors of TCP as ex-officio Directors.

### 2.1 Executive Directors:

- i. Mr. Khaqan Murtaza Director
- ii. Mr. Shakeel Ahmed Mangnejo Director (Finance)

### 2.2 Divisional Heads/Incharges of Regional Offices/Sub Regional Offices/ Godowns.

i.	Saiyyed Hassan Imam Jafferi	General Manager	GA & HR Division
ii.	Mr. Muhammad Munir	General Manager	Imports Division
iii.	Mr. Farman Ali Chohan	General Manager	Dispatch Operation Division/additional charge of EM&C Division
iv.	Mr. Abdul Ghafoor	General Manager	Cotton & Rice Division
v.	Mr. Naimatullah Shaikh	General Manager	Security Division/Public Relation Cell
vi.	Mrs. Nabiya Sohail	General Manager	Account Division
vii.	Mr. Muhammad Nadeem Aqeel	Company Secretary	Corporate Affairs/Secretary Division
viii.	Mr. Muhammad Yousuf	Dy General Manager	Incharge Internal Audit Division
ix.	Mr. Muzaffar Hussain	Dy General Manager	Incharge Godown Division
x.	Mr. Muhammad Ramzan	Dy General Manager	Incharge Finance Division
xi.	Mr. Khizar Hayat	Dy General Manager	Incharge Port Operation Division
xii.	Mr. Zafarullah Zangejo	Dy General Manager	Incharge Real Estate Management Division
xiii.	Mr. Amir Afzal	Dy General Manager	Incharge Legal Division
xiv.	Mr. Manzoor Ali Sahto	Dy General Manager	Incharge Pipri Godown
xv.	Mr. Barkat Ali Jokhio	Dy General Manager	Incharge Korangi Godown
xvi.	Mr. Ibrar Ahmed Siddiqui	Manager	Incharge Landhi Godown
xvii.	Mr. Muhammad Bilal	Manager	R.O. Islamabad
xviii.	Mr. Fahad Raza	Manager	R.O. Lahore
xix.	Mr. Israr Hussain	Deputy Manager	R.O. Gwadar
xx.	Mr. Muhammad Hasnain Naveed	Deputy Manager	S.R.O. Multan/Multan Godown

### 3. GENERAL

3.1 The Trading Corporation of Pakistan Limited (TCP) was set up as a private limited company in July, 1967, registered under Companies Act 1913 (now Companies Ordinance 1984). The shares of corporation are owned by the Ministry of Commerce, Government of Pakistan. It was the first move by the Government to introduce state trading in the country, to achieve the following objectives:-

- i) Achieve economy of scale by handling bulk transactions; secure advantages of price, freight and port-handling expenses, and prevent leakage of foreign exchange through such malpractices as over/under invoicing, etc.
- ii) Stabilize market conditions and neutralize 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) TCP act 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 ensure that growers receive fair price for their agricultural products.

3.2 In January, 1995, the Federal Cabinet assigned the following new role to TCP.

#### **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.

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

#### **4. TCP'S CAPITAL**

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 it 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 rise in the volume of trade under Government's directive.

#### **5. ACTIVITIES OF THE CORPORATION**

##### **5.1 IMPORT OF UREA**

As per directives of Federal Government/Economic Coordination Committee (ECC), during the financial year 2015-16, TCP imported a quantity of 252,657 MT Urea through International tenders.

##### **5.2 EXPORT OF 15,000 MT RICE TO NIGER AS A DONATION**

During the year 2015-16, TCP donated 15,000 MT Rice (10,000 MT IRRI-6 & 5,000 MT Super Basmati) to the victim of drought in Niger on most urgent basis considering the humanitarian emergency. The Rice was dispatched through vessels MV. MOLESON and arrived the port of Cotonou Benin on 11-02-2016. The discharging of the cargo was completed on 28-02-2016.

##### **5.3 DELIVERIES OF UREA**

During the Financial year 2015-16, TCP issued 09 (nine) delivery orders for a quantity of 253,392.291 MT for Rs. 8,173,934,447/= issued to NFML for sale of urea.

##### **5.4 SALE OF LINT COTTON**

During the year 2015-16, TCP sold 95,299 Cotton Bales, out of which 10,800 bales were sold out through tender and 84,499 bales through Commission Agents.

#### **6. ISSUANCE OF AUTHENTICITY CERTIFICATE FOR EXPORT OF BROWN, SELLA AND WHITE RICE TO EUROPEAN UNION MEMBER COUNTRIES.**

During the financial year 2015-16 TCP issued 687 (Six Eighty Seven only) Authenticity Certificates for export of 165,762.340 MT Brown Rice, Sella and White Basmati Rice valuing US\$.96.017 million exported to European Union Member Countries and earned an amount Rs. 13.732 million in terms of inspection fee.

##### **6.1 ISSUANCE OF INSPECTION CERTIFICATE OF LONG GRAIN WHITE BASMATI RICE UNDER PAK-SRI-LANKA FREE TRADE AGREEMENT (FTA).**

TCP issued Inspection Certificate for export of 4,658 MT Long Grain White Rice valuing US\$: 3.13 million under Pak-Sri Lanka free Trade Agreement (FTA) and earned Rs. 374,000/= towards inspection fee.

## **7. RENTING OF GODOWNS**

TCP earned an amount of Rs. 291.339 Million through renting its Godowns situated at Pipri, Landhi and Korangi to public and private sector.

### **7.1 RECOVERY OF RENT FROM OCCUPANTS:**

Recovery of Rs. 7,95,600/= on account of rent from occupant of the Residential Colonies of Landhi & Pipri Godowns and long outstanding rent from Pakistan Cotton Standard Institute (PCSI) Multan, has been made.

## **8. STEPS TAKEN FOR RESOLUTION OF TCP'S REAL ESTATE PROBLEMS:**

### **8.1 Restoration of Allotment of Land Plot 26-30 Admeasuring 29.5 Acres Situated At Multan Industrial Estate**

The allotment of said land was cancelled by Board of Management in 2004. However, TCP being aggrieved by the arbitrary decision made by Board of Management, Multan Industrial Estate, resorted to legal course of action in 2004. The Honorable Lahore High Court, Multan Bench has restored the allotment of said land and ordered Secretary Industries, Government of Punjab to determine the dues liable to be paid by the TCP during the litigation period.

Besides above, TCP has carried out feasibility study for construction of shades/ Godown on the said land which would boost the earning of Corporation to great extent.

### **8.2 Efforts Taken For Change of Title of Defunct RECP and CEC Properties In The Name Of TCP**

Owing to persistent efforts taken by the TCP arrangement, the title of ownership of the following properties have been transferred in the name of TCP.

- i) Cotton Godowns of defunct Cotton Export Corporation of Multan measuring 10 Acres.
- ii) Plot of Industrial Estate Multan measuring 15 Acres belonging originally to Cotton Export Corporation has.
- iii) Two (02) shops measuring 216.93 sq.ft. at Al-Syed Centre, Quaidabad, Landhi, Karachi belonging to defunct RECP.

Besides above, meeting with senior member Board of Revenue, Government of Sindh was held on 06-04-2016 wherein the issue relating to change of title of TCP's properties was discussed. The TCP was assured that the Government of Sindh would extend its cooperation to solve the said issue of TCP. Moreover, TCP is vigorously pursuing the matter relating to change of title of properties.

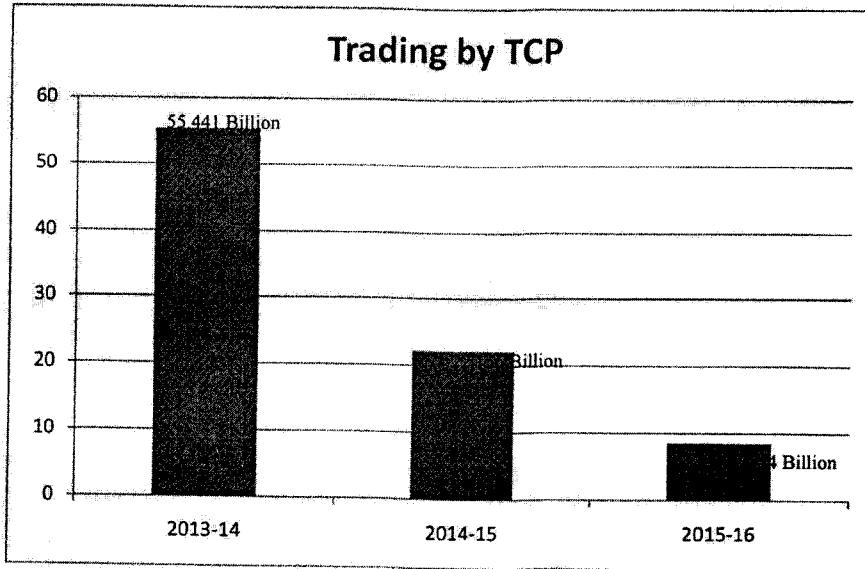
### **8.3 Return of TCP Investment in LDA Plaza As Per Valuation Carried Out By TCP's Appointed Valuer**

In pursuance of its board decision, the TCP has carried out valuation of LDA Plaza through M/s. Engineering International Pakistan on 29-09-2015 whereby the Plaza was valued 250% more than the valuation carried out by the LDA approved valuers. TCP's board in its

meeting dated 03-02-2016 directed again for fresh valuation of the Plaza which has been undertaken by M/s. ICML whereby LDA Plaza is valued at Rs.2902.056 Million which is more than 700% of the valuation carried out by LDA approved valuers.

**9. FUTURE ENDEAVORS:**

Trading Corporation of Pakistan (TCP) is the principal trading arm of the Government of Pakistan and execute operations on the directives of the Federal Government. TCP undertakes import of essential commodities to help ensure their availability to the common man at affordable prices. It intervenes in the market in the larger public interest to ensure fair price to growers, as well as to preempt hoarding and profiteering



TCP discontinued procurement of sugar from local market since 2014. Similarly business relating to import of urea through international tender and SABIC was considerably reduced as local production improved due to supply of gas to local manufacturers during 2015-16.

However, TCP's in the fiscal year 2016-17 has signed a MoU with PT Kopelindo Niaga International of Indonesian for general commodities of trade. On similar terms TCP has sought approval of Ministry of Commerce for signing a MoU with National Food Authority, Philippines. Beside, TCP is exploring opportunities for import of desi chick peas.

**10. DIVIDEND**

A final cash dividend of Rs.NIL per share in addition to the earlier interim cash dividend of Rs.250 per share. The total dividends for the year stood at Rs. 250 per share, translating into a total payment of Rs.2500 Million.

Balance of General Reserve as on 30 <sup>th</sup> June 2015	Rs.9,771.500 million
Transfer from General Reserves to un-appropriated profit	Rs.2,271.500 million
Position of General Reserves as on 30 <sup>th</sup> June 2016	Rs.7,500.000 million

## 11. AUDITORS

On the recommendations of Board Audit Committee, a resolution relating to the appointment of M/s. E Y Ford Rhodes, Chartered Accountants, Karachi, as Statutory Auditors, for the financial year ending 30<sup>th</sup> June 2017, will be proposed in the Annual General Meeting of the Corporation.

## 12. CORPORATE SOCIAL RESPONSIBILITY

TCP has supported social development activities by associating with reputable charitable organizations engage in the fields of healthcare.

## 13. CORPORATE GOVERNANCE

1. 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.
2. The financial statements, prepared by the management of the Public Sector Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
3. Proper books of account has been maintained by the corporation.
4. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
5. The Board recognize their responsibility to establish and maintain sound system of internal control.
6. A statement as to the value of investments of provident, gratuity and pension funds, based on their respective un-audited accounts, is attached (annexure –III)
7. Five Board Meetings have been held during the year and meeting attended by each director is given below;

NAME OF BOARD MEMBER	NO. OF MEETINGS ATTENDED
Mr. Rizwan Ahmed Chairman	5
Mr. Khaliq-ur-Rahman, Chartered Accountant	5
Mr. Muhammad Ashraf, Joint Secretary (Imp/Exp), Ministry of Commerce.	5
Dr. Shakeel Ahmed Khan, Food Commissioner, Ministry of National Food Security & Research	5
Mr. Zahoor Ahmed, Joint Secretary (CF-I), Ministry of Finance	4

## 14. THE PATTERN OF SHAREHOLDINGS

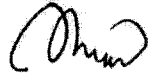
Federal Government of Pakistan	99,999,998
Chairman, TCP	01
Director Finance, TCP	01
TOTAL	<u>100,000,000</u>




**15. MANAGEMENT – STAFF RELATIONSHIP:**

The relationship between the Management, TCP Officers Association and TCP Employees Union continued to remain 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.

**16.** Comparative statements of financial results and stocks positions is given at Annexure I, and II respectively.



**Khaliq-ur-Rahman**  
Director



**Rizwan Ahmed**  
Chief Executive, TCP

**ANNEXURE-I****COMPARATIVE STATEMENT OF FINANCIAL RESULTS  
DURING LAST DECADE****2010-11 TO 2015-16**

(Rupees in Million)

S. No.	PARTICULAR	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
1.	Paid-up capital	1000.000	1000.000	1000.000	1000.000	1000.000	1000.000
2.	Total C&F value of Imports	62,634.912	59,571.63 4	25,647.088	30,595.000	12,028.790	7,902.079
3.	Total value of Exports	Nil	Nil	Nil	Nil	Nil	814.964
4.	Profit/(Loss) before taxation	1,879.783	2,231.629	2,021.341	1,991.258	1,666.238	1147.769
5.	Profit/(Loss) after taxation	1,356.617	1,656.755	1,533.988	948.624	1,130.349	797.310

**ANNEXURE-II****STATEMENT SHOWING OPENING AND CLOSING STOCK POSITION IN TCP'S  
GODOWNS / MILLS****i) Stock Position at Pipri Godown:**

S. No.	COMMODITY	OPENING BALANCE AS ON 1 <sup>st</sup> July, 2015	CLOSING BALANCE AS ON 30 <sup>th</sup> June, 2016	REMARKS
1.	Wheat	41.00 MT	41.00 MT	Husk & Dusk
2.	Sugar (Imported in 2009-2010)	1,817.00 MT	1,817.00 MT	207 MT(2009) & 1,610 MT(2010) Sweeping
3.	Jutes bales	505	505	Bales
4.	Plastic role	434	434	Rolls
5.	Cotton	--	29,700	Bales

**ii) Stock Position at Landhi Godown:**

S. No.	COMMODITY	OPENING BALANCE AS ON 1 <sup>st</sup> July, 2015	CLOSING BALANCE AS ON 30 <sup>th</sup> June, 2016	REMARKS
1.	Urea (Landhi)	141.200 MT	290.360 MT	Sweeping
2.	Urea (Gwadar)	1,100.250 MT	1,135.250 MT	Sweeping
3.	Urea (Port Qasim)	132.960 MT	NIL	Sweeping shifted to Landhi Godown

**iii) Stock Position at Korangi Godown:**

S. No.	COMMODITY	OPENING BALANCE AS ON 1 <sup>st</sup> July, 2015	CLOSING BALANCE AS ON 30 <sup>th</sup> June, 2016	REMARKS
1.	Wheat	600 Bags	600 Bags	Bhoosa

**iv) Stock Position at Various Sugar Mills:**

S. No.	COMMODITY	OPENING BALANCE AS ON 1 <sup>st</sup> July, 2015	CLOSING BALANCE AS ON 30 <sup>th</sup> June, 2016	REMARKS
1.	Sugar	2,359.00 MT	NIL	NIL

**ANNEXURE-III**

**PROVIDENT FUND RELATED DISCLOSURES FOR THE YEAR 2015-16:**

	(Rupees in Million)
Size of the fund- total assets	<b><u>213,651</u></b>
Cost of investments made	<b><u>194,376</u></b>
Percentage of investment made	<b><u>91%</u></b>
Fair value of investment	<b><u>194,526</u></b>