

# TRADING CORPORATION OF PAKISTAN

## APPROVED AGENDA FOR THE 284<sup>TH</sup> MEETING OF THE BOARD OF DIRECTORS.

ITEM	SUBJECT / TOPIC
1.	Confirmation of minutes of 283 <sup>rd</sup> meeting of the Board of Directors. Company Secretary
2.	IMPLEMENTATION STATUS OF 281 <sup>st</sup> BOD DECISIONS. Company Secretary
3.	UP-DATE ON AUDIT PARAS. General Manager (Audit)
4.	UP-DATE ON RECEIVABLES. General Manager (Accounts)
5.	UP-DATE ON BUDGETARY POSITION. General Manager (Finance)
6.	AUDIT OF SUBSIDY General Manager (Finance)
7.	CRITERIA/PROCEDURE TO BE ADOPTED FOR PROMOTION TO THE POST OF GENERAL MANAGER. General Manager (GA&HR)
8.	REVISION OF GODOWN RATE FOR M/S. ELECTION COMMISSION OF PAKISTAN. General Manager (Godown)
9.	AMENDMENT IN EXISTING MEDICAL RULES. General Manager (GA&HR)
10.	WORKING PAPER FOR 284 <sup>TH</sup> MEETING OF THE BOARD OF DIRECTORS OF TCP. General Manager (Audit)
11.	BRIEF ON CURRENT SUGAR OPERATION AND DISPOSAL OF RENUKA BRAND INDIAN SUGAR. General Manager (Godown)
12.	EXPORT OF 30,000 MT SUGAR TO TAJIKISTAN. General Manager (EM&C)



## **TRADING CORPORATION OF PAKISTAN (PVT) LIMITED**

Minutes of the 284<sup>th</sup> Meeting of the Board of Directors of Trading Corporation of Pakistan Private Limited held on Friday 11, January, 2013 at 1430 Hours, in the Boardroom of Corporation's Principal Office at, Karachi.

The following attended:

- |    |  |           |
|----|--|-----------|
| 1. | <b>Mr. Tahir Raza Naqvi</b><br>Chairman  | In-Chair  |
| 2. | <b>Mrs. Robina Ather</b><br>Joint Secretary (FT-III), MoC /Ex-Officio Director | Member    |
| 3. | <b>Mr. Ghufraan Memon</b><br>Director (Sales & Stores)                         | Member    |
| 4. | <b>Agha Wasif Abbas</b><br>Director (Finance)                                  | Member    |
| 5. | <b>Syed Sikander Ali Shah</b><br>Director (Port Operation & Quality Assurance) | Member    |
| 6. | <b>Mr. Maqsood Jahangir</b><br>Director (Logistic & Projects)                  | Member    |
| 7. | <b>Mr. Ghulam Abbas</b><br>Company Secretary                                   | Secretary |

2. The Chairman welcomed the participants of the meeting and initiated the proceedings.

<b>Item No. 01/BoD-284</b> <b>Dated 11-01-2013</b>	<b>CONFIRMATION OF MINUTES OF 283<sup>rd</sup> MEETING OF THE BOARD OF DIRECTORS OF TCP.</b>
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The Company Secretary apprised the Board and placed the minutes of 283<sup>rd</sup> Board meeting held on November 30, 2012 for confirmation.

### **Decision**

The Board after deliberate discussion confirmed the minutes of 283<sup>rd</sup> meeting of the BOD and directed for its early implementation by all concerned Divisions.

<b>Item No. 02/BoD-284</b> <b>Dated 11-01-2013</b>	<b>IMPLEMENTATION STATUS OF 281<sup>st</sup> BOD DECISIONS.</b>
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The Board was informed about the implementation status of previous Board meetings which have been implemented or under process of implementation.

### **Decision**

The Board showed its satisfaction on the progress of implementation of the decisions taken in the 282<sup>nd</sup> and 283<sup>rd</sup> Board meeting held on 12-11-2012 and 30-11-2012 respectively.



Item No. 03/BoD-284  
Dated 11-01-2013

### UP-DATE ON AUDIT PARAS

G.M (Audit) briefed the BOD that the DAC meeting on proposed draft paras for the financial year 2011-12 was held on 14-12-2012 in the Board Room of State Life Building. Nine draft Paras were discussed in the said meeting. Out of 09 draft paras, two draft paras were settled and four draft paras were recommended for settlement subject to verification. Resultantly, three proposed draft paras have been verified by Government Auditor, whereas verification of fourth one is under progress. It is worth mentioning here that the remaining three proposed draft paras pertain to recoveries from Government which are likely to be settled in near future.

2. Latest position of TCP's Audit Paras discussed in DAC/PAC meetings are as follows:-

S. NO	YEAR	DATE OF MEETING HELD		TOTAL NO OF PARAS DISCUSSED	PARA SETTLED/ RECOMMEN-DED FOR SETTLEMENT	PENDIN G
		DAC	PAC			
1	1990-91, 1992-93 & 2001-02	02.03.11	16.3.11 9.3.11	6	2	4
2	1999-2000, 2000-01 & 2005-06	21.02.11	16.03.11	24	20	4
3.	1994-95 & 1997-98	28.03.11	9.2.11 20.4.11	8	5	3
4.	2009-10	28.06.12 26.05.11 11.8.11	-	9	3	6
5.	Actionable points for the years 1985-86, 1986-87, 1993-94, 1994-95, 1996-97, 1999-2000, 2000-01 & 2005-06	14.03.11 24.6.11 4.7.11	16.03.11 28.6.11	62	39	23
6.	1998-99, 2002-03, 2003-04, 2004-05, 2006-07 & 2007-08	13.7.11	14.7.11	41	35	6
7.	2010-2011	28.06.12 17.9.2011	-	9	2	7
8.	2011-2012	9-12-2011	-	11	5	6
9.	2004-05, 2006-07 & 2007-08	22-05-2012	-	8	5	3
10.	2004-05, 2006-07	-	12.06.2012	4	1	3
11.	2004-05 & 2006-07	12.11.2012	----	3	1	2
12.	2004-05		16.11.2012	2	--	--
<b>TOTAL</b>				<b>187</b>	<b>118</b>	<b>67</b>

### DECISION



**The Board after deliberate discussion showed its satisfaction on the draft paras dropped by the Government Auditors. The G.M (Audit) was directed to make necessary efforts in providing relevant record with updated replies to the auditors in order to drop the remaining paras.**

Item No. 04/BoD-284  
Dated 11-01-2013

#### **UP-DATE ON RECEIVABLES**

Director Finance briefed the BOD that the progress report pertaining to receivables and the efforts made by the Accounts Division to pursue the claims is given below for perusal and consideration by BoD in its 284<sup>th</sup> meeting to be held on 11.01.2013:-

2) Reminders for early remittance of outstanding amount for supply of wheat have been issued to the following agencies:-

- i) On 19.11.2012 Food Department KPK and Pak Army.
- ii) On 21.12.2012 Government of KPK and Pakistan Navy.
- iii) On 26.12.2012 Food Department Sindh and Balochistan.
- iv) On 5.12.2012, 7.12.2012 and 27.12.2012 to Food Department AJK and Gilgit/Baltistan.

3) A consolidated progress report has been sent to Ministry of Commerce on 5.12.2012 regarding actions taken on the minutes of the meeting held on 6.11.2012 in Ministry of Commerce for onward submission to the ECC of the Cabinet.

3) Three reminders dated 13.11.2012, 28.11.2012 and 19.12.2012 have been issued from Director Finance to Managing Director NFML for payment of urea outstanding.

4) G.M. (Accounts), TCP talked several times with G.M. (Finance) of NFML for early remittance of outstanding amount of supply of Urea.

5) In pursuance of Finance Division (CF Wing) letter dated 4.12.2012, a letter has been sent to Managing Director, USC on 19.12.2012 for clearance of outstanding dues for supply of sugar.

6) A committee comprising G.M. (Finance) Convenor, G.M. (Godown) and G.M. (DOD) was formed by the Management to consider the issues raised by Food Department, Government of Punjab and KPK. The report of the Committee has been received in Accounts Division on 07-01-2013 and has been sent to Ministry of Commerce on 08-01-2013.

7) Meanwhile M/s. USC has remitted Rs. 500 million each on 21.11.2012, 03.12.2012, 07.12.2012, 12.12.2012, 20.12.2012 and 31.12.2012.

#### **DECISION**

**The BOD after detailed discussion directed the Accounts Division to take up the matter with relevant provinces and also issue D.O Letters to Ministry of Commerce and Ministry of Industries for an early recovery of receivables from the provinces.**

Item No. 05/BoD-284  
Dated 11-01-2013

#### **UP-DATE ON BUDGETARY POSITION**



Director Finance briefed the ECB about the current budgetary position of the Corporation till November 2012. Total approved revised budget for the year 2012-13 was PKR 1696.770 Million which was income of the TCP as well. TCP's income for the month of October was PKR 1,243.724 Million against an expenditure of Rs. 329.594 Million. The approximate balance budget available with the TCP was PKR 914.130 Million.

### DECISION

**The ECB discussed the current budgetary position available with TCP and showed its satisfaction on the same.**

Item No. 06/BoD-284  
Dated 11-01-2013

### AUDIT OF SUBSIDY

Director Finance presented the working paper on audit on food sector subsidy. It was informed that audit for four years (2007-08, 2008-09, 2009-10 and 2010-11) has been completed and shared with Finance Division which has prepared its reply/comments on the points raised by Audit. Director (Finance) further requested for endorsement of comments given by Finance Division.

### DECISION

**The Board after deliberate discussion approved/endorsed the comments prepared by Finance Division on audit report.**

Item No. 07/BoD-284  
Dated 11-01-2013

### CRITERIA/PROCEDURE TO BE ADOPTED FOR PROMOTION TO THE POST OF GENERAL MANAGER

G.M (GA/HR) briefed the BOD that the case of Mr. Amir Afzal, Manager / Incharge (Legal Division) for promotion to the post of General Manager was placed before the Selection Board in its meeting held on 04-12-2012 for making recommendations thereon, which consists of following:-

- i. H. Muhammad Ali Indhar, Director (P&P) - Convener
- ii. Agha Wasif Abbas, Director (Finance) - Member
- iii. Mr. Bashir Ahmed, GM (GA&HR) - Member
- iv. Mr. Muhammad Yousuf, Manager (HR) - Secretary to the Board

2. While discussing the issue at length, the Selection Board in its meeting held on 04-12-2012 observed that Board in its 124<sup>th</sup> meeting held on 22-05-1983, laid down the following procedure for promotion to the post of Manager, which was also made applicable for promotion to the post of General Manager vide Office Order No. TCP (S)/6-8/84-Estt. (Vol-VI) dated 26-03-1989.

**“I) Total number of marks obtained by the candidate on the following basis:-**

- a) **Seniority** **40 marks**
  - i) Only those Deputy Managers who had completed 5 years in their present post would be considered for promotion.
  - ii) All Deputy Manager who have completed 5 years in their present posts would be allotted 35 marks for their seniority, thereafter 1 mark each will be added for each completed year of service at the time of promotion.
- b) **Confidential Reports** **30 marks**  
(For the last three years)
 

A	-	10	}
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B - 7 Marks for each year  
C - 3

c) **Qualification**

10 marks

i)	Undergraduate Above Matric	:	3 marks
ii)	B.A./B.Sc.	:	5 marks
iii)	BBA/B.Com.	:	6 marks
iv)	M.A., M.Sc., & LLB	:	8 marks
v)	MBA/ACMA/CA/M.Com.,LLM	:	9 marks

**Note:** One additional mark will be allowed, if any candidate possesses more than one degree as mentioned in (v) above.

**Interview**

Interview of the prospective candidates would be conducted by a Committee constituted for the purpose and will comprise of Directors and concerned General Manager.

3. Later on, the Board of Directors in its 246<sup>th</sup> meeting held on 23-06-2006 which was notified under Office Order No. TCP (S)/10-22/2006-Estt dated 09-08-2006 decided to amend TCP's Service Rules as under:-

***"3. The promotion to the post of Manager will be on the basis of seniority-cum-fitness. However, the post of General Manager will continue to be a Selection post. A Selection Board will be constituted by the Chairman which will lay down the criteria for promotion to the post of General Manager through Selection."***

4. The Selection Board, observed that instead of laying down the criteria by Selection Board under BoD's decision dated 23-06-2008, the Board of Directors may decide the procedure for promotion to the post of General Manager after reviewing the earlier procedure decided by BoD in its 124<sup>th</sup> meeting held on 22-05-1983, if needed.

5. The above recommendation of the Selection Board was submitted to Chairman who desired to place the matter before the BoD for review.

6. Accordingly, BoD is requested to consider / review the procedure earlier laid down by BoD in its meeting held on 22-05-1983 and approve a procedure for the promotion to the post of General Manager instead of entrusting this task to Selection Board.

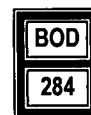
**DECISION**

The Board after deliberate discussion constituted a committee for submission of comprehensive recommendations to streamline the procedure / criteria for promotion to the post of Manager, as well as to the post of General Manager in the Corporation through selection Board within two weeks after signing of Minutes of meeting and to submit the same in the forth-coming meeting of the Board of Director for consideration.

Item No. 08/BoD-284  
Dated 11-01-2013

**REVISION OF GODOWN RATE FOR M/S. ELECTION COMMISSION OF PAKISTAN.**

Director (S&S) briefed the BOD M/s. Election Commission of Pakistan is availing storage facility at Pipri godowns since August 2007 for storage of election material. They have acquired Binishell type godown No.F-5 on 29.07.2011 vide handing/taking over report dated 29.7.2011. In the past tenancy agreement of Binishell type No.F-5 godown was renewed for



further three years period from 01.04.2011 to 31.03.2014 @ Rs.5/- per sqr.ft. per month with 10% enhancement on every expiry of one year.

2. M/s. Election Commission of Pakistan has requested TCP for hiring of one more Binishell type Godown No.F-6 on monthly rental basis, which was allocated to them vide our allocation letter dated 13.08.2012 @ Rs.10/- per sqr.ft. per month on our prevailing rates and they also taken possession of the same on 10.08.2012 vide handing/taking over report dated 13.08.2012.

3. Godown Division submitted proposal for enhancement of monthly godowns rents in the 275<sup>th</sup> meeting of Board of Directors held on 28.10.2011. The proposal of Godown Division was approved by the Board of Directors and enhanced following rates.

S. No.	Godowns	Previously Approved Rates (P/sqr.ft)	Approved Rates (P/sqr.ft)
1.	Pipri	Rs.5/- for Binishell Rs.6/-for House type Rs.3/- for Open Plinth	Rs.10/- for Binishell Rs.12/-for House type Rs.6/- for Open Plinth
2.	Landhi	Rs.6/- per sqr.ft	Rs.8/- per sqr.ft
3.	Korangi	Rs.10/- for house type. Rs.3/- for open plinths.	Rs.18/- for house type. Rs.6/- for open plinths.

4. The implementation of above decision was informed to all our tenants as well also M/s. Election Commission of Pakistan vide our letter dated 14.12.2011.

5. It is pertinent to mention here that on the request of REAP, the management had reviewed the rent rates for REAP members and allowed them the previous rental rate of Rs.5/- per sqr.ft per month for Binishell Godowns acquired by them at Pipri godowns with 10% annual enhancement.

6. Now, M/s. Election Commission of Pakistan has requested vide their letter dated 30.11.2012 that they are old client of TCP' and the rates of newly hired Binishell Godown No.F-6 may be settled on the basis of previous agreement of Binishell type Godown No.F-5 as Rs.5/- per sqr.ft. per month as a special case.

7. In view of forgoing, it is proposed that M/s. Election Commission of Pakistan may be offered the same facility as given to the REAP members i.e. concessional rent of Rs.5/- per sqr.ft. per month plus 10% enhancement annually and offer them rent of Rs.5.50 per sqr.ft. per month for newly allocated Godown (Binishell) No.F-6 at Pipri.

#### **DECISION**

The Board after deliberate discussion approved the proposal of the Godown Division to offer the same facility to M/s. Election Commission of Pakistan as given to the REAP members i.e. concessional rent of Rs.5/- per sqr.ft. per month plus 10% enhancement annually and offer them rent of Rs.5.50 per sqr.ft. per month for newly allocated Godown (Binishell) No.F-6 at Pipri.

Item No. 09/BoD-284  
Dated 11-01-2013

#### **AMENDMENT IN EXISTING MEDICAL RULES.**

G.M (GA/HR) briefed the BOD that the existing Medical Rules contain the following provision for availing the medical facilities :-

#### **Medical Rules 1978 (updated in 1997)**



“Clause 1(iv) The facilities under these rules shall be admissible at the station of posting of the employees only.

Provided that in special circumstances, which shall be recorded in writing these facilities may also be availed of at other station where there is an authorized medical attendance”.

2. Due to regularization of contract employees in TCP, a number of employees whose family are residing at Lahore, Islamabad & Different City, approaches HR-II Section time to time regarding treatment of their family members at Lahore and Islamabad, Multan and different city, resultantly HR-II Section facing difficulties in view of the existing medical policy in resolving their problems. Accordingly the case was submitted for consideration/ approval of ECB.
3. The ECB after discussions in its 393<sup>rd</sup> meeting held on 07-12-2012 approved the above proposal:-

“We may amend our Medical Rules/Policy and allow medical facility at other station against option of employee subject to availability of panel hospital of TCP at that station/city”.

4. Since the amendments/additions/deletions in the existing rules come within the purview of Board of Directors, therefore, above amendments in the Medical Rules as approved by the ECB in its 393<sup>rd</sup> meeting held on 07-12-2012 are submitted for ratification of the Board of Directors, before its adoption.

#### **DECISION**

**The Board after deliberate discussion ratified the amendments/additions/deletions in the existing medical rules as approved by the ECB in its 393<sup>rd</sup> meeting held on 07-12-2012.**

Item No. 10/BoD-284 Dated 11-01-2013	<b>WORKING PAPER FOR 284<sup>TH</sup> MEETING OF THE BOARD OF DIRECTORS OF TCP.</b>
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G.M (Audit) briefed the BOD that during the year 2012 different DAC/PAC meetings were convened on different dates in which paras pertaining to the years 2004-05, 2006-07, 2007-08, 2009-10, 2010-11 and 2011-12 were discussed. Owing to strenuous efforts and persuasive explanation given by Audit Division to Commercial Audit, timely provision of pertinent/relevant records to Govt. Auditors, 19 paras were settled / recommended based on verification of records.

2. During ARPSE 2012-13 only 9 D.Ps. were proposed out of 57 O.Ms. for the year 2011-12 as per details mentioned hereunder:-

S. NO.	STATION	YEAR	MEMBER	ARTICLE	DATE DISCUSSED	DATE ISSUED	NO. OF PARAS	NO. OF REMARKS	
1.	Head Office	2011-12	Mr. Kamran Mughal, Deputy Director	Ist week of August, 2012	Ist week of November, 2012	29	08	6	2
2.	Sub-Regional Office, Multan	2008-09, 2009-10 and 2010-11	Mr. Kamran Hashmi, Deputy Director	Last week of May, 2012	First week of July, 2012	16	01	NIL	1





3.	Regional Office Lahore	2008-09, 2009-10 and 2010-11	Mr. Akhtarullah Khan, Audit Officer	Last week of May, 2012	First week of July, 2012	12	NIL	NIL	NIL
<b>TOTAL</b>						<b>57</b>	<b>09</b>	<b>06</b>	<b>03</b>

3. The above given Proposed Draft Paras were discussed in DAC meeting held on 14.12.2012 in Board Room of SLIC Building No.9, Karachi and the DAC settled/settled subject to verification 6 D.Ps. out of 9 and only 3 paras stand. Relevant records have been provided to Govt. Auditors for verification of above mentioned proposed draft paras.

4. Audit Division is regularly in touch with Government Audit for verification of record for settlement of pending Audit Paras relating to TCP. Compliance report of the DAC and PAC meetings are also being furnished to the Ministry of Commerce and Audit timely.

5. Audit Division is regularly in touch with Government Audit for verification of record for settlement for pending Audit Paras relating to TCP. Compliance report of the DAC and PAC meeting are also being furnished to the Ministry of Commerce and Audit timely.

6. Team of Audit Division is working very hard and deserves due encouragement in the shape of cash reward. In this milieu BOD is requested to consider/appreciate the meritorious/ extraordinary services rendered by Audit Division with regard to Audit Paras and the following officers and officials may please be granted to two month gross salaries as a token of reward in recognition of their strenuous efforts, timely verification and convincing explanation.

### DECISION

The Board after deliberate discussion appreciated the efforts of Audit Division for settlement of pending Audit paras and for timely compliance report for the DAC and PAC meeting. The Board in principle allowed one gross salary to the Officers and staff as proposed by Audit Division as per detail given below:-

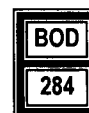
1. Mr. Ghufuran Memon, Director (S&S)
2. Agha Wasif Abbas, Director (Finance)
3. Mr. Mujahid Ali Shaikh, General Manager (Audit)
4. Mr. Zafarullah Zangejo, Manager (Audit)
5. Mr. Muhammad Shabber Zaidi, Deputy Manager (Audit)
6. Mr. Furqan Ali Khan, A.M /Secretary to GM (Audit)
7. Mr. Muhammad Hassan Jamali, A.M (Audit)
8. Mr. Muhammad Imran Baloch, J.A (Audit)
9. Mr. Sikandar Ali, G.A. (Working in Audit)
10. Mr. Muhammad Javaid, Naib Qasid (Audit)

Item No. 11/BoD-284 Dated 11-01-2013	<b>BRIEF ON CURRENT SUGAR OPERATION AND DISPOSAL OF RENUKA BRAND INDIAN SUGAR.</b>
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Director (S&S) briefed the BOD about the following issues.

(a) **PROCUREMENT/DISPOSAL OF 687,000 MT WHITE SUGAR FROM LOCAL SUGAR MILLS**

Sr. No.	TENDER DATE	QUANTITY MT	PRICE RUPEES PMT	TOTAL VALUE Rs. IN BILLION	PURCHASED FROM
1.	15-12-2011	378,000	46,250/-	17.482	47 Mills



2.	23-01-2012	99,300	45,720/-	4.540	36 Mills
3.	21-05-2012	209,700	50,510/- 50,500/-	10.59	44 Mills
<b>Total</b>		<b>687,000</b>	<b>- - - -</b>	<b>32.612</b>	<b>- - - -</b>

TCP has (sold) issued Delivery Orders for a quantity of 558,119 MT in favour of M/s. Utility Store Corporation and 150 MT to Pakistan Navy, whereas a quantity of 30,000 MT from (07) seven sugar mills have been allocated for export to Tajikistan Government, leaving an un-sold quantity of 98,731 MT available with TCP. However, M/s. Utility Stores Corporation of Pakistan / Pak Navy have lifted 473,063.70 MT sugar up to 10-01-2013, leaving an un-lifted balance of 213,936.30 MT sugar at mills premises.

(b) **TENDER FOR PROCUREMENT OF 330,000 MT SUGAR.**

As per decision of ECC of the Cabinet dated 12-12-2012, TCP has issued Tender on 14-12-2012 for procurement of 330,000 MT sugar from local sugar mills to keep strategic reserves in the country which was to be opened on 7<sup>th</sup> January, 2013 but the same has been extended up to 14-01-2013 on the Management's directive. Corrigendum in this regard has already been published in leading newspapers in which it had earlier published.

(c) **DISPOSAL OF 700 MT SUGAR  
RENUKA BRAND INDIAN ORIGIN**

The decision of ECC of the Cabinet dated 18-12-2012 in respect of disposal of 700 MT Renuka Indian Brand Sugar has now been received and in compliance of ECC decision, tender for sale of 700 MT sugar has been issued which will be opened on 11-01-2013.

(d) **SWEEPING SUGAR**

3,412 MT Sweeping sugar was tendered for disposal in June 2012 out of which 1,654 MT was awarded to successful bidder i.e. M/s. Aegies Enterprises and Product Promoters. As such 1,758 MT sweeping sugar was left un-sold at Pipri Godown. For disposal of remaining 1,758 MT sweeping sugar, Tender No.G/SS7-5/2012 dated 22-10-2012 was opened on 15-11-2012. M/s. Inam & Co. was the lowest bidder for one lot of 1,258 MT sugar @ Rs.27,140/- PMT. Later on, the party has requested for awarding 500 MT instead of 1,258 MT @ Rs.23,140/- PMT which was considered and accepted by the Tender Award Committee has also approved the same. Subsequently, award letter for sale of 500 MT sweeping sugar was issued to M/s. Inam & Company on 31-12-2012. This is pertinent to mention here that these advertized quantities are estimated on the basis of consignment accounts of sugar. The actual quantities are ascertained at the time of lifting.

**DECISION**

**The BOD showed its satisfaction on the progress achieved in the above field.**

Item No. 12/BoD-284 Dated 11-01-2013	<b>EXPORT OF 30,000 MT SUGAR TO TAJIKISTAN.</b>
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Director (L&P) briefed the BOD that the brief background of the case is that the ECC, on summary moved by the MoI, decided on 07-08-2012 to export 30,000 MT sugar to Tajikistan at price



differential of US\$ 20/- PMT lower than the international market price as gesture of good will, out of the TCP's reserves The Tajik side agreed to purchase available white refined sugar @ US\$ 528 PMT.

2- Pursuant to ECC's decision dated 07-08-2012, thirty thousand metric tons (30,000 MT) of "White Refined Sugar" out of the available TCP's stocks was agreed to be exported to Tajikistan, at the discounted price of US\$ 528 PMT against the then prevalent international price at US\$ 548 PMT.

3- In response to the Commercial Agreement sent for signing, the Tajik Govt., conveyed that Powdered Sugar was required instead of white refined sugar. Later again reverted back through letter dated 04-12-2012 that 20,000 MT of white Sugar and 10,000 MT of Powdered Sugar may be provided.

4- Before the commercial performance thereof, the Tajik side requested to purchase extra refined "White Powder Sugar ICUMSA-45", vide their letter dated 05-12-2012. In this backdrop, the Ministry of Commerce was apprised on 30-11-2012 vide letter No.TCP/EM&C/EXP-SUG-1(1)/2012.

5- In order to accommodate the latest request of Tajik side (after telephonic approval of Secretary Commerce) tender for purchase of 30,000 MT White Powdered Sugar from local mills was published on 03-12-2012. The specifications provided by Tajik were included in the tender documents. The tender was opened on 19<sup>th</sup> December, 2012. Seven sugar mills participated in the said tender with the lowest responsive rate of Rs.63,400/- PMT for delivery at Peshawar from M/s. JDW Sugar Mills (Unit-III), Ghotki. On the other side, highest rate of Rs.80,650/- PMT was quoted by M/s. Sanghar Sugar Mills Limited, Sanghar.

6- TCP analyzed the financial implications and other related matters of the export under reference; and converged upon various aspects, which were communicated to the MOC through letter dated 24-12-2012 requiring approval of the competent forums. Following are those proposals;

- (i) The per metric ton cost for fresh procurement Powdered Sugar, on the basis of bids opened, would come approximately to US\$ 672 PMT, as per following working:-

Minimum Tender Price Offered by Sugar Mills at Peshawar	Incidental Charges + Markup/TCP Commission (Approx.)	Total Cost (Approx.)	Total Cost in USD (Approx.) Rs.99/USD
Rs. 63,400 (US\$ 640)	Rs.1923 + 1200*	Rs.66,523	US\$ 672

\* Markup @ 12% for Rs.1 billion for 4 months.

- (ii) The current offered price ranges from Rs.63,400/- to Rs.80,650/- PMT whereas each of the sugar mill has offered a quantity of 5,000 MTs. The permission of the competent forum for price matching and pro-rata allocation of quantity is required to meet the export target of 30,000 MTs.
- (iii) Earlier proposal for the export of existing stock might cost US\$ 667 PMT as on 30<sup>th</sup> November, 2012 (which included transportation, insurance, price differential, markup and other incidental charges) which was accordingly reported to the MOC. The same, after adding up TCP's commission, would come to US\$ 678 PMT. GOP had agreed to export the sugar at US\$ 528 PMT. In that case, GOP had to bear approx. **Rs.446 million** for export of 30,000 MT sugar out of existing TCP stocks. Whereas in the case of export of fresh procured powder sugar, GOP has to borne the differential cost of **Rs. 428 million**. **Therefore, the export of fresh procured Powdered Sugar would cost less than the export out of existing TCP stocks.** This may, however, be renegotiated with the Tajik side, by taking into consideration the lowest offered price of sugar mills in the bids opened recently as well as the current international price.
- (iv) This is also relevant to be highlighted that the FOB London price of Refined Sugar ICUMSA-45 (traded as London No.5) as per LIFFE (London International Financial Futures and options Exchange) as on 24-12-2012, is US\$ 517 PMT for delivery in



Mar, 2013. The same after adding up the premium would end up approximately to US\$ 614 PMT. The bids offered by the sugar mills (lowest at US\$ 640 PMT) for Powdered Sugar, is higher than the international price which also needs to be renegotiated with the sugar mills in relaxation of PPRA Rules.

- (v) The financing of intended export operation for fresh Powdered Sugar, can not be met from Commodity Operation Finance (COF), therefore, the Ministry of Finance and ECC is to be approached for sanction of financial arrangements of approximately Rs.2 billion.
- (vi) According to the tender terms 90% payment is to be made to the supplier sugar mills, at the time of delivery at Peshawar. Approval of payment scheme is also to be sought from the competent forum.
- (vii) The Tajik authorities have desired for the completion of export of Powdered Sugar from January to February, 2013, therefore, following time schedule (5-6 weeks) needs to be adhered to after clearance from competent forum (i.e. ECC) to go ahead with the above proposal:-

Sr. No.	Name of Activity	Estimated Time Period
1.	Approval of ECC (assumption)	10 <sup>th</sup> of January, 2013
2.	Signing of Commercial Agreement with Tajiks	3-4 days
3.	Acceptance of offer and submission of 5% Performance Bond and Award of Contracts to Service providers / Sugar Mills / issuance of Award Letter.	4-7 days
4.	Signing of Agreements with bidders by TCP.	01 day
5.	Offer Sugar Stocks for inspection by Sugar mills to TCP's surveyor.	5-7 days
6.	Inspection by TCP's Surveyor alongwith Tajiks representative, drawing samples and testing by PCSIR.	10 days
7.	Report submission by Surveyor and approval by Tajiks.	2-5 days
8.	Incremental dispatch by Sugar Mills in the presence of TCP's Surveyor/incremental delivery at Peshawar / payment processing.	07 days
9.	Loading and custom clearance of cargo at export point.	03 days
10.	Approximate time to initiate the export operation	35-42 days

7- The Ministry of Commerce was requested to take up the above aspects with competent forums of MOF/ECC for sanction and approval of the same, at the earliest, so that the Commercial Agreement on the new request of the Tajik Authorities for Powdered Sugar could be signed and export of Sugar operations could be started accordingly.

8- While the matter is pending with MOC, TCP has done all necessary operational arrangements and can proceed further as the go ahead signal is received from Competent Forums regarding above proposals.

### **DECISION**

**The BOD stands informed on the above progress.**

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**Ghulam Abbas**  
Company Secretary

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**Tahir Raza Naqvi**  
Chairman