

BOARD OF DIRECTORS

Chairman/Chief Executive Officer

MR. S. ANJUM BASHIR

Directors

1. MR. MUHAMMAD SHARIF AWAN
2. MR. MUJAHID ZAMEER
3. SYED SIKANDAR ALI SHAH
4. MR. AZHER ALI CHOUDHRY

Secretary

Syed Tariq Mustafa

ANNUAL REPORT OF TRADING CORPORATION OF PAKISTAN (PVT) LTD **FOR THE YEAR 2009-2010**

The Board of Directors has pleasure in presenting the TCP's Annual Report and the Audited Statement of Accounts for the financial year 2009-2010 ended on 30th June 2010.

CHANGES IN BOARD OF DIRECTORS

- | | |
|------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. Mr. Saeed Ahmed Khan | Assumed the charge of the office as Chairman TCP on 9 th March, 2009 and relinquished the charge on 24 th March, 2010. |
| 2. Mr. S. Anjum Bashir | Assumed the charge of the office of Chairman TCP on 24 th March, 2010. |
| 3. Mr. Ghulam Nabi Mangrio | Assumed the charge of the office as Director TCP 18 th August, 2009 and relinquished the charge on 14 th December, 2009. |
| 4. Mr. Mujahid Zameer | Assumed the charge of the office as Director TCP on 24 th September, 2009. |
| 5. Mr. Munawar Akhtar Islam | Relinquished the charge of the office Director TCP on 14 th October 2009. |
| 6. Syed Sibte Momin Naqvi | Relinquished the charge of the office of Director TCP on 14 th November, 2009. |
| 7. Mr. Ashfaq Hussain Umrani | Assumed the charge of the office as Director TCP on 30 th December, 2009 and relinquished the charge on 27 th January, 2010. |

2. GENERAL

2.1 The Trading Corporation of Pakistan Limited (TCP) was set up as a private limited company in July, 1967 and registered under Companies Act 1913. 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. The creation of TCP was meant to achieve the following objectives:-

- i) Act as a counterpart of state trading organizations in the socialist countries for import of items assigned to TCP in Import Policy.
- ii) 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.
- iii) 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.

2.2 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 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 Common-Wealth 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 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. 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 through 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 due to increase in the volume of trade under Government's directive.

4. 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 four Directors who look after the financial, imports, exports and other affairs of the Corporation. Besides, one Joint Secretary of the Ministry of Commerce, Government of Pakistan, Islamabad is also on the Board of TCP as ex-officio Director.

5. ACTIVITIES OF THE CORPORATION

5.1 IMPORTS

5.1.1 Urea Fertilizer

Import through SABIC

An agreement No.F-PAK-0687 dated 10th November, 2009 was signed between Govt. of Pakistan and Saudi Fund for Development of credit facility of US\$ 100 Million for import of 300,000 MT urea through Saudi Basic Industries (Pvt) Ltd SABIC, Saudi Arabia. Against this agreement a quantity 313,312 MT urea has arrived and lifted by National Fertilizer Marketing Ltd (NFML).

Direct import

In pursuance of Government's directives, TCP concluded 14 (Fourteen) contracts for import of 1,000,000 MT Urea valuing US\$ 280.000 Million (equivalent to Pak Rs.23,800.000 Million) against which a quantity of 1,412,533 MT arrived and delivered to the NFML/NFC.

5.1.2 **Sugar**

In pursuance of the Government directives, TCP concluded 11 (Eleven) contracts for import of 975,000 MT sugar valuing US\$ 634.123 Million, (equivalent to Pak Rs.53,900.431 Million), against of which 394,852 MT sugar arrived and shifted to TCP Godowns.

5.2 **DOMESTIC OPERATIONS**

5.2.1 **Cotton Sale**

TCP has sold 160,798 bales of cotton in local market and exported 22,400 cotton bales through exporters valuing Rs.2,709.939 Million through public tender.

5.2.2 **Sugar Sale**

TCP has sold 455,258 MT sugar valuing Rs.240,040.984 Million to Utility Stores Corporation, Canteen Store Department, Army/Navy.

5.2.3 **Rice**

Against the decision of the ECC of the Cabinet, TCP purchased 25,000 MT Super Basmati Rice and 2541 MT Irri-6. Out of this a quantity of 2541 MT Irri-6 was sold through open tender valuing Rs.57.42 Million. However, 25,000 MT Basmati Rice is still available at TCP Godowns.

6. **INSPECTION OF BROWN & WHITE RICE**

TCP inspected 106,115 MT of Super Brown Basmati Rice and 3,394 MT of white Basmati Rice exported to European Union countries and earned an amount of Rs.2.829 Million as inspection fee.

7. **RENTING OF GODOWNS OF DEFUNCT RECP**

TCP received rent amounting to Rs.39,634,368 through renting of its godowns to public and private sector at Pipri, Landhi and Korangi Godowns.

8. **Comparative statements** of Financial results, highlights of financial results and stocks positions is given at Annexure I, II and III.

9. MANAGEMENT - STAFF RELATIONS:

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.

10. AUDITORS

M/s. Muniff Ziauddin & Co., Chartered Accountants were appointed as Auditors to conduct the audit of accounts of TCP for the year 2009-2010.

Annexure-I

COMPARATIVE STATEMENT OF FINANCIAL RESULTS DURING LAST DECADE **2000-01 TO 2009-10**

(Rupees in Million)

S. No	PARTICULARS	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
1.	Paid-up capital	100.000	100.000	100.000	100.000	100.000	685.805	685.805	685.805	685.805	1000.000
2.	Total C&F value of imports	229.751	--	--	--	22,792.445	26,755.430	19,184.327	55,777.358	83,786.815	50423.161
3.	Total value of Exports	2551.582	68.883	1410.947	7232.695	288.387	2,477.980	371.447	4.334	-	331.946
4.	Profit/(Loss) before taxation	456.557	74.578	196.508	175.281	569.522	804.968	476.895	1173.484	2335.167	2035.200
5.	Profit/(Loss) after taxation	401.695	10.567	(534.030)	112.992	363.968	634.180	310.042	923.646	1938.988	1632.878

Annexure-II

HIGHLIGHTS OF FINANCIAL RESULTS

(RUPEES IN MILLION)

S. NO	PARTICULAR	2008-2009	2009-2010
1.	PAID UP CAPITAL		-
2.	TURNOVER AND RELATED INCOME Local purchase / Import a) Imports (Sugar, Urea, Cotton & Rice) b) Exports c) Local sale (Cotton) d) Commission on Imports/Exports	62,274.786 - - <u>2259.062</u> <u>64,533.848</u>	43,538.358 331.946 - <u>1290.944</u> <u>45,161.248</u>
3.	TOTAL C&F VALUE OF IMPORTS	83,786.815	50,423.161
4.	PROFIT/(LOSS) BEFORE TAXATION	2,335.167	2,035.200
5.	PROFIT/(LOSS) AFTER TAXATION	1,938.988	1,632.878
6.	STOCKS	24,281.048	14,463.060
7.	DEBTORS	16,577.178	31,294.658
8.	RATIO: a) Stocks/Turnover b) Debtors/Turnover	37.62% 25.68%	32.025% 69.30%

Annexure-III

STATEMENT SHOWING OPENING AND CLOSING STOCK POSITION IN TCP'S GODOWNS / MILLS

S. NO	ITEM	OPENING BALANCE AS ON 1-7-2009	FRESH ARRIVAL	CLOSING BALANCE AS ON 30-6-2010
1.	Sugar	31,555 MT	406,207 MT	121,740 MT
2.	Urea	346,784 MT	Nil	Nil
3.	Wheat	396,309 MT	135,108 MT	151,937 MT
4.	Cotton Lint Bales	156,998	Nil	Nil
5.	Irri-6 Rice	1,231 MT	1,317 MT	1,216 MT
6.	Basmati Rice	16,851 MT	8,149 MT	25,000 MT
7.	Vegetable Oil *	Nil	308,448	37,993
8.	Jutes bales	1,150	Nil	695
9.	Plastic role	Nil	185	164
10.	P.P. bales	155	Nil	Nil

* Nos of cartons