

# TCP's 55<sup>th</sup> DIRECTORS' REPORT FOR THE YEAR 2021-22

## BOARD OF DIRECTORS

### CHAIRMAN & CEO

**SYED RAFEO BASHIR SHAH**

### DIRECTORS

1.	MR. SAJID MEHMOOD QAZI	NON-EXECUTIVE
2.	MR. MUHAMMAD WAQAS AZEEM	NON-EXECUTIVE
3.	MR. IMTIAZ ALI GOPANG	NON-EXECUTIVE
4.	MS. BUSHRA NAZ MALIK	NON-INDEPENDENT/NON-EXECUTIVE
5.	MS. JAVARIA TAREEN	INDEPENDENT
6.	MS. TASNEEM YUSUF	INDEPENDENT

### BOARD AUDIT & RISK MANAGEMENT COMMITTEE

1.	MS. TASNEEM YUSUF (INDEPENDENT DIRECTOR)	CHAIRPERSON
2.	MR. SAJID MEHMOOD QAZI REPRESENTATIVE OF FINANCE DIVISION	MEMBER
3.	MS. BUSHRA NAZ MALIK (NON-INDEPENDENT/NON-EXECUTIVE)	MEMBER

### BOARD HUMAN RESOURCE COMMITTEE

1.	MS. JAVARIA TAREEN (INDEPENDENT DIRECTOR)	CHAIRPERSON
2.	MR. IMTIAZ ALI GOPANG REPRESENTATIVE OF MNFS&R	MEMBER
3.	MS. BUSHRA NAZ MALIK (NON-INDEPENDENT/NON-EXECUTIVE)	MEMBER

### BOARD PROCUREMENT COMMITTEE

1.	MR. WAQAS AZEEM REPRESENTATIVE OF MINISTRY OF COMMERCE	CHAIRMAN
2.	MS. JAVARIA TAREEN (INDEPENDENT DIRECTOR)	MEMBER
3.	MR. IMTIAZ ALI GOPANG REPRESENTATIVE OF MNFS&R	MEMBER

### BOARD INVESTMENT COMMITTEE

1.	MS. TASNEEM YUSUF (INDEPENDENT DIRECTOR)	CHAIRPERSON
2.	MR. WAQAS AZEEM REPRESENTATIVE OF MINISTRY OF COMMERCE	MEMBER
3.	MR. SAJID MEHMOOD QAZI REPRESENTATIVE OF FINANCE DIVISION	MEMBER

### BOARD NOMINATION COMMITTEE

1.	MR. IMTIAZ ALI GOPANG REPRESENTATIVE OF MNFS&R	CHAIRMAN
2.	MR. WAQAS AZEEM REPRESENTATIVE OF MINISTRY OF COMMERCE	MEMBER
3.	MS. TASNEEM YUSUF (INDEPENDENT DIRECTOR)	MEMBER

### BOARD RESTRUCTURING COMMITTEE

1.	SYED RAFEO BASHIR SHAH (CHAIRMAN TCP)	CHAIRMAN
2.	MS. TASNEEM YUSUF (INDEPENDENT DIRECTOR)	MEMBER
3.	MS. JAVARIA TAREEN (INDEPENDENT DIRECTOR)	MEMBER
4.	MS. BUSHRA NAZ MALIK (NON-INDEPENDENT/NON-EXECUTIVE)	MEMBER

### COMPANY SECRETARY

MR. NAVEDUL ISLAM

### REGISTERED OFFICE

4<sup>th</sup> & 5<sup>th</sup> Floor, Finance & Trade Centre,  
Main Shahra-e-Faisal,  
Karachi-75530  
Phones: 021-99202947-49  
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**ANNUAL REPORT OF TRADING CORPORATION OF PAKISTAN (PVT) LTD**  
**FOR THE YEAR 2021-22**

The Board of Directors has the pleasure in presenting the TCP's Annual Report and the Audited Statement of Accounts for the Financial Year 2021 - 22 ended on 30<sup>th</sup> June 2022.

**1. CHANGES IN BOARD OF DIRECTORS:**

Following changes in the Board of Directors took place during the financial year 2021-22 (from 01-07-2021 to 30-06-2022).

- a. Dr. Imranullah Khan Relinquished the charge of the office as Director, TCP on 08-03-2022.
- b. Mr. Sajid Mehmood Qazi Assumed the charge of the office as Director, TCP on 08-03-2022.

**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 a Chairman who is directly appointed by the Federal Government and also acts as the Chief Executive officer of the Corporation and the Directors. There are Six (06) Committees of the TCP's Board of Directors that deal with the matters relating to HR of the Corporation, Financial Audit and Risk related matters, Procurements, Investments, Financing and enhancing the business of the Corporation. Besides the representative of the Ministry of Commerce, BoD members representing the Ministry of Finance and Ministry of National Food Security & Research, Government of Pakistan, are also represented in the Board of Directors of TCP as ex-officio Directors.

**2.2 EXECUTIVE DIRECTORS.**

- a. Mr. Kadir Bux Executive Director (Admin/HR/Legal Affairs)
- b. Mr. Saqib Bashir Executive Director REMS (Additional Charge of Executive Director Finance w.e.f. 23-06-2022 for a period of three months)
- c. Mr. Riaz Ahmed Shaikh Executive Director (Operations)

**2.3 DETAILS OF DIVISIONAL HEADS/INCHARGES OF REGIONAL OFFICES/SUB REGIONAL OFFICES GIVEN AT (ANNEX-I)**

**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 Act, 2017). The shares of the 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 so as to achieve the following objectives: -

- a. Achieve economy of scale by handling bulk transactions; secure advantages of price, freight and port-handling expenses etc.
- b. 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.
- c. 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 trade related 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 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 SUMMARY OF FINANCIALS.**

a. During the Financial Year 2021-22, profit earned by TCP as per details given hereunder:

<b>Total Profit before Taxation</b>	<b>Rs.3,420.800 million</b>
<b>Tax amount</b>	<b>Rs.1,072.348 million</b>
<b>Net Profit</b>	<b>Rs.2,364.415 million</b>

- b. Key operating and financing data for last eight years is attached as **Annexure-II**.
- c. Comparative statements of financial results for last eight years are given at **Annexure "III"** respectively.
- d. TCP has signed agreements with recipient agencies which prevented all possible accumulated arrears which had otherwise accrued over the past decades.

**5.2 DIVIDEND:**

Dividend shall be paid to the Federal Government after holding of Annual General Meeting.

**5.3 IMPORTS:**

**a. WHEAT**

On the directives of Federal Government TCP imported 2.21million MT of Wheat during the FY 2021-22.The quantity arrived between 08-08-2021 to01-03-2022. Main origins for the imported wheat were Ukraine and Russia. A quantity of 1.7 million MT was delivered to M/s. PASSCO and 0.5 million MT was delivered to Food Department Government of KPK.

<b>Sr. No.</b>	<b>Quantity (MT)</b>	<b>Rate (\$USD)</b>
1	300,000	285.97
2	220,000	304.00
3	160,000	355.99
4	405,000	369.50
5	575,000	383.50
6	550,000	377.00
<b>TOTAL</b>	<b>(+/- 5% MOLSO) 2,210,000</b>	

**b. SUGAR**

On the directives of Federal Government TCP imported a quantity 300,000 MT +/- 5% MOLSO bagged sugar through international tenders. The sugar arrived between 26-07-2021 to 10-11-2021 through ten (10) vessels.

<b>Sr. No.</b>	<b>Quantity (MT) (+/- 5% MOLSO)</b>	<b>Rate (\$USD)</b>
1	100,000	526.00
2	200,000	637.10
<b>TOTAL</b>	<b>CFR, Karachi. 300,000</b>	

c. **UREA**

On the directives of Federal Government TCP imported a quantity 100,000 MT +/- 5% MOLSO Urea on G2G basis from China. The arrangement was negotiated on FOB basis whereas shipments were arranged through National Flag Carrier i.e. Pakistan National Shipping Corporation Limited.

Sr. No.	Quantity (MT) (+/- 5% MOLSO)	Rate (\$USD)
1	50,000	548.00
2	50,000	556.00
<b>TOTAL</b>	<b>G2G 100,000</b>	

5.4 **MARKET ASSESSMENT & PROCURMENT PLANNING:**

TCP provided market assessment of essential commodities, availability and prices thereof and suggested for future contracts and procurements during cycling dip and TCP also suggested changes in the procurement rules for efficient and cost-effective imports of commodities. Resultantly, PPRA is considering special procedure of procurement through TCP. Engagement with relevant stake holders such as MNFS&R, MoI&P, MoC and Provincial Governments is on regular basis to ascertain and forecast the commodities requirement for the country so as to ensure food security and price stability.

5.5 **PORT OPERATIONS:**

Total 51 bulk carriers arrived carrying 2.6 MMT of wheat, Urea and Sugar and were efficiently handled to avoid delays and port demurrages rather early dispatch of \$ 2.8 M was earned on account of efficient and timely completion of vessels. Out of these 32 vessels called at KPT and 19 vessels called at Port Qasim. The commodities were directly delivered to recipient agencies from the port.

Sr. No.	Commodity	Quantity (MMT) (+/- 5% MOLSO)	Rate (\$USD)
1	Wheat	1.700	PASSCO
2	Wheat	0.500	Govt. KPK
3	Sugar	0.155	Govt. Punjab
4	Sugar	0.148	USC
5	Urea	0.100	NFML
<b>TOTAL</b>		<b>2.603</b>	

5.6 **SALE PROCEEDS/DELIVERIES/INSURANCE:**

- During the year 2021-22, TCP issued Thirty Nine (39) Delivery Orders amounting to **Rs.141,702.927** million in favour of KPK Food Department and PASSCO on account of sale of 2,203,476.182 M.T. imported Wheat. Total amount received as sale proceeds.
- During the year 2021-22, TCP issued Twelve (12) Delivery Orders amounting to **Rs.31,969.117** million in favour of KPK, Punjab Food Department and M/s. USC against sale of **304,214.350 M.T** imported Sugar. Amount of **Rs. 25,565.007** million received as sale proceeds.
- During the year 2021-22, TCP issued two (02) Delivery Orders amounting to **Rs.11,468.289** million in favour of M/s. **NFML** for sale of 100,198.800 MT imported Urea. Total amount receivable as sale proceeds.
- During the year 2021-22, TCP issued Twenty Four (24) Delivery Orders amounting to Rs.21,984,156/- in favour of various parties for sale of sweeping sugar, iron items, wooden items, wheat husk and dusk (2008-09) & (2020-21), unserviceable items i.e. damaged Plastic Sheets, PP Bags, Jute Bags & miscellaneous items. Complete payment has been received.
- During the year 2021-22, TCP has paid an amount of **Rs.261.222** million to M/s. NICL on account of Marine Insurance Premium for obtaining insurance coverage of commodities imported as per details as under:-

Sr. No.	Name of Commodities	Amount of Marine Insurance Premium (PKR in million)
1.	Wheat	194.268
2.	Sugar	55.751
3.	Urea	11.203
<b>Total</b>		<b>261.222</b>

5.7 **RECOVERIES:**

- Four (4) reminder letters issued to each entity during the year 2021-22 (since 25.02.2022) with the request to arrange / convene a meeting for settlement of the long outstanding dues against supply of wheat, sugar & Urea.
- A meeting between Accounts Division, TCP and Officials of Pak Army was held on 23.12.2021 to reconcile the outstanding against supply of wheat and sugar.

- c. A meeting between TCP and representatives of KPK was held on 23 & 24.12.2021 for the settlement of long outstanding dues against supply of wheat during the year 2004-05, 2007-08 & 2008-09.
- d. A meeting between TCP and Officials of USC & Ministry of Industries & Production Division was held on 08.12.2021 regarding clearance of long outstanding dues for supply of wheat and sugar.

**5.8 PRIME MINISTER'S PERFORMANCE DELIVERY UNIT (PMDU) COMPLAINTS 2021-22:**

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 2021-22, Twenty Four (24) complaints were received on the dashboard of TCP from Pakistan Citizen Portal, out of which Nineteen (19) complaints pertained to TCP, which were resolved/closed/dropped in the light of relevant Rules/Regulations and decided on merit for possible provision of relief to the citizens. The remaining complaints pertained to other different Departments /Authorities which were forwarded to them accordingly.

**5.9 CORPORATE GOVERNANCE:**

- a. 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.
- b. The financial statements, prepared by the management of the Public Sector Company, fairly presents its state of affairs, the result of its operations, cash flows and changes in equity.
- c. Proper books of account have been maintained by the Corporation.
- d. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- e. The Board recognizes its responsibility to establish and maintain sound system of internal control.
- f. Total (23) Board Meetings have been held during the year and meeting attended by each director is given below;

NAME OF BOARD MEMBERS	NO. OF MEETINGS ATTENDED
Mr. Riaz Ahmed Memon, Chairman	03
Syed Rafeo Bashir Shah, Chairman	16
Mr. Muhammad Waqas Azeem Ministry of Commerce (Chaired the meeting)	02
Ms. Tasneem Yusuf (Chaired the meeting)	02
Mr. Muhammad Waqas Azeem, Ministry of Commerce	20
Mr. Imtiaz Ali Gopang, Ministry of National Food Security & Research	22
Dr. Imranullah Khan, Ministry of Finance	15
Mr. Sajid Mehmood Qazi, Ministry of Finance	04
Ms. Bushra Naz Malik	23
Ms. Javaria Tareen	23
Ms. Tasneem Yusuf	20

- g. The pattern of shareholders is attached as **Annexure-IV**.
- h. 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.

**5.10 RENT RECEIVED:**

Year wise rent received as under:

Financial Year	Amount (Rs.)
2019-20	255,179,299
2020-21	239,638,200
2021-22	296,138,378

**5.11 INSPECTION FEES:**

Year wise Rice Inspection Fees received as under:

Financial Year	Amount (Rs.)
2019-20	50,684,242
2020-21	59,572,371
2021-22	64,725,122

5.12 **LEGAL CASES:**

- a. During the year 2021-22, Twenty Five (25) cases (appeals/reviews etc.) got disposed of by different Law Courts in favour of TCP. The detail of each category is as under:
- i. No. of Civil cases = 18
  - ii. No. of Service matters = 07
- b. The details of some achievements are stated below:
- i. A decretal amount alongwith mark-up of Rs.22,348,199/- recovered from City District Government Karachi (CDGK) in Suit No.773/1988 filed by TCP against City District Government Karachi (CDGK).
  - ii. The Official Assignee released an amount of sale proceeds of Sugar alongwith accrued profit amounting to Rs.723,860,764/- in Admiralty Appeal No. 01/2015 in favour of TCP.
  - iii. TCP is recovered an amounting of Rs.7,001,334/- in Rent Case No. 289/2019 – TCP Vs. M/s. Apna TV.
- c. Legal Division succeeded to curtail expenditure in respect of legal & professional charges by saving an amount of Rs.4.438 million by incurring Rs.13.000 million during the year 2020-21 as against the Legal expenses of Rs.8.562 million incurred during the year 2021-22.

6. **AUDITORS:**

- 6.1 The Statutory Audit for the FY 2021-22 has been conducted by M/s. Baker Tilly Mehmood Idrees Qamar, Chartered Accountants.
- 6.2 Management responses on the Audit Observations are attached as **Annexure-V**.

7. **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.

8. **FUTURE PLANNING FOR DIVERSIFICATION OF TCP OPERATIONS:**

During the course of review of operations of TCP, based upon the past learnings, it came to fore that there is a need to streamline as well as diversify the operations of TCP. This is because of the fact that at this point in time, there is total dependence of TCPs business on Government procurements and that too in limited commodities. Also, the current procurement mechanism entails a tedious and slow responsive mechanism which has hamstrung TCPs quick response to the need and requirements of the Governmental procurements. Therefore, there is a need to streamline the procedural requirements for operational ease of TCP which relate to proposed amendments in PPRA Rules 1 & 16(A).

For diversification of operations as additional sources of revenue streams rather than Commission based income only, TCP has started to work on proposals relating to procurement of commodities like DAP for the private sector at no cost to the Government of Pakistan on a G2G basis with Commission for imports to be charged by TCP, working as indenting agents for INGOs like World Food Program for their import operations, setting up of modern supply chain facilities like Silos & Warehousing at Pipri and Multan as well as setting up and development of Real Estate Operations of TCPs properties.

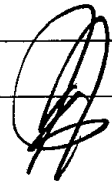
These are long term plans which are meant to diversify TCPs operations as well as their operational income based on TCPs existing strengths and are intended to strengthen TCPs operations as well as those of its stakeholder's.

  
DIRECTOR

  
CHAIRMAN & C.E.O, TCP

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

i)	Mr. Sohail Abbas Rajani	Chief Financial Officer	Finance Division
ii)	Mr. Naved-ul-Islam	Company Secretary	Corporate Affairs/Secretary Division
iii)	Mr. Hans Hussain	Chief Internal Auditor	Internal Audit & Inspection Division
iv)	Mr. Rashid Hussain	General Manager	Human Resource Division
v)	Mr. Qadeer Ahmed	General Manager	Market Assessment & Trade Division
vi)	Mr. Farman Ali Chohan	General Manager	Administration & Coordination Division
vii)	Mr. Qadeer Ahmed	General Manager	Dispatch & Operation Division (Additional Charge)
viii)	Mr. Naved-ul-Islam	HoD /Incharge	Legal Division
ix)	Mr. Sher Muhammad Mahar	Deputy General Manager	Local Commodity Procurement and Quality Assurance Division
x)	Ms. Saqiba Mannan	Deputy General Manager	Accounts Division
xi)	Mr. Muhammad Asif	Deputy General Manager	Real Estate Management & Service Division
xii)	Mr. Naimatullah Shaikh	General Manager	Korangi Godown
xiii)	Mr. Naimatullah Shaikh	General Manager	Pipri Godown (Additional Charge)
xiv)	Mr. Israr Ahmed	Deputy Manager	Landhi Godown
xv)	Mr. Israr Ahmed	General Manager	Regional Office Lahore
xvi)	Mr. Umer Kamal	General Manager	Regional Office Islamabad
xvii)	Mr. Zulfiqar Ali Awan	Assistant Manager	Regional Office Gwadar
xviii)	Mr. Muhammad Hasnain Naveed	Deputy Manager	Sub-Regional Office Multan



## KEY OPERATING AND FINANCIAL DATA

"Rs. In (000)"

Operating Data	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15
Commission Income	1,489,763	628,050	97,146	101,234	-	33,869	202,782	529,645
Administrative Expenses	1,046,917	964,700	846,566	886,062	1,015,666	1,080,597	845,590	900,433
Other Income	2,977,952	2,415,294	2,734,102	2,246,100	1,536,169	1,534,289	1,790,577	2,037,026
Profit Before Tax	3,420,798	2,078,644	1,984,682	1,461,272	520,503	487,561	1,147,769	1,666,238
Profit After Tax	2,364,415	1,517,441	1,452,932	1,119,131	375,506	403,271	793,610	1,130,349
<b>Financial Data</b>								
Paidup 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	537,599	538,769	10,363,343	10,247,028	721,578	826,174	806,490	759,567
Long term Investment	10,201,408	9,991,495	9,806,574	9,643,072	65,827	125,980	126,795	114,092
Current Assets	206,752,589	151,876,382	140,511,496	131,160,521	125,566,129	126,149,582	121,857,842	118,797,238
Current Liabilities	199,475,316	146,755,712	136,537,696	128,318,941	114,104,808	114,992,924	110,973,997	106,050,945
<b>Key Ratios</b>								
Net Profit	53%	50%	51%	47%	25%	25%	40%	44%
Current ratio	1.04	1.04	1.03	1.02	1.10	1.10	1.10	1.12
Net Working Capital	7,277,273	5,467,245	3,973,800	2,858,178	11,461,321	11,156,658	10,883,345	12,746,293



**COMPARATIVE STATEMENT OF FINANCIAL RESULTS DURING THE YEAR  
2014-15 TO 2021-22**

(Rupees in million)

S. No.	PARTICULAR	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
1.	Paid-up capital	1000.000	1000.000	1000.000	1000.000	1000.000	1000.000	1000.000	1000.000
2.	Total C&F value of imports	12,028.790	7,902.079	NIL	NIL	5,061.701	4,859.292	82,936.640	179,420.775
3.	Total value of Exports	Nil	814.964	1810.631	Nil	Nil	Nil	Nil	Nil
4.	Profit/(Loss) before taxation	1,666.238	1144.746	487.561	520.503	1,461.272	1,984.682	2,078.644	3,420.798
5.	Profit/(Loss) after taxation	1,130.349	797.229	403.271	375.506	1,119.131	1,452.932	1,517.441	2,364.413

**PATTERN OF SHAREHOLDING AS AT 30.06.2022**

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>

**Categories of Shareholders**

Directors	Shareholdings	Percentage
Chairman, TCP	1	0.000001
Executive Director Finance	1	0.000001
<b>Total</b>	<b>2</b>	<b>0.000002</b>

## Associated Undertakings

and Related Parties

NIT AND ICP

Banks, Development Financial Institutions

NBF1

Insurance Companies

Modaraba and Mutual Funds

-

-

-

-

-

-

Shareholders Holding 10%	Shareholdings	Percentage
Federal Government of Pakistan	99,999,998	99.99

**General Public**

a. Local	-	-	-
b. Foreign	-	-	-

## TRADING CORPORATION OF PAKISTAN (PVT) LIMITED

**AUDITOR'S QUALIFICATIONS AND MANAGEMENT REPLIES**  
**ON TCP'S ANNUAL ACCOUNTS FOR THE YEAR ENDED JUNE 30, 2022**

Sr. No.	Qualification	Management Reply																																	
a.	As disclosed in note 11.2 to the financial statements, trade debts includes receivables of Rs.10,406.63 million from various government institutions. In the absence of sufficient and appropriate underlying evidences, responses to the confirmation requests sent by us and no movement / recoveries for more than six years, we were unable to satisfy ourselves as to its completeness, aging and recoverability out of which we were unable to satisfy ourselves as to the existence of other receivable amounting to Rs. 99.41 million.	The amount of Rs. 10,406.86 million is primarily related to the wheat supplied to Provincial Governments against which they have not made payment. These operations were carried out during the years 2004-05, 2007-08 and 2008-09. <i>Observations</i> of the auditors are correct with respect to confirmations, however, for the recoverability, TCP has been following up aggressively with the Provincial Governments. There are more than 85 letters issued and multiple meetings held with these agencies. Further, as per directives of Finance Division, TCP carried out third party subsidy audit from July 2004 to June 2018 which was under process till 30-06-2022.																																	
b.	As disclosed in note 13.1 to the financial statements, other receivables include Rs.11,305.36 million (including accrued mark-up and other charges of Rs.8,925.75 million till June 30, 2022) 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 prepayments and other receivables.	The main observation of the auditors relates to recoverability of total amount of Rs. 11,305.365 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 and NAB. However, the sugar mills refused to pay outstanding payments including markup thereon. TCP is vigorously pursuing the cases at relevant fora and hopefully the cases shall be decided in favour of TCP, in accordance with the contractual terms. The details of outstanding recoveries as on 30-06-2022, against Nine (09) sugar mills are given as follows: <table border="1" data-bbox="695 1189 1481 1630"> <thead> <tr> <th data-bbox="695 1189 783 1252">Sr. No</th> <th data-bbox="783 1189 1262 1252">Name of Sugar Mill</th> <th data-bbox="1262 1189 1481 1252">Rs. In Million</th> </tr> </thead> <tbody> <tr> <td data-bbox="695 1252 783 1285">1</td> <td data-bbox="783 1252 1262 1285">Abdullah Shah Ghazi Sugar Mill</td> <td data-bbox="1262 1252 1481 1285">1,949.965</td> </tr> <tr> <td data-bbox="695 1285 783 1319">2</td> <td data-bbox="783 1285 1262 1319">Haq Bahu Sugar Mill</td> <td data-bbox="1262 1285 1481 1319">2,141.083</td> </tr> <tr> <td data-bbox="695 1319 783 1352">3</td> <td data-bbox="783 1319 1262 1352">Macca Sugar Mill</td> <td data-bbox="1262 1319 1481 1352">878.353</td> </tr> <tr> <td data-bbox="695 1352 783 1386">4</td> <td data-bbox="783 1352 1262 1386">Abdullah Sugar Mill, Depalpur</td> <td data-bbox="1262 1352 1481 1386">182.913</td> </tr> <tr> <td data-bbox="695 1386 783 1420">5</td> <td data-bbox="783 1386 1262 1420">Abdullah Sugar Mill, Ex-Yousuf</td> <td data-bbox="1262 1386 1481 1420">1,520.868</td> </tr> <tr> <td data-bbox="695 1420 783 1453">6</td> <td data-bbox="783 1420 1262 1453">Haseeb Waqas Sugar Mill</td> <td data-bbox="1262 1420 1481 1453">350.247</td> </tr> <tr> <td data-bbox="695 1453 783 1487">7</td> <td data-bbox="783 1453 1262 1487">Seri Sugar Mill</td> <td data-bbox="1262 1453 1481 1487">551.751</td> </tr> <tr> <td data-bbox="695 1487 783 1520">8</td> <td data-bbox="783 1487 1262 1520">T.M.K. Sugar Mill</td> <td data-bbox="1262 1487 1481 1520">1,870.445</td> </tr> <tr> <td data-bbox="695 1520 783 1554">9</td> <td data-bbox="783 1520 1262 1554">Tandlianwala Sugar Mill</td> <td data-bbox="1262 1520 1481 1554">1,859.740</td> </tr> <tr> <td colspan="2" data-bbox="695 1554 783 1630"><b>Total</b></td> <td data-bbox="1262 1554 1481 1630"><b>11,305.365</b></td> </tr> </tbody> </table>	Sr. No	Name of Sugar Mill	Rs. In Million	1	Abdullah Shah Ghazi Sugar Mill	1,949.965	2	Haq Bahu Sugar Mill	2,141.083	3	Macca Sugar Mill	878.353	4	Abdullah Sugar Mill, Depalpur	182.913	5	Abdullah Sugar Mill, Ex-Yousuf	1,520.868	6	Haseeb Waqas Sugar Mill	350.247	7	Seri Sugar Mill	551.751	8	T.M.K. Sugar Mill	1,870.445	9	Tandlianwala Sugar Mill	1,859.740	<b>Total</b>		<b>11,305.365</b>
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c.	As stated in note no. 22.1.1 and 22.1.4 to 22.1.14, the Company has pending litigations and open tax assessments against the company aggregating to Rs. 10,848.64 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 of contingencies.																																	

