

TRADING CORPORATION OF PAKISTAN

APPROVED AGENDA FOR THE 287TH MEETING OF THE BOARD OF DIRECTORS.

ITEM	SUBJECT / TOPIC
1.	Confirmation of minutes of 286 th meeting of the Board of Directors. Company Secretary
2.	IMPLEMENTATION STATUS OF 286 th BOD DECISIONS. Company Secretary
3.	CASE FOR WRITING OFF RS. 2,577,946/- RECEIVABLES FROM INDUSTRIES DEPARTMENT, PUNJAB GOVERNMENT ON ACCOUNT OF SUPPLY OF COKE & COAL. General Manager (R.O. Lahore)
4.	RATIFICATION OF THE DECISION OF ECB FOR DISBURSEMENT OF STATUTORY BONUS TO THE UNIONIZED EMPLOYEES OF TCP. General Manager (GA&HR)
5.	PROCUREMENT OF WHITE SUGAR FROM LOCAL SUGAR MILLS. General Manager (DOD)
6.	UP-DATE ON RECEIVABLES. General Manager (Accounts)
7.	LIMIT ENHANCEMENT REQUEST FOR QUOTATIONS UNDER RULE 42(b)(I) OF PPRA RULES 2004. General Manager (Finance)
8.	REVALUATION OF FIXED ASSETS OF TCP. General Manager (Finance)
9	UP-DATE ON AUDIT PARAS. General Manager (Audit)



TRADING CORPORATION OF PAKISTAN (PVT) LIMITED

Minutes of the 287th Meeting of the Board of Directors of Trading Corporation of Pakistan (Private) Limited held on Monday 05, August, 2013 at 1100 Hours, in the Boardroom of Corporation's Principal Office at Karachi.

The following attended:

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| I. | Mr. Rizwan Ahmed
Chairman | In-Chair |
| II. | Mr. Tahir Khurshid Member
JS(Import/Export)/ Ex-Officio Director | Member |
| III. | Hafiz Muhammad Ali Indhar
Director (Planning & Procurement) | Member |
| IV. | Ch. Mubarak Ali
Director (Logistic & Projects) | Member |
| V. | Mr. Manzoor Ali Sheikh
Director (PO & QA /Admin & C A) | Member |
| VI. | Mr. Maqsood Jahangir
Director (Sales & Stores/Finance) | Member |
| VII. | Mr. Qazafi Rind
Company Secretary | Secretary |

2. The Company Secretary welcomed the participants of the meeting and initiated the proceedings after recitation. The Board welcomed Mr. Rizwan Ahmed on assuming charge as Chairman of the Corporation. The Board also welcomed Hafiz Muhammad Ali Indhar, Director (Planning & Procurement), for resuming office after completing National Management Course.

3. The Company Secretary, with the permission of the Chair, floated the agenda items before the Board for its consideration / appropriate decision as following:

Item No. 01/BoD-287
Dated 05-08-2013

CONFIRMATION OF MINUTES OF 286th MEETING OF THE BOARD OF DIRECTORS OF TCP.

The Company Secretary apprised the Board and placed the minutes of 286th Board meeting held on July 01, 2013 for its confirmation.

The Board after deliberate discussion on each decision confirmed the minutes of 286th meeting of the Board.

Item No. 02/BoD-287
Dated 05-08-2013

IMPLEMENTATION STATUS OF 286th BOD DECISIONS.

The Board was informed about the implementation status of TWENTY ONE (21) decisions of the last Board meeting.

DECISION

The Board after deliberate discussion showed its satisfaction on the progress of implementation status on the decisions taken in the 286th meeting held on 01-07-2013 with following observation against some agenda items:

- i) **Item No. 07/BOD/285 & Item No. 11/BOD/285:** The Board observed that the Medical rules policy of the Corporation be made in line with the relevant rules of the Federal Government and anomalies in the existing medical policy, if any, be worked out and placed before the



next Board meeting . The Board directed the Committee constituted for the purpose to furnish its comprehensive report after taking on Board all stake holders.

ii) Item No. 02/BOD/286:

a) The Board directed that the inquiry committees which has been constituted by the previous BOD/ECB meetings, should finalize their report(s) alongwith recommendations for placing the same before the next BOD meeting for its consideration and appropriate decision as per the rules in vogue.

b) The Board also directed that the reports of all pending inquiry committees must be finalized within 15 days and observed that if this time the committee(s) did not observed the deadline, disciplinary action will be taken against Convener/Member(s) of those committees. Director (Admin/CA) was requested to write a letter to all Conveners of various Committees/Inquiry Officer(s) in this regard.

iii) Item No. 8/BOD/286: Director (Finance) was requested to send a letter to LDA for providing provisional accounts for assessing the profit & loss accounts against the percentage share of the TCP.

iv) Item No. 12/BOD/286: The Board requested Director (Finance) that a draft working paper be got prepared by IAD and be sent to MOC with the request to hold DAC meeting at the earliest.

v) Item No. 17/BOD/286: The Board requested Director (Finance) to ensure finalization of Audit from the auditors at the earliest for subsequently holding AGM in time.

vi) Item No. 21/BOD/286: The Board observed that a letter be sent to MOC with the request to intervene in the matter and invite all stakeholders for a meeting to help the Corporation get its long pending huge receivables.

Item No. 03/BoD-287 Dated 05-08-2013	CASE FOR WRITING OFF RS. 2,577,946/- RECEIVABLES FROM INDUSTRIES DEPARTMENT, PUNJAB GOVERNMENT ON ACCOUNT OF SUPPLY OF COKE & COAL.
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Director(Sales & Stores/ Finance) briefed the BOD that the Corporation had entered into agreement with Industries & Mineral Development Department, Government of the Punjab in 1970 for supply of imported hard coke. The Bills were furnished to Directorate of Industries and Mineral Development Department, Government of the Punjab, for payment through Provincial Accountant General Office. But they repeatedly rose following objections:

- Missing documents etc.
- The documents were requisitioned by Industries Department since TCP was claiming additional amount mostly on account of Demurrage, Moisture Claim, Transportation etc.
- Industries Department regretted to pay TCP the Commission due to poor quality of coke supplied against which TCP could not justify.

Thereafter, in multiple meetings of TCP Officers and Industries Department in Lahore although many issues were settled, however Industries Department finally refused to process the Bills of TCP. The issues were taken up with Industries Department at Management level, even the then Chairman TCP and Finance Director had wrote DO letters to Chief Secretary, Punjab and Secretary, Industries Department, Government of the Punjab followed by Multiple follow-up meetings by Officers of TCP with senior Officers of Industries Department but all remained fruitless.

In view of the above, it was recommended that the amount of Rs. 2,577,946/- may be written off as there was no chance of recovery and keeping in view the justification stated above to clear the books of accounts and to avoid repeated Audit Paras from Government Commercial Auditors. Executive Committee of Board, is the Competent forum as per TCP's Delegation of Powers (Financial Item No. 4) to write off the amount in question.



DECISION

- The Board stands informed. However, the Board observed that the case be placed before the ECB being competent forum as per the existing Delegation of Power.

Item No. 04/BoD-287
Dated: 05-08-2013

RATIFICATION OF THE DECISION OF ECB FOR DISBURSEMENT OF STATUTORY BONUS TO THE UNIONIZED EMPLOYEES OF TCP

Director (Admin & C.A) briefed the BOD that TCP Employees Union (CBA) made a request for disbursement of statutory bonus to the unionized employees of the corporation under clause 10-C of Industrial & Commercial (Standing Orders) Ordinance 1968.

As per provisional/unaudited accounts provided by Finance Division for the year ended 30th June, 2013, an amount of Rs.1440.298 million is expected as profit. Total financial implication for payment of bonus to unionized employees would be Rs.15.972 million. Therefore, sufficient budgetary provision of Rs.154.500 million was available in the "Salary" head of account of budget of FY 2013-14.

The disbursement of profit/statutory bonus had been approved by the ECB through circulation subject to undertaking by the CBA that in case of absence of profit as a result of finalization of annual accounts, the same would be recovered from the salary of the employees.

The case has been placed before the Board for its ratification of the decision of ECB.

DECISION

The decision of ECB regarding disbursement of statutory bonus to employees of the Corporation stands ratified.

Item No. 05/BoD-287
Dated: 05-08-2013

PROCUREMENT OF WHITE SUGAR FROM LOCAL SUGAR MILLS.

Director (L&P/P&P) briefed the BOD about procurement of sugar form local sugar Mills as following:

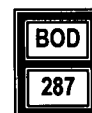
(a) PROCUREMENT / DISPOSAL OF 1,014,500 MT WHITE SUGAR (LOCAL SUGAR MILLS).

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/-	4.450	36 Mills
3	21-05-2012	209,700	50,510/- 50,500/-	10.590	44 Mills
4	14-12-2012	327,500	52,800/-	17.292	70 Mills
TOTAL		1,014,500		49.814	

TCP had (sold) issued Delivery Orders for a quantity of 1,008,269 MT in favour of M/s. Utility Stores Corporation and 150 MT to Pakistan Navy, an un-sold quantity of 6,231 MT was available with TCP. However, M/s. Utility Stores Corporation of Pakistan / Pak Navy had lifted 853,797 MT sugar upto 25-7-2013, leaving an un-lifted balance of 154,472 MT sugar at the premises of various sugar mills.

(b) CURRENT PROCURMENT

Director (L&P) further briefed the Board that TCP had been directed by the ECC ,in its meeting held on June 27,2013 to procure 100,000 MT sugar from local sugar mills through two tenders of 50,000 MT each. First tender for procurement of 50,000 MT sugar was floated on July 3,2013 and was opened on July18, 2013, against which total 58 bids were received for a quantity 268,500 MT. The Bid Evaluation Committee of TCP had evaluated the bids on the basis of tender terms and conditions and fifty five (55) bids were found responsive and three (03) bids were found non-responsive due to various reasons. M/s. Adam Sugar Mills offered the lowest rate of Rs.48, 150/- PMT for a quantity of 5,000 MT. The Tender Award Committee, in its meeting held on July 23, 2013 had decided to award 5,000 MT to lowest bidder M/s. Adam Sugar Mills. The remaining quantity of 45,000 MT would be decided in the meeting of Tender Award Committee scheduled to be held on 26-07-2013 to 33 sugar mills which had agreed to match the lowest bid of



Rs.48,150 PMT on prorata basis. The second tender was floated on July18,2013 and was opened on August 2, 2013 for procurement of 50,000 MT sugar.

DECISION

The Board discussed the issue in detail and observed that the Delivery Orders for the August quota of 50,000 MT of sugar had been issued and with this the delivery orders of 150,000 MT sugar to USC for the month of July & August 2013, had been issued which were sufficient for the USC for the next two months. The Board also showed its concern regarding the fact that a quantity of 119000 MT was lying pending un-lifted. The Board also observed the current availability of stock was around 6,231 MT lying with sugar mills.

While reviewing the appointment of related service providers the Board decided that for every procurement tender(except urea imports) the related services which are paid by the TCP be also tendered on the same day alongwith the procurement tender of the commodities to ensure maximum efficiency and transparency.

Item No. 06/BoD-287
Dated:05-08-2013

UP-DATE ON PENDING RECEIVABLES

Director (S&S/Finance) briefed the Board about the efforts endeavored for getting pending receivables as following:

- A meeting with the representatives of Punjab Food department was held on 18.04.2013 to reconcile the outstanding of wheat. Further a meeting to discuss rest of the issues pertaining to outstanding of wheat was scheduled during 1st week of July,2013. But reply has not been received from Food Department of Government of Punjab so far.
- Reminders for early remittance of outstanding of wheat had been issued to Government of Gilgit Baltistan, USC and KPK on 03-07-2013.
- Letters to Federal Adjuster through Ministry of Commerce from Director Finance are being issued with the request to make necessary adjustment from M/s. Food Department Gilgit Baltistan, Pak Navy and D.G.P. Army from the new government sanctions.
- Detailed letters for entire outstanding against NFML and USC are under preparation in Finance Division and would be put-up for approval to the competent authority.
- As a result of above efforts, we had received Rs.500 million each on 04-07-2013, 09-07-2013, 16-07-2013 and 24-07-2013 from USC on account of sugar outstanding and Rs.2.313 billion from NFML on account of Urea outstanding on 04-07-2013.
- A D.O. letter from Chairman TCP addressed to Secretary Finance, Government of Pakistan, Islamabad had been issued on 17.7.2013 regarding financial review and release of pending subsidy of PKR 92 Billion.

However, the current position of Receivables is as under:

WHEAT				(PKR million)
Provinces	Year	Balance Cost of Wheat	Outstanding Storage Charges	Total
Sindh	2004-05	1,494.088	882.653	3,591.621
	2008-09	1,214.880		
Punjab	2007-08	1,664.196	1,579.507	3,322.155
	2008-09	78.452		
KPK	2004-05	293.317	735.343	3,138.485
	2008-09	2,109.825		
Balochistan	2007-08	210.325	117.390	1,931.991
	2008-09	1,604.276		
AJK	2008-09	72.308	97.825	170.133



USC	2007-08	2,767.828	124.433	3,666.963
	2008-09	774.702		
Pak Navy	2008-09	14.040	50.194	64.234
Gilgit Baltistan	2007-08	97.879	35.217	1,287.246
	2008-09	1,154.150		
Pak Army	2008-09	32.555	264.346	296.901
Total		13,582.821	3,886.908	17,469.729

SUGAR

NAME OF AGENCY	YEAR	RECEIVABLE AMOUNT	TOTAL RECEIVABLE
DGP Army	OLD	115.742	152.782
	2011-12	37.040	
Pakistan Navy	Old	12.784	15.436
	2011-12	2.652	
U.S.C.	Imported/Local Sugar	35,922.276	35,922.276
TOTAL			36,090.494

UREA

NAME OF AGENCY	PERIOD	RECEIVABLE AMOUNT	TOTAL RECEIVABLE
M/S. N.F.M.L.	2008-2009 TO 2012-13	4,616.837	4,616.837

DECISION

The Board discussed in detail the issue of receivables lying pending with various Government Agencies/Organizations and requested Ex-Officio Director that MOC may like to play an active role by inviting all stakeholders to resolve the issue. The Board appreciated the efforts of Director (Finance) for his proactive role regarding flagging the issue of pending receivables with the provincial Governments of Sindh and Punjab. The Board observed that sending D.O letters from Chairman TCP to the Chief Secretaries of Provinces of Khayber Pukhtoon Khwa (KPK) and Balochistan would be appropriate.

Item No. 07/BoD-287
Dated: 05-08-2013

LIMIT ENHANCEMENT REQUEST FOR QUOTATIONS UNDER RULE 42(b)(i) OF PPRA RULES 2004.

Director (Finance) briefed the BOD that in Trading Corporation of Pakistan, quotations were being called for the procurement below the prescribed limit of Rs.100,000 introduced in the year 2006 by substituting the limit of Rs.40,000 introduced in 2004. However, the proviso clause to Rule 42(b)(i) allows the respective Board to enhance the limit from Rs.100,000 to maximum Rs.500,000. In view of inflation & price hike since 2006, the limit of 100,000 might be revised with the following options:

- I. From Rs.100,000 to Rs.200,000
- II. From Rs.100,000 to Rs.300,000

While enhancing the limit, the Board might direct the procuring divisions to make procurement planning for a year to check likelihood of any splitting especially in procurement of durable goods, or any other mechanism the ECB/Board deems appropriate. The quotations might be called from at least five general order suppliers.

DECISION

The Board discussed and deliberated the issue in detail and decided to enhance limits for calling quotation from PKR. 100,000 to PKR. 500,000 as envisaged in PPRA 2004 with the directions that procurement planning be ensured by the concerned procurement divisions against the budgeted amount.



Item No. 08/BoD-287
Dated: 05-08-2013

REVALUATION OF FIXED ASSETS OF TCP.

Director (Finance) briefed the BOD that The Trading Corporation of Pakistan (TCP) was established in 1967 and afterwards in 2001 various corporations were merged with TCP. Since inception of TCP to date no exercise has been carried out in respect of revaluation of fixed assets of the corporation. The fixed asset book value as per balance sheet for the year ended 30th June, 2012 is Rs. 419.355 million. After revaluation it might be enhanced to many times.

As per International Accounting Standards (IAS 39/40 read with Company Ordinance 1984 and SECP instructions) revaluation of fixed assets was required to be carried out after every 3 or 5 years to access the current value of assets. Revaluation of fixed asset was a technique that might be required to accurately describe the true value of the capital goods. The purpose of revaluation was to bring in to the books the fair market value of fixed assets. The main reasons for revaluation were given here under:

- To show the true rate of return on capital employed.
- To conserve adequate funds in the business for replacement of fixed assets at the end of their useful lives. Provision for depreciation based on historic cost would show inflated profits and to payment of excessive dividends.
- To show the fair market value of assets which considerably appreciated since their purchase such as land and buildings.
- When the company intends to take a loan from banks/financial institutions by mortgaging its fixed assets. Proper revaluation of assets would enable the company to get the higher amount of loan.
- To decrease the leverage ratio (the ratio of debt to equity).

The Director (Sales & Stores/Finance) further apprised the Board about common methods used in revaluing of assets were Indexation & Appraisal Method.

The above assignment would be required to be assigned to professional consultant firm(s) registered with Pakistan Bankers Association and Pakistan Engineering Council through open tender. The main objective of this task was to make balance sheet healthy to attract the banks to provide loan facility to TCP for financing its commodity operation.

DECISION

The Board after deliberate discussion observed that the valuation of assets of the Corporation has not been done earlier, therefore, the Board decided to get the assets of the Corporation evaluated through professional valuers and for which the Finance and the Accounts Divisions were directed to invite 'Expression of Interest' after preparing TOR's and getting it approved from ECB. The Board also directed that input of Corporation's Auditors on said TOR's should also be sought.

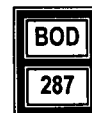
Item No. 09/BoD-287
Dated: 05-08-2013

UP-DATE ON AUDIT PARAS

During the year 2012 & till date, several DAC / PAC meetings were held on different dates. In which paras pertaining to TCP were discussed and audit of financial year 2011.-2012 was also conducted. During ARPSE 2012-2013 only 9 draft paras were proposed out of 57 O.Ms. However, in DAC held on 14-12-2012 relating to above mentioned paras, Six (6) paras were settled; and only three were remaining which were likely to be settled.

Division wise break-up of pending Audit Paras was as under:

Concerned Division	Nos. of Paras
Legal Division	22
Dispatch Operations Division	02
Finance Division	06
Export Marketing & Coordination Division	02
Real Estate Management Division	05
Internal Audit Division	01



Port Operations Division	03
Rice Cell	08
Godowns Division	02
General Admin & Human Resource Division	03
Accounts Division	03
Imports Division	05

In pursuance of 286th Board's directions, letter to Ministry of Commerce had been written for early holding of DAC meeting, besides above actions, reminders for early conclusion of Committee reports had been issued by the IAD.

DECISION

The Board while discussing progress on the pending audit paras, observed that Internal Audit Division of the Corporation required to be pro-active in coordinating with the concerned Divisions of the Corporation in completing its homework for getting the audit paras settled & accordingly decided that:

- i. A draft working paper be prepared by IAD and be sent to MOC, after seeking approval from the Chairman through Director Finance, with the request to hold DAC meeting at the earliest.
- ii. IAD to go through each pending para and do its homework properly by asking, in writing, such relevant questions from the concerned Divisions as to which replies to be received so might help in settling those pending paras.
- iii. A list of Audit paras be furnished to the Chairman and potential droppable paras be forwarded to the concerned Directors alongwith audit oriented guidelines, as mentioned at (ii) above, for necessary action at their end.
- iv. GM(IAD) to monitor progress of such Court Cases/ Inquiry Committees having linkages with pending audit paras and furnish progress reports to the Director Finance & Chairman on weekly basis accordingly.

Qazafi Rind
Company Secretary

Rizwan Ahmed
Chairman