

52nd ANNUAL REPORT 2018-2019**BOARD OF DIRECTORS****CHAIRMAN/CEO****DR. RIAZ AHMED MEMON****DIRECTORS**

- | | | |
|----|----------------------------|---------------|
| 1. | DR. IMRANULLAH KHAN | Non-Executive |
| 2. | MR. MUHAMMAD USMAN QURESHI | Non-Executive |
| 3. | MR. IMTIAZ ALI GOPANG | Non-Executive |
| 4. | MS. BUSHRA NAZ MALIK | Independent |
| 5. | MS. JAVARIA TAREEN | Independent |
| 6. | MS. TASNEEM YUSUF | Independent |

BOARD/AUDIT & RISK MANAGEMENT COMMITTEE

- | | | |
|----|----------------------|----------|
| 1. | MS. BUSHRA NAZ MALIK | Chairman |
| 2. | DR. IMRANULLAH KHAN | Member |
| 3. | MS. TASNEEM YUSUF | Member |

COMPANY SECRETARY**MR. MUHAMMAD NADEEM AQEEL****Registered Office**

4th & 5th Floor, Finance & Trade
Centre, Sharea Faisal,
Karachi-75530
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ANNUAL REPORT OF TRADING CORPORATION OF PAKISTAN (PVT) LTD
FOR THE YEAR 2018-2019

The Board of Directors has pleasure in presenting the TCP's Annual Report and the Audited Statement of Accounts for the financial year 2018 - 2019 ended on 30th June 2019.

CHANGES IN BOARD OF DIRECTORS

Following changes in the Board of Directors took place during the financial year 2018-19 (from 01-07-2018 to 30-06-2019):-

- | | |
|------------------------------|---|
| (1) Mr. Mushtaq Ahmed Shaikh | Relinquished the charge of the office as Chairman, TCP on 07.08.2018. |
| (2) Mr. S.M. Tariq Huda | Assumed the charge of the office as Chairman, TCP on 07.08.2018. |
| (3) Mr. Zahoor Ahmed | Relinquished the charge of the office as Director, TCP on 22.10.2018. |
| (4) Dr. Imranullah Khan | Assumed the charge of the office as Director, TCP on 22.10.2018. |
| (5) Mr. S.M. Tariq Huda | Relinquished the charge of the office as Chairman, TCP on 14.11.2018. |
| (6) Mr. Riaz Ahmad Memon | Assumed the charge of the office as Chairman, TCP on 14.11.2018. |

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, and Islamabad are also included in the Board of Directors of TCP as ex-officio Directors.

2.1 Executive Directors.

- | | |
|-------------------------|---------------------------------------|
| i. Mr. Asim Iftekhar | Executive Director (Admin/Operations) |
| ii. Sheikh Zahid Masood | Executive Director (Finance) |

2.2 **Divisional Heads/Incharges of Regional Offices/Sub Regional Offices /Godowns /Secretary Division.**

i.	Mr. Zafarullah Zangejo	Deputy General Manager	GA & HR Division
ii.	Mr. Naimatullah Shaikh	General Manager	Market Assessment & Imports
iii.	Mr. Muhammad Asif Rajpar	Deputy General Manager	Legal Division
iv.	Mr. Farman Ali Chohan	General Manager	Exports Marketing & Coordination
v.	Mr. Ghulam Sarwar Brohi	Deputy General Manager	Internal Audit Division
vi.	Mr. Khizar Hayat	General Manager	Procurement & Quality Assurance (Additional Charge)
vii.	Mr. Sohail Abbas Rajani	General Manager/CFO (Contract)	Finance Division
viii.	Mr. Khizar Hayat	General Manager	Accounts (Additional Charge)
ix.	Mr. Muhammad Yousuf	General Manager	Godowns
x.	Mr. Khizar Hayat	General Manager	Dispatch Operation Division
xi.	Mr. Qadeer Ahmed	Manager	Real Estate Management & Security
xii.	Mr. Muhammad Nadeem Aqeel	Company Secretary (Contract)	Corporate Affairs/Company Secretary
xiii.	Mr. Manzoor Ali Sahato	General Manager	Public Relations, Evaluation & Implementation
xiv.	Mr. Muzaffar Hussain	General Manager	Pipri Godowns
xv.	Mr. Akhlaq Ahmed Samoo	Deputy Manager (Incharge)	Korangi Godowns
xvi.	Mr. Ysir Ahad Shaikh	Deputy Manager (Incharge)	Landhi Godowns
xvii.	Mr. Shafiq Ahmed Shahzad	General Manager (Incharge)	Regional Office Islamabad
xviii.	Mr. Muhammad Dawood Khan	Deputy Manager (Incharge)	Regional Office Lahore
xix.	Mr. Israr Hussain	Deputy Manager (Incharge)	Regional Office Gwadar
xx.	Mr. Barkat Ali Jokhio	General Manager	Incharge Sub-Regional Office Multan

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 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 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 During the year 2018-19, TCP received an amount of Rs. 3,699.87 million from M/s. NFML towards sale proceeds of Urea.

5.2 During the year 2018-19, TCP received an amount of Rs. 432 million (net of tax withholding) from M/s. USC towards Sale proceeds of Sugar.

5.3 During the year 2018-19, TCP issued two (02) Delivery Orders amounting to Rs. 3,599.804 (including output sales tax) million in favor of M/s. NFML for Sale of 105,134.450 MT Imported Urea.

5.4 During the year 2018-19, TCP issued Delivery Order amounting to Rs. 4,029,883/- in favour M/s. Khan Trading Company, Rahimyar Khan and M/s. So Safe Traders, Karachi for Sale of 415.240 MT Sweeping Urea.

5.5 During the year 2018-19, TCP issued Delivery Order for sale of 30,000 New/Unused PP Bags of Sugar against an amount of Rs. 528,264/- in favor of M/s. Khalid Brothers, Karachi.

5.6 During the year 2018-19, TCP issued 56 persuasion letters to M/s. USC, 54 letters to M/s. NFML, 56 letters to Pakistan Navy & DGP (Army) and 58 letters to Provincial Governments for recovery of outstanding amount on account of sale of Sugar, Urea and Wheat.

5.7 On the directives of Ministry of Commerce & Textile under the decision of Economic Coordination Committee of the cabinet (ECC) taken in its Case No. ECC-4/116/2018 dated 10-09-2018, TCP issued International Tender for import of 100,000 MT +/- 10% MOLSO Urea on 14th September 2018, the details of which are as under:-

Sr. No.	Name of Vessels	Date of Arrival	Quantity (MT)
1	M.V Minoan Grace	02-12-2018	50,600
2	M.V SBI TETHYS	15-12-2018	45,460
Total			105,060

Due to efficient and professional handling of vessels, TCP earned a substantial amount of US\$ 107,555 and saved all demurrages on vessels.

5.8 TCP has taken over the possession of its property located at 8th floor, Block-B of the FTC Building from the tenant namely M/s. Dewaan Sugar Mills (Pvt) Limited, after such hectic efforts.

5.9 In order to facilitate the Rice Exporters, TCP developed Software wherein Rice Exporters would be able to apply online for processing and issuance of Inspection and Authentication Certificates as required by the European Union Countries and Sri Lanka-without visiting the office of TCP.

5.10 Issuance of Authenticity Certificate for export of Brown/Parboiled/White Rice to European Union Countries during the year 2018-2019, details are as under:-

Total Export (MT)	Value in US\$	Inspection Fee (Rs.)	Number of Authenticity Certificates issued
261,603.524	233,274,569.08	41,325,000/-	952

5.11 Issuance of Inspection Certificate for inspection of Long Grain Basmati Rice exported to Sri Lanka under Pak-Sri Lanka Free Trade Agreement (FTA) during the year 2018-2019, details are as under:-

Total Export (MT)	Value in US\$	Inspection Fee (Rs.)	Number of Authenticity Certificates issued
5,924	4,285,850	770,000/-	16

5.12 On September 02, 2018, the Prime Minister of Pakistan launched a five (5) years project to plant Ten (10) Billion Trees across the Pakistan. The drive has been named as "Plan for Pakistan Campaign" accordingly, TCP decided to be a part of the Prime Minister's plantation drive and contribute towards environmental health as Corporate Social Responsibility. TCP mobilized its Human Resource to volunteer in making of green balls. Chairman TCP himself spent time in preparation of green balls at TCP's Korangi Godown. Schools, Colleges, Prisoners at Jail were engaged to prepare seed balls. Resultantly, around 25,000 Balls were prepared on daily basis at different locations. Through this exemplary novel, TCP could be able to prepare around 800,000 seed balls and scattered majority of them at different sites.

6. RENTING OF GODOWN / PROPERTY:

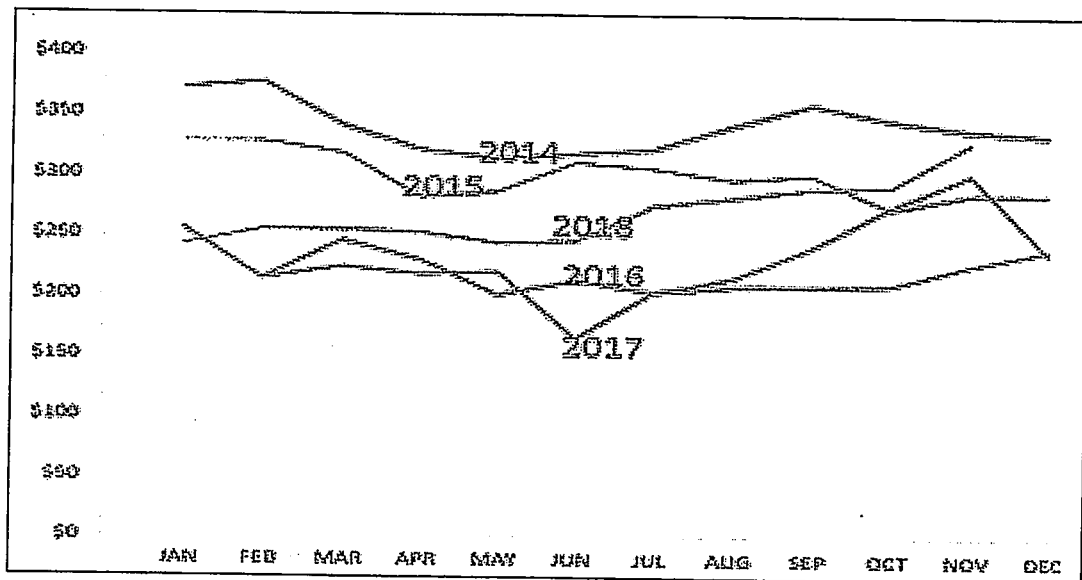
TCP earned an amount of Rs. 305.605 Million as rental income during the year 2018-19.

7. FUTURE ENDEAVORS:

Trading Corporation of Pakistan (TCP) is the principal trading arm of the Government of Pakistan and executes 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, during 2016-17 and 2017-18, huge decline occurred in trading due to no procurement of commodities were made.

During the year 2018-19, trading by TCP amounted to Rs. 3.599 billions. During the current year, TCP has started research on historical price trend of Urea in the international market, identifying the April to June period as the most cost effective timing of market intervention, as shown in the below graph:



Similarly, the historical supply and demand statistics of Urea and DAP will be helpful in future, to estimate the quantity of imports for market intervention, as follows:

Year	DOMESTIC DEMAND			DOMESTIC PRODUCTION			SHORTAGE			IMPORTS		
	Urea	DAP	Total	Urea	DAP	Total	Urea	DAP	Total	Urea	DAP	Total
2012-13	5,655	1,300	6,955	5,398	941	6,339	257	359	616	478	327	805
2013-14	6,099	1,556	7,655	5,580	667	6,247	519	889	1,408	987	526	1,513
2014-15	6,000	1,740	7,740	5,043	698	5,741	420	1042	1,462	615	498	1,113
2015-16	5,334	1,959	7,293	5,517	769	6,286	-183	1190	1,007	50	833	883
2016-17	6,085	2,403	8,488	5,540	794	6,334	-249	1609	1,360	0	883	883
2017-18	5,962	2,185	8,147	5,620	799	6,419	-457	1386	929	0	787	787
Total			46,278			37,366			6,782			5,984

Source: Economic Survey of Pakistan

8. DIVIDEND:

A final cash dividend of Rs. 200 million has been recommended by the Board.

Balance of General Reserve as on 30 th June 2018	Rs. <u>7,500</u> million
Transfer from General Reserves to un-appropriated profit	Rs. <u>Nil</u> million
Position of General Reserves as on 30 th June 2019	Rs. <u>7,500</u> million

9. AUDITORS:

- The retiring Auditors M/S Baker Tilly Mehmood Idrees Qamar, Chartered Accountants have provided consent to the office of External Auditors for the year ending June 30, 2020 at a proposed total fee of Rs. 2,100,000/- (including Half Yearly Review and Review of Statement of Compliance). During the current financial year ended on June 30, 2018-19, the auditors' remuneration amounted to Rs. 1,875,000/ (including Half Yearly Review and Review of Statement of Compliance)
- The Board approved the above recommendation of Board Audit & Risk Management Committee and recommended the same to the Annual General Meeting of the Corporation.
- Management responses on the Audit Observations are attached as **Annexure "V"**.

10. **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 have 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 recognizes 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 accounts, is attached as **Annexure "VI"**.
7. Ten (10) 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. S.M. Tariq Huda, Chairman	04
Mr. Zahoor Ahmed, Ministry of Finance	01
Mr. Imtiaz Ali Gopang, Ministry of National Food Security & Research	10
Mr. Muhammad Usman Qureshi, Ministry of Commerce	08
Ms. Bushra Naz Malik	10
Ms. Javaria Tareen	10
Ms. Tasneem Yusuf	09
Dr. Imranullah Khan, Ministry of Finance	07
Mr. Riaz Ahmed Memon, Chairman	06

8. The pattern of shareholders is attached as **Annexure "I"**.
9. The appointment of Chairman and other member of board and the terms of their appointment along with the remuneration policy adopted are in the best interest of their corporation, as well as in terms with the best practice.
10. Key operating and financing data for last eight years is attached as **Annexure "II"**.

11. MANAGEMENT – STAFF RELATIONSHIP:

1. 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.
2. Comparative statements of financial results for last six years and stocks positions is given at **Annexure "III"** and **"IV"** respectively.



Director



Chief Executive, TCP

PATTERN OF SHAREHODLING AS AT 30.06.2019

No. of Shareholders	Shareholdings	Total Shares Held
2	1 to 5	2
1	99999995 to 100000000	99,999,998
3	TOTAL	100,000,000

Categories of Shareholders

Directors	Shareholdings	Percentage
Chairman, TCP	1	0.000001
Director Finance	1	0.000001
	2	0.000002

Associated Undertakings

and Related Parties

-

-

NIT AND ICP

-

-

Banks, Development Financial Institutions

NBFI

-

-

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	-	-	-

KEY OPERATING AND FINANCIAL DATA

"Rs. In (000)"

Operating Data	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12
Commission Income	101,234	-	33,869	202,782	529,645	1,349,089	1,395,894	1,489,365
Administrative Expenses	869,464	1,015,666	1,080,597	845,590	900,433	914,387	905,817	930,566
Other Income	2,246,100	1,536,169	1,534,289	1,790,577	2,037,026	1,583,556	1,531,266	1,672,830
Profit Before Tax	1,477,870	520,503	487,561	1,147,769	1,666,238	1,991,258	2,021,343	2,231,629
Profit After Tax	1,102,355	380,239	394,485	797,310	1,130,349	948,624	1,533,813	1,656,755
Financial Data								
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
Fixed Assets	10,247,028	721,578	826,174	806,490	759,567	750,629	1,190,667	1,009,325
Long term Investment	9,643,072	65,827	125,980	126,795	114,092	102,746	560,344	494,033
Current Assets	131,177,119	125,566,129	126,149,582	121,857,842	118,797,238	136,896,404	139,931,995	115,699,369
Current Liabilities	128,318,941	114,104,808	114,992,924	110,973,997	106,050,945	125,206,602	129,637,496	106,773,552
Key Ratios								
Net Profit	47%	25%	25%	40%	44%	32%	52%	52%
Current ratio	1.02	1.10	1.10	1.10	1.12	1.09	1.08	1.08
Net Working Capital	2,858,178	11,461,321	11,156,658	10,883,845	12,746,293	11,689,802	10,294,499	8,925,817

**COMPARATIVE STATEMENT OF FINANCIAL RESULTS DURING THE YEAR
2013-14 TO 2018-19**

(Rupees in Million)

S. No.	PARTICULAR	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
1.	Paid-up capital	1000.000	1000.000	1000.000	1000.000	1000.00	1000.00
2.	Total C&F value of imports	30,595.000	12,028.790	7,902.079	NIL	NIL	5,061.701
3.	Total value of Exports	Nil	Nil	814.964	1810.631	NIL	NIL
4.	Profit/(Loss) before taxation	1,991.258	1,666.238	1144.746	487.561	520.503	1,477.871
5.	Profit/(Loss) after taxation	948.624	1,130.349	797.229	394.485	375.506	1,135.730

STATEMENT SHOWING STOCKS LYING TCP'S GODOWNS AS ON 30-06-2019**i) Stock Position at Pipri Godown:**

S. No.	COMMODITY	STOCK POSITION	REMARKS
1.	Sweeping Sugar (Imported in 2009)	207	As per book record, physically 15-20 MT (approx) lying.
2.	Sweeping Sugar (Imported in 2010)	1,610 MT	As per Book record.
3.	Jutes Bales	120	Bales
4.	New Plastic Rolls	434	As per Book

ii) Stock Position at Landhi Godown:

S. No.	COMMODITY	STOCK POSITION	REMARKS
1.	Dunnage Gunny bags	3.5 MT	As per Book record

iii) Stock Position at Korangi Godown:

S. No.	COMMODITY	STOCK POSITION	REMARKS
1.	Wheat (Boosa)	600 Bags	Bags (Bhoosa)

Trading Corporation of Pakistan (Finance Division)

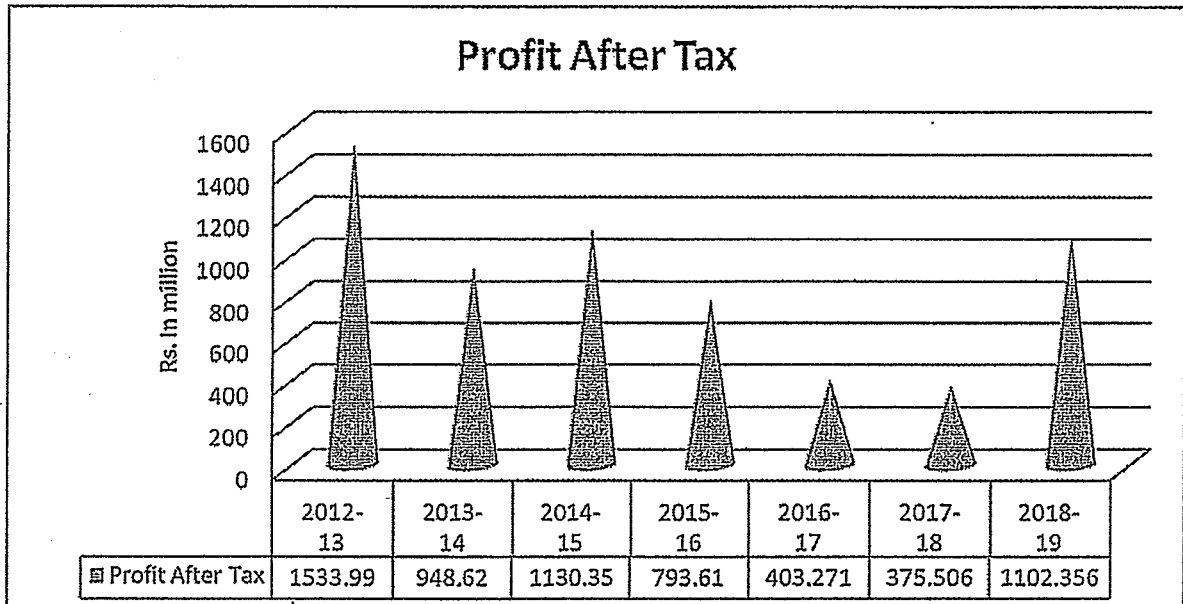
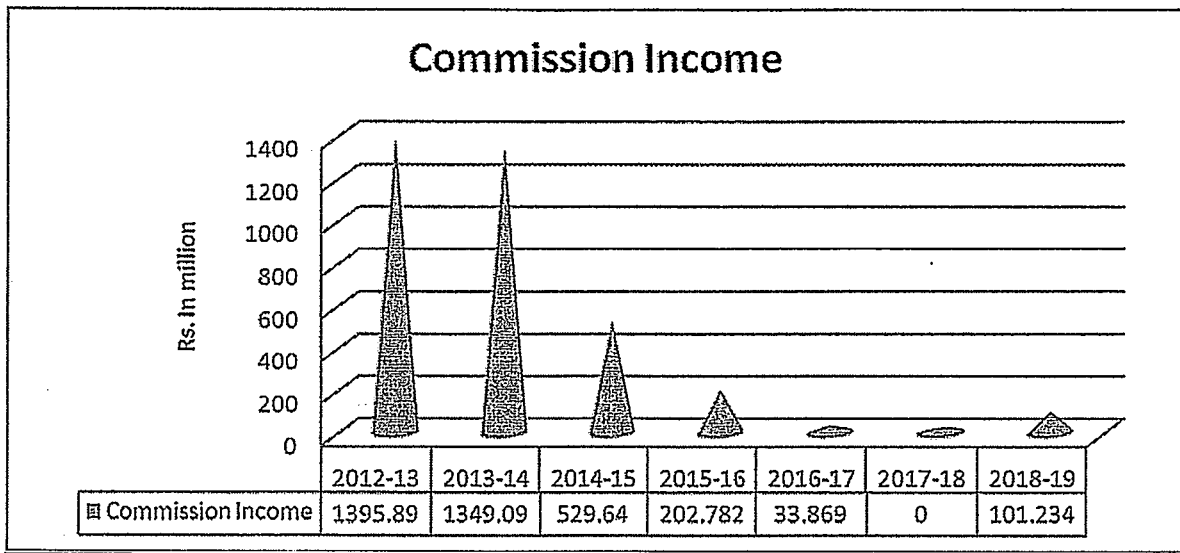
SUBJECT: AUDITOR'S QUALIFICATIONS AND REPLIES ON TCP'S ANNUAL ACCOUNTS FOR THE YEAR ENDED JUNE 30, 2019

	Qualification	Management Reply															
a)	<p>As disclosed in note 10.1 to the financial statements, stock-in-trade includes 28,166 metric tons of sugar of Rs. 4,074.741 million (including accrued mark-up and other charges of Rs.2,631.399 million till 30 June 2019) that has not been supplied by certain sugar mills under the contractual terms. The Company had this matter to National Accountability Bureau (NAB). In the absence of replies to the confirmation request sent by us to the legal advisors of the company, we are unable to determine the probable outcome of legal proceedings and satisfy ourselves as to the accuracy and recoverability of stock in trade/equivalent amount in cash and classification of accrued mark-up and other charges under the head stock-in-trade instead of receivables.</p>	<p>The key observation of the auditors relates to recoverability of total amount of Rs. 4,074.741 million from 3 sugar mills. Recoverability of this amount including markup and other charges thereon depends on the ultimate outcome of NAB proceedings that were initiated through Ministry of Commerce. The markup and other charges along with cost of sugar are classified in Stock-in-trade similar to previous years in order to maintain strong legal position against the sugar mills. The markup incurred on the outstanding amounts is re-classified from Due from GoP to Stock-in-trade in Financial Statements. The amount including markup and other charges relating to 3 sugar mills is as follows:</p> <table border="1" style="width: 100%; margin-top: 10px;"> <thead> <tr> <th style="text-align: center;">S. no</th> <th style="text-align: center;">Name of Sugar Mill</th> <th style="text-align: center;">Rs. millions</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">1</td> <td>Abdullah Shah Ghazi Sugar Mill</td> <td style="text-align: right;">1,622.817</td> </tr> <tr> <td style="text-align: center;">2</td> <td>Haq Bahu Sugar Mill</td> <td style="text-align: right;">1,737.077</td> </tr> <tr> <td style="text-align: center;">3</td> <td>Macca Sugar Mill</td> <td style="text-align: right;">714.847</td> </tr> <tr> <td colspan="2" style="text-align: center;">TOTAL</td> <td style="text-align: right;">4,074.741</td> </tr> </tbody> </table> <p>Currently, the matter is pending in accountability court at evidence stage.</p>	S. no	Name of Sugar Mill	Rs. millions	1	Abdullah Shah Ghazi Sugar Mill	1,622.817	2	Haq Bahu Sugar Mill	1,737.077	3	Macca Sugar Mill	714.847	TOTAL		4,074.741
S. no	Name of Sugar Mill	Rs. millions															
1	Abdullah Shah Ghazi Sugar Mill	1,622.817															
2	Haq Bahu Sugar Mill	1,737.077															
3	Macca Sugar Mill	714.847															
TOTAL		4,074.741															
b)	<p>As disclosed in note 12.2 to the financial statements, trade debts includes receivables of Rs. 10,791.86 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/ageing and recoverability out of which we were unable to satisfy ourselves as to the existence of other receivable amounting to Rs. 99.41 Million.</p>	<p>The amount of Rs. 10,791.76 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. Observations of the auditors are correct with respect to confirmations and non-recoverability. During 2017-18, management had already started the process of reconciliation of Trade Debts balances with provincial government institutions. However, this exercise is now going on in more depth with the start of subsidy audit during the year 2018-19. The audit involves accumulation of information, compilation and summarization starting from bank statement level where all payments, collection and transfers are reflected. Based on the results of subsidy audit, if required, books will be updated. Once this reconciliation is completed, and books are updated, this observation will be resolved.</p>															

<p>c)</p>	<p>As disclosed in note 14.1 to the financial statements, other receivables includes Rs.4,688.22 million (including mark-up and other charges accrued of Rs.3,752.01 million till 30 June 2019) receivables 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 replies to the confirmation requests sent by us to the legal advisors of the Company, we are unable to determine the probable outcome of legal proceedings and satisfy ourselves as to the accuracy and recoverability of these receivables.</p>	<p>The main observation of the auditors relates to recoverability of total amount of Rs. 4,688.227 Million from 6 sugar mills which include markup and other charges. The markup incurred on the outstanding amounts is re-classified from Due from GoP to Other Receivables in Financial Statements. The recoverability of the amount depends on the ultimate outcome of Legal proceedings as the cases are pending in High Court and NAB. Earlier, NAB had directed the Sugar Mills representatives to meet TCP officials to settle the matter amicably. However, the concluded without any result due to the fact that Sugar Mills refused to pay markup on pending and late payments as incurred in Commodity Finance Operations accounts. The names of 6 sugar mills are as follows:</p> <table border="1" data-bbox="805 633 1455 965"> <thead> <tr> <th>S. no</th> <th>Name of Sugar Mill</th> <th>Rs. millions</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Abdullah Sugar Mill, Depalpur</td> <td>139.228</td> </tr> <tr> <td>2</td> <td>Abdullah Sugar Mill, Ex-Yousuf</td> <td>1,140.368</td> </tr> <tr> <td>3</td> <td>Haseeb Waqas Sugar Mill</td> <td>264.652</td> </tr> <tr> <td>4</td> <td>Seri Sugar Mill</td> <td>330.494</td> </tr> <tr> <td>5</td> <td>T.M.K. Sugar Mill</td> <td>1,405.299</td> </tr> <tr> <td>6</td> <td>Tandlianwala Sugar Mill</td> <td>1,408.186</td> </tr> <tr> <td colspan="2" style="text-align: center;">TOTAL</td> <td>4,688.227</td> </tr> </tbody> </table>	S. no	Name of Sugar Mill	Rs. millions	1	Abdullah Sugar Mill, Depalpur	139.228	2	Abdullah Sugar Mill, Ex-Yousuf	1,140.368	3	Haseeb Waqas Sugar Mill	264.652	4	Seri Sugar Mill	330.494	5	T.M.K. Sugar Mill	1,405.299	6	Tandlianwala Sugar Mill	1,408.186	TOTAL		4,688.227
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<p>d)</p>	<p>As stated in note 23.1.1, 23.1.2 to 23.1.14 to 24.1.14, the company has pending litigations and open tax assessments against the company aggregating to Rs. 10,309.44 Million. The ultimate outcome of these litigations cannot presently be determined, and no provision that may result, has been made in the financial statements.</p>	<p>The legal cases pertain to commodity operations and taxation, and explained in the contingencies notes included in Audited Financial Statements. Operational cases relate to defunct RECP / CEC and TCP. In case of taxes, Subsidy received by TCP from federal government was taxed by FBR authorities. Subsequently, these matters were resolved for the years from 2004-2007. However, three appeals against 2003 were pending with ATIR which had finally been decided in favor of the company. As a result refund amount to Rs. 610 Million has been generated vide order of Additional Commissioner Inland Revenue. The company has already submitted application for refund of Rs.610 Million. FBR authorities have taxed other income of the organization without allowing expenses thereof. Matters are pending with Appellate Tribunal Inland Revenue.</p>																								



(Sohail Rajani)
Chief Finance Officer



Other comprehensive income:-

Items that will not be reclassified to profit or loss
 Remeasurement profit/(loss) on staff compensated absences
Profit after tax for 2018-19

33,374
Rs. 1,135.729 million
 (for above graph)