2023-24

57TH ANNUAL REPORT

TRADING CORPORATION OF PAKISTAN (PRIVATE) LIMITED

TRADING CORPORATION OF PAKISTAN (PRIVATE) LIMITED

57TH ANNUAL REPORT

FOR THE YEAR ENDED JUNE 30, 2024

TABLE OF CONTENTS

OUR VISION

"Serves the nation as a highly motivated corporate entity responsive to national needs and modern trading challenges."

OUR MISSION

"Development of corporate structures managed by professionals.
Continuous human resources development.
Development of web, IT-based operational environment.
Ensure total transparency and zero tolerance for corrupt practices.
Optimal use of resources and economy in operations without compromising quality.
Continuous update on national and international markets.
Capacity enhancement."

MESSAGE OF MINISTER FOR COMMERCE

Dear Stakeholders,

As we reflect on the fiscal year 2023-24, I am proud to witness the commendable progress made by the Trading Corporation of Pakistan (TCP) in navigating the complexities of our trading landscape. The organization has not only fulfilled its mandate but has also reinforced its critical role in ensuring the stability and security of essential commodities in our country.

This year, TCP's successful import of 219,789 MT of Urea from Azerbaijan is a testament to its commitment to supporting our agricultural sector. Such initiatives are vital in meeting the demands of our farmers and bolstering food security across Pakistan. The resilience demonstrated in financial performance, despite challenges, speaks volumes about the organization's prudent management and strategic foresight.

The proposed business development plan, with its innovative approach to diversifying revenue streams, is particularly commendable. By expanding operations into both public and private sectors and exploring new avenues for trade, TCP is poised to evolve into a more agile and responsive entity. The focus on enhancing operational efficiencies through amendments to procurement rules aligns perfectly with our vision for modernizing state-owned enterprises.

As we move forward, I encourage TCP to remain steadfast in its commitment to excellence and innovation. The plans for developing infrastructure, such as silos and warehousing, not only address immediate needs but also lay a strong foundation for future growth. These initiatives are essential for positioning TCP as a leading player in both local and regional markets.

I would like to extend my sincere appreciation for the TCP team and its Board of Directors for their hard work and dedication, and believe you would enhance and better it every passing year. Your efforts are instrumental in driving our economy forward and ensuring the well-being of our citizens.

Thank you for your continued trust in TCP as we work together to build a prosperous future for Pakistan.

Warm regards,

Jam Kamal Khan
Federal Minister for Commerce

MESSAGE OF SECRETARY COMMERCE

Dear Stakeholders,

As we conclude the fiscal year 2023-24, it is with great pride that I acknowledge the significant achievements of the Trading Corporation of Pakistan (TCP). Through the collective efforts of the TCP team, this organization has continued to play a pivotal role in ensuring the stability of essential commodities in our nation.

The past year has been marked by notable accomplishments, including the successful import of 219,789 MT of Urea, which has greatly supported our agricultural sector. This achievement exemplifies TCP's commitment to enhancing food security and addressing the needs of our farmers.

Despite facing financial challenges, TCP's ability to generate a profit of Rs. 2.6 billion reflects effective management and a strategic approach to navigating the evolving trade landscape. The initiatives outlined in the new business development plan demonstrate a forward-thinking mindset aimed at diversifying revenue streams and expanding operations.

I am particularly encouraged by TCP's focus on modernizing its processes and facilities, in its operations as well as in its HR management, which aligns with the government's broader objective of transforming state-owned enterprises at the level of private sector enterprises. TCP's new business plan will undoubtedly facilitate more efficient operations and better service delivery to both public and private sectors.

I extend my heartfelt gratitude to the Chairman, the Board of Directors, and every member of the TCP team for their unwavering dedication and hard work. Your efforts are crucial in reinforcing TCP's status as a cornerstone of Pakistan's economic development.

As we look to the future, I am confident that TCP will continue to thrive and adapt to the challenges ahead, ensuring the continued well-being of our nation.

Thank you for your trust and support in TCP.

Sincerely,

Jawad Paul
Secretary Commerce

CHAIRMAN'S MESSAGE

Dear Shareholders,

As we conclude another fiscal year (2023-24), I am pleased to share the significant strides our organization has made in fulfilling its mandate as a key player in Pakistan's trade landscape. The past year has been marked by both challenges and achievements, driven by our commitment to serve the public interest under the directives of the Federal Cabinet.

In alignment with our new roles, TCP has effectively managed the import of essential commodities on behalf of various ministries. Notably, we successfully imported 219,789 MT of Urea from Azerbaijan, which was handed over to the National Fertilizer Marketing Limited (NFML). This operation underscores our vital function in ensuring the availability of critical agricultural inputs.

Financially, TCP demonstrated resilience, despite facing a decrease in commission income primarily due to the shift in our import operations. Our revenue stream for the fiscal year 2023-24 totaled Rs. 5.87 billion, with notable contributions from investment income, which increased due to favorable monetary policies that enhanced government securities' yields. Additionally, our rice inspection services flourished, generating Rs. 57.9 million as we issued 1,162 Authenticity Certificates for the export of rice to international markets.

We are proud to report a profit before taxation of Rs. 4.41 billion, resulting in a profit after taxation of Rs. 2.6 billion. This performance translates to an earnings per share of Rs. 26.01. Our prudent financial management has enabled us to maintain our dividend at Rs. 200 million, ensuring consistent returns for our shareholders.

Looking ahead, we recognize the urgent need to diversify and streamline our operations to enhance revenue and efficiency. Our new business plan aims to reduce sole dependence on government procurements and address the intricate and slow procurement processes that currently limit our responsiveness. We are proposing amendments to the Public Procurement Regulatory Authority (PPRA) rules to facilitate operational ease, ensuring we can promptly meet the needs of our stakeholders.

Our business development plan, approved by the Board of Directors, focuses on alternative revenue sources while remaining aligned with our Memorandum of Association. This plan is structured in three stages:

1. **Short-Term (1-2 years):** We will expand our commodity supplies to both public and private sectors, exploring opportunities for trade with Afghanistan and supporting non-governmental organizations (NGOs) through indenting operations. Additionally, we aim to construct silos at Pipri Karachi under a public-private partnership model.

2. **Medium-Term (2-5 years):** We plan to continue expanding our commodity supplies and develop warehousing capacities in Multan, along with the solarization of our existing warehouses.

3. **Long-Term (5 years):** Our vision includes modernizing existing facilities, developing a solar park at TCP Pipri, and exploring marine insurance operations through a state-owned enterprise.

These initiatives not only aim to diversify our revenue streams but also position TCP to operate efficiently within the framework of the new State-Owned Enterprises Act of 2023.

In closing, I would like to express my gratitude to our dedicated team for their hard work and to our stakeholders for their unwavering support. Together, we will continue to strengthen TCP's position as a cornerstone of Pakistan's economic development.

Thank you for your continued trust in TCP.

Sincerely,

Syed Rafeo Bashir Shah
Chairman & Chief Executive Officer

COMPANY INFORMATION

BOARD OF DIRECTORS (AS ON 30TH JUNE 2024)

CHAIRMAN & CHIEF EXECUTIVE OFFICER

1.	SYED RAFEO BASHIR SHAH	

DIRECTORS

2.	MR. AHSAN ALI MANGI	NON-EXECUTIVE
3.	DR. IMRANULLAH KHAN	NON-EXECUTIVE
4.	MR. MUHAMMAD AZAM KHAN	NON-EXECUTIVE
5.	MS. SAIRA IMDAD ALI	NON-EXECUTIVE
6.	MIR BALAGH SHER MARRI	INDEPENDENT
7.	SYED MIRAN MUHAMMAD SHAH	INDEPENDENT
8.	MR. AASIM AZIM SIDDIQUI	INDEPENDENT
9.	MR. FUAD HAMID AHMED	INDEPENDENT
10.	MS. TASNEEM YUSUF	INDEPENDENT

AUDIT COMMITTEE

1.	MR. AASIM AZIM SIDDIQUI (INDEPENDENT DIRECTOR)	CHAIRMAN
2.	MS. TASNEEM YUSUF (INDEPENDENT DIRECTOR)	MEMBER
3.	DR. IMRAN ULLAH KHAN (REPRESENTATIVE OF FINANCE DIVISION)	MEMBER
4.	MR. AHSAN ALI MANGI (REPRESENTATIVE OF MINISTRY OF COMMERCE)	MEMBER
5.	CHIEF INTERNAL AUDITOR	SECRETARY

HR, ADMIN & IT COMMITTEE

1.	MIR BALAGH SHER MARRI (INDEPENDENT DIRECTOR)	CHAIRMAN
2.	SYED MIRAN MUHAMMAD SHAH (INDEPENDENT DIRECTOR)	MEMBER
3.	JOINT SECRETARY, MINISTRY OF NAT. FOOD SECURITY & RESEARCH	MEMBER
4.	MR. AHSAN ALI MANGI (REPRESENTATIVE OF MINISTRY OF COMMERCE)	MEMBER
5.	GENERAL MANAGER (HUMAN RESOURCE)	SECRETARY

PROCUREMENT COMMITTEE

1.	MS. TASNEEM YUSUF (INDEPENDENT DIRECTOR)	CHAIRPERSON
2.	MR. FUAD HAMID AHMED (INDEPENDENT DIRECTOR)	MEMBER
3.	SYED RAFEO BASHIR SHAH (CHAIRMAN TCP)	MEMBER
4.	MR. AHSAN ALI MANGI (REPRESENTATIVE OF MINISTRY OF COMMERCE)	MEMBER
5.	DR. IMRANULLAH KHAN (REPRESENTATIVE OF FINANCE DIVISION)	MEMBER
6.	MIR BALAGH SHER MARRI (INDEPENDENT DIRECTOR)	MEMBER
7.	GENERAL MANAGER (TRADE & RESEARCH)	SECRETARY

INVESTMENT COMMITTEE

1.	MS. TASNEEM YUSUF (INDEPENDENT DIRECTOR)	CHAIRPERSON
2.	MIR BALAGH SHER MARRI (INDEPENDENT DIRECTOR)	MEMBER
3.	DR. IMRANULLAH KHAN (REPRESENTATIVE OF FINANCE DIVISION)	MEMBER
4.	MR. AHSAN ALI MANGI (REPRESENTATIVE OF MINISTRY OF COMMERCE)	MEMBER
5.	GENERAL MANAGER (FINANCE & ACCOUNTS)	SECRETARY

CSR COMMITTEE

1.	MIR BALAGH SHER MARRI (INDEPENDENT DIRECTOR)	CHAIRMAN
2.	MR. AASIM AZIM SIDDIQUI (INDEPENDENT DIRECTOR)	MEMBER
3.	SYED MIRAN MUHAMMAD SHAH (INDEPENDENT DIRECTOR)	MEMBER
4.	SYED RAFEO BASHIR SHAH (CHAIRMAN TCP)	MEMBER
5.	COMPANY SECRETARY	SECRETARY

RISK MANAGEMENT & LITIGATION COMMITTEE

1.	SYED MIRAN MUHAMMAD SHAH (INDEPENDENT DIRECTOR)	CHAIRMAN
2.	MIR BALAGH SHER MARRI (INDEPENDENT DIRECTOR)	MEMBER
3.	MR. AHSAN ALI MANGI (REPRESENTATIVE OF MINISTRY OF COMMERCE)	MEMBER
4.	SYED RAFEO BASHIR SHAH (CHAIRMAN TCP)	MEMBER
5.	MR. FARRUKH MAJEED QURESHI	CO-OPTED MEMBER
6.	GENERAL MANAGER (COMPLIANCE)	SECRETARY

REAL ESTATE COMMITTEE

1.	MIR BALAGH SHER MARRI (INDEPENDENT DIRECTOR)	CHAIRMAN
2.	MR. AASIM AZIM SIDDIQUI (INDEPENDENT DIRECTOR)	MEMBER
3.	SYED MIRAN MUHAMMAD SHAH (INDEPENDENT DIRECTOR)	MEMBER
4.	MR. FUAD HAMID AHMED (INDEPENDENT DIRECTOR)	MEMBER
5.	SYED RAFEO BASHIR SHAH (CHAIRMAN TCP)	MEMBER
6.	MR. AHSAN ALI MANGI (REPRESENTATIVE OF MINISTRY OF COMMERCE)	MEMBER
7.	GENERAL MANAGER (REAL ESTATE)	SECRETARY

COMPANY SECRETARY

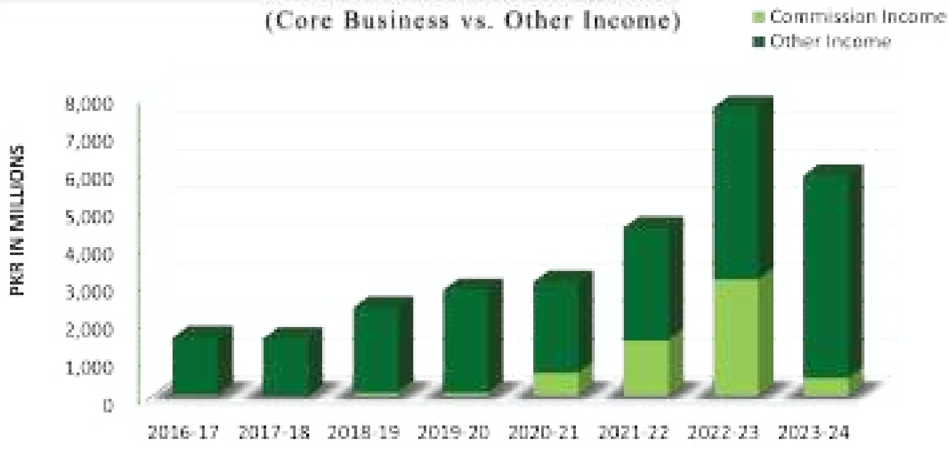
MR. FARRUKH MAJEED QURESHI

REGISTERED OFFICE

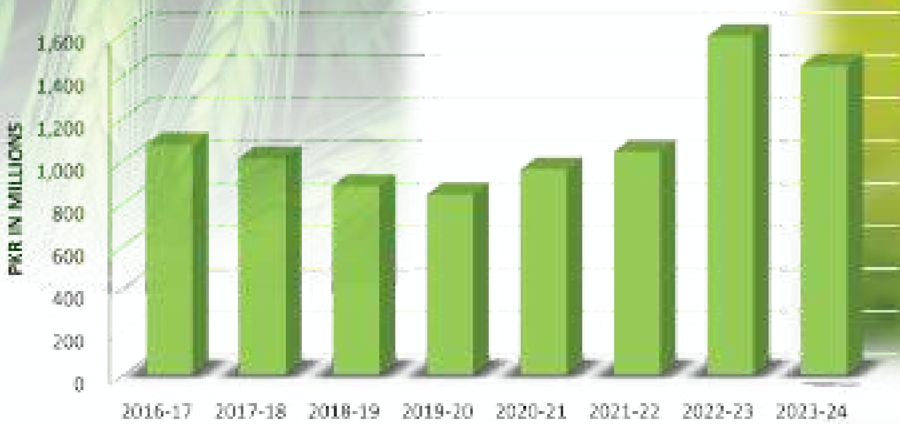
4th& 5th Floor, Finance & Trade Centre
Main Shahra-e-Faisal,Karachi-75530
Phones: 021-99202947-49
Fax: 021-99202722, 99202731

HISTORICAL FINANCIAL HIGHLIGHTS

Our Income Mix
(Core Business vs. Other Income)



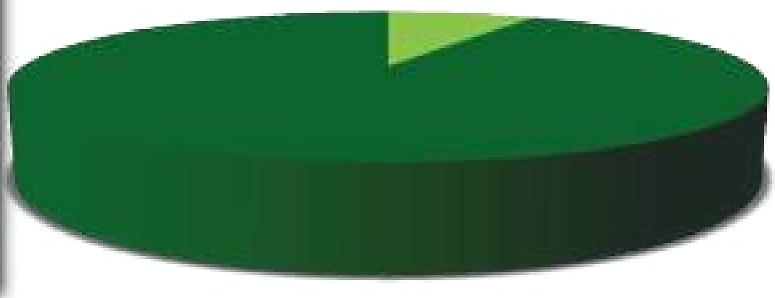
Our Administrative Overheads



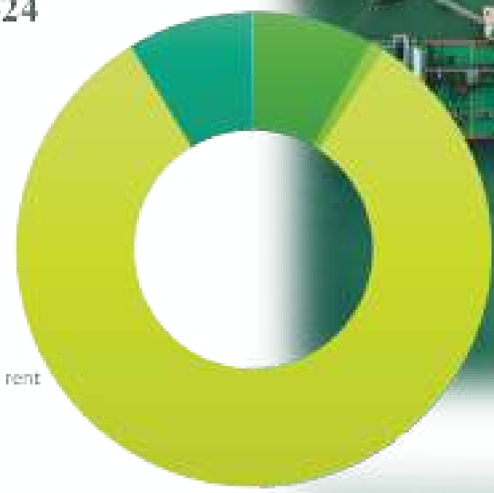
Our Profitability Footings

FINANCIAL HIGHLIGHTS 2023-24

Income Pie 2023-24
(Core Business vs. Other Income)



Revenue Mix 2023-24



Comparative Revenue Mix
(2022-23 vs. 2023-24)

57th DIRECTORS REPORT TO THE MEMBERS FOR THE YEAR 2023-24

The Board of Directors is pleased to present the TCP's Annual Report and the Audited Statement of Accounts for the Financial Year 2023 - 24 ended on 30th June 2024.

1. DIRECTORS' PROFILES & CHANGES IN BOARD OF DIRECTORS:

The current Board of Directors, as mentioned above, was notified on 8th August 2023 i.e. during the financial year 2023-24. Besides the representative of the Ministry of Commerce, the Board of Directors has representation from the Ministry of Finance, Ministry of Industries & Production, and Ministry of National Food Security & Research, as ex-officio / Non-Executive Directors.

Brief profiles of the Directors on the Board of the Corporation are given as under:

1.1 SYED RAFEO BASHIR SHAH:

Syed Rafeo Bashir Shah is the Chairman & Chief Executive Officer of the Corporation. He is a BS-22 Officer from the Commerce & Trade Group. He holds a master's degree in International Law & Economics, from the World Trade Institute, University of Berne, Switzerland, and a Bachelor of Electrical Engineering. He brings to the Corporation, an extensive experience in Trading and Commercial marketing of more than 20 years from his working in the erstwhile Export Promotion Bureau and the current Trade Development Authority of Pakistan. He has held various important positions in the Trade Development Authority of Pakistan (TDAP), Ministry of Commerce, Finance Department Government of Sindh, etc. and these have contributed to improvements in the Administration and institutional strengthening of TCP as well as in research and operations of the Trading Corporation of Pakistan Apart from his Directorship / Chairmanship at Trading Corporation of Pakistan since September 2021, he has previously held the Directorship and was the CEO of National Insurance Company Limited in 2017 & 2019. He has also served as a member of the Security Exchange Commission of Pakistan's Policy Board in the year 2020.

1.2 MR. AHSAN ALI MANGI:

Mr. Ahsan Ali Mangi is a BS-21 civil servant, who holds an MS degree in Developmental Finance from Manchester University and a Bachelor's degree in Law. Apart from his directorship of the Corporation, he has been on the Boards of Directors of the National Bank of Pakistan from 2015 to 2018 and Pakistan Petroleum Limited during 2019 & 2020.

1.3 DR. IMRAN ULLAH KHAN:

Dr. Imran Ullah Khan is a BS-20 civil servant, currently serving at the Ministry of Finance. He holds PhD (International Development Studies) from the National Graduate Institute for Policy Studies, Tokyo (Japan). He has served in various key positions in the civil service domain.

1.4 MS. SAIRA IMDAD ALI:

Ms. Saira Imdad Ali is a BS-20 civil servant, currently posted at the Ministry of Industries & Production as Joint Secretary. She holds an LLM degree from the University of Galway, Ireland. She has also served as the Director General at the Trade Development Authority of Pakistan. She has also served on the Boards of Directors of RLM, LCDC, and SYRDC.

1.5 MR. IMTIAZ ALI GOPANG / MR. MUHAMMAD AZAM KHAN:

Mr. Imtiaz Ali Gopang is a BS-20 civil servant, who was posted at the Ministry of National Food Security & Research as Food Security Commissioner. He has held various key posts in this domain. He holds an MSc degree in Agriculture.

Mr. Muhammad Azam Khan has joined the Ministry of National Food Security & Research as Food Commissioner in place of Mr. Imtiaz Ali Gopang.

1.6 MR. AASIM AZIM SIDDIQUI:

Mr. Aasim Azim Siddiqui is a renowned businessman. He has been the Managing Director of Marine Group of Companies from 1994 to 2022 and the CEO of Pakistan Intermodal Limited from 2022 till date. He holds a Masters degree in Business Administration from Clark University, Worcester Massachusetts. He has also served on the Board of Directors of National Insurance Company Limited from 2018 to 2021.

1.7 MS. TASNEEM YUSUF:

Ms. Tasneem Yusuf is a chartered accountant from the Institute of Chartered Accountants of Pakistan, a fellow member of ACCA, and a CPA. She has worked for Unilever Pakistan, Deloitte Middle East, and Nasdaq Dubai. Since 2009, she has been associated with Munaf Yusuf & Co., where she presently heads the audit and assurance services department. She sits on the boards of Ismail Industries Limited, B.F. Modaraba, Faran Sugar Mills Limited, and Reliance Insurance Company Limited.

1.8 SYED MIRAN MUHAMMAD SHAH:

Syed Miran Muhammad Shah is a renowned legal practitioner and is currently enrolled as an Advocate Supreme Court of Pakistan. He has also served as the Additional Advocate General, Government of Sindh in the year 2008. He holds an LLB degree and a Bachelor's degree in Economics from the University of Illinois (USA).

1.9 MIR BALAGH SHER MARRI:

Mir Balagh Sher Marri has served on the Boards of Directors of the National Bank of Pakistan from 2015 to 2018 and Pakistan Petroleum Limited from 2019 to 2020. He holds a Masters degree in Political Sciences and an LLB degree.

1.10 MR. FUAD HAMID AHMED:

Mr. Fuad Hamid Ahmed has been associated with a renowned rice & grains exporter i.e. Garibsons (Private) Limited since 1988, as a director and his responsibilities include overseeing the entire manufacturing operations, procurement & dealings with international clients. He has been a member (Managing Committee) of the Rice Exporters Association of Pakistan and was appointed as Chairman of the Wheat Traders Association of Pakistan (WTAP) in 2010. He has also represented his company in various delegations & food exhibitions in France, Germany, Canada, the USA, Saudi Arabia, Russia, Africa, the Philippines, and Indonesia. He has been nominated as a guest speaker from Pakistan for the various World Rice Conferences held from 2011 to 2019 at far-east destinations. He possesses a Bachelor of Science degree in Electrical Engineering from Columbia University, New York, USA. In recognition of his contribution, he was awarded Tamgha-e-Imtiaz on 23rd March 2023.

1.11 CHANGES IN THE BOARD OF DIRECTORS:

Subsequent to the initial nomination on 8th August 2023, the following changes in the Board of Directors took place during the financial year 2023-24:

a.	Mr. Imtiaz Ali Gopang	Relinquished the charge of the office as Director, TCP on 24th June 2024.
b.	Mr. M. Azam Khan	Assumed the charge of the office as Director, TCP on 24th June 2024.

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 the Chairman who is directly appointed by the Federal Government and also acts as the Chief Executive Officer of the Corporation. The Corporation's efforts to segregate the office of the Chairman and the Chief Executive Officer have been explained in detail in this report.

The Chairman & Chief Executive Officer of the Corporation is Syed Rafeo Bashir Shah, who is a BS-22 civil servant from the Commerce & Trade Group. A brief profile of Syed Rafeo Bashir Shah has been given in the foregoing section of this report.

2.2 EXECUTIVE DIRECTORS:

a.	Mr. Riaz Ahmed Shaikh	Executive Director (Operations)
b.	Mr. Miandad Rahoojo	Executive Director (Finance) w.e.f 10th May 2024 until 12th July 2024
c.	Mr. Saqib Bashir	Executive Director Finance (Additional Charge of Executive Director REM&S w.e.f. 10th October 2022 until 9th May 2024)
d.	Mr. Kadir Bux	Executive Director (Admin/HR/Legal Affairs)

2.3 CHANGE OF COMPANY SECRETARY:

Mr. Sher Muhammad Mahar relinquished the charge of the office of Company Secretary, TCP on 31st August 2023. Mr. Farrukh Majeed Qureshi assumed the charge of the office of Company Secretary, TCP on 01st September 2023. Before joining the Corporation, Mr. Farrukh Majeed Qureshi served as the Company Secretary & Head of Compliance at National Insurance Company Limited, which is a public limited State-Owned Enterprise.

2.4 DIVISIONAL HEADS/INCHARGES OF REGIONAL OFFICES/SUB REGIONAL OFFICES

Details of Divisional Heads / Incharges of Regional Offices / Sub-Regional Offices are Given at **Annexure-I**.

3. TCP AT A GLANCE: INCORPORATION, OBJECTIVES AND PAID-UP SHARE CAPITAL:

The Trading Corporation of Pakistan Limited (referred to as "TCP" or "the Corporation" in this report) was set up as a private limited company in July 1967, registered under the Companies Act, 1913 (now Companies Act, 2017). The shares of the Corporation are owned by the Ministry of Commerce, Government of Pakistan.

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 the Corporation's 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 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 a rise in the volume of trade under the Government's directive.

The Corporation 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, etc.

ii) Stabilize market conditions and neutralize the effect of high market prices resulting from unwarranted escalation by private importers and, ipso facto, act as a check on the disparity between import prices and scarcity prices.

iii) 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 prevent the artificial management of agricultural and essential commodities by interest groups and also to ensure that growers receive fair prices for their agricultural products.

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 the future under the 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 from public sector corporations, agencies, etc.
ii) Channeling exports through TCP to various markets under credit lines provided by the government to expand business in areas such as the Commonwealth of Independent States (CIS), Central Asian Republics (CAR), Malaysia, African countries, etc.
iii) Export of Pakistani products to new and non-traditional markets by offering concessions and incentives provided by the government to prospective buyers for capturing new markets.
iv) To perform the innovative role of undertaking the export of non-traditional items to non-traditional markets on an experimental basis.
v) To undertake and develop the export of fresh fruits, vegetables, and minerals in collaboration and partnership with the private sector.
vi) TCP acts only on the directions of the Federal Government to implement trade-related decisions in the larger public interest.

4. CURRENT OPERATIONAL AND FINANCIAL MODEL OF THE CORPORATION:

The Corporation has always imported essential commodities and/or procured these commodities locally on behalf of the respective line ministry. Fertilizer and sugar are procured on behalf of the Ministry of Industries and Production (MoIP) and agencies under its control, such as National Fertilizer Marketing Limited (NFML) and Utility Stores Corporation (USC). Additionally, wheat and cotton are procured on behalf of the Ministry of National Food Security & Research (MNFSR) and agencies under its control, such as the Pakistan Agricultural Storage and Services Corporation (PASSCO).

Procured commodities have also been handed over, on the directives of the concerned line ministry, to provincial governments. The procurement process required approvals from the relevant Ministry, ECC, and the Cabinet via summaries moved by the respective Ministries.

Post-approval of the summary by ECC and the Cabinet, the Ministry of Finance allocated a Cash Credit Limit (CCL) to the Corporation, which is utilized through commercial bank loans for local procurement payments and/or arranging foreign exchange to establish letters of credit (LCs) in favor of foreign suppliers for imports. The recipient agencies, which received the cargo on behalf of the aforementioned two Ministries, used to partially settle the amounts based on the foregoing approvals.

5. ACTIVITIES & PERFORMANCE OF THE CORPORATION:

5.1 REVENUE STREAM:

The Corporation’s revenue stream during the financial years 2022-23 and 2023-24 is given as follows:

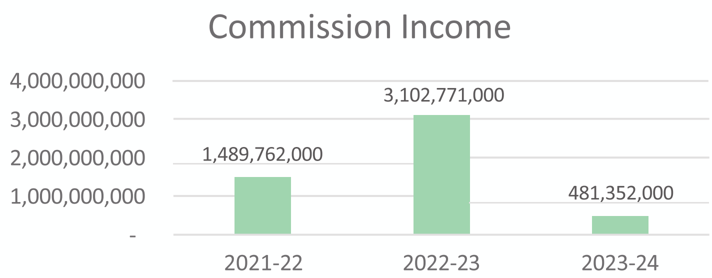
Rs. in ‘000

Income Stream	2023-24	2022-23	Increase/ (Decrease)
Income from Core Business Activities:			
Commission income	481,352	3,102,771	-2,621,419
Rice inspection fee	57,902	43,388	14,514
Income from Other Business Activities:			
Income from investment	4,818,307	3,656,967	1,161,340
Rental income from godowns given on rent	499,359	462,815	36,544

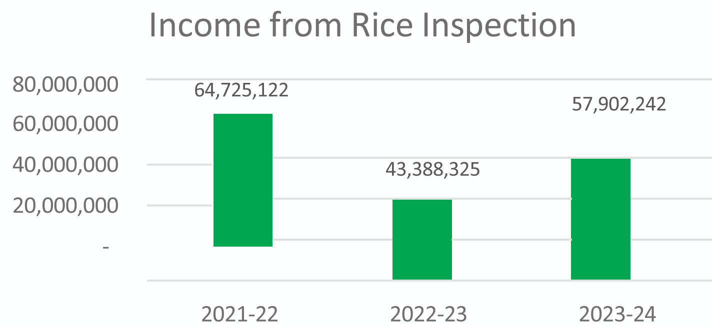
Rs. in '000

Income Stream	2023-24	2022-23	Increase/ (Decrease)
Miscellaneous / Other Income	8,952	408,626	-399,674
Total	**5,865,872**	**7,674,567**	**-1,808,695**

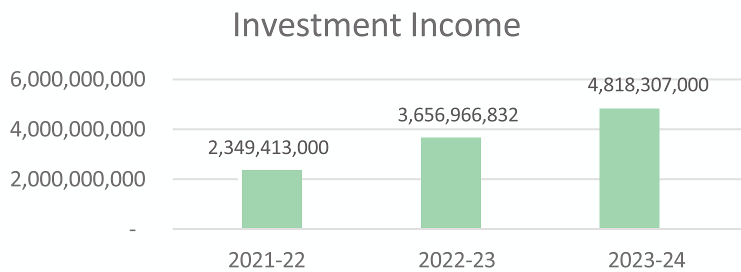
Under the directives of the ECC / Federal Cabinet, TCP imported a total quantity of 219,789 MT of urea from Azerbaijan on a G2G basis, which was handed over to NFML. Commission income decreased due to the import operation of urea only, whereas wheat was also procured during the preceding year.



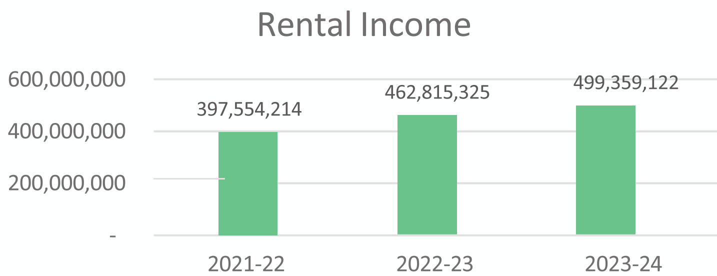
Rice Inspection Fee increased due to an increase in international export of Rice during the outgoing year. During the financial year 2023-24, TCP issued 1,162 Authenticity Certificates for export of 343,599.675 MT Brown / Parboiled Rice exported to European Union Member Countries, and 4,260.885 MT White/Long Grain Basmati Rice exported to Sri Lanka under the Pak-Sri Lanka Free Trade Agreement earned an amount of Rs.57,902,242/- in terms of inspection fee.



Income from Investment has been increased due to the tightening of monetary policy by the State Bank of Pakistan to curb rising inflation, which led to a consequent increase in Government Securities' yields. The amounts already invested were reinvested upon maturity/liquidation.



The increase in Rental Income was due to the revision of rental agreements and the increase in the number of tenants. During the financial year 2023-24, Rental Income of Rs. 499,359,122/- was earned from TCP's Godowns located at Pipri, Landhi and Korangi, Residential Colonies located at Pipri & Landhi, TCP House, TCP 8 Floor and Multan (PCSI).



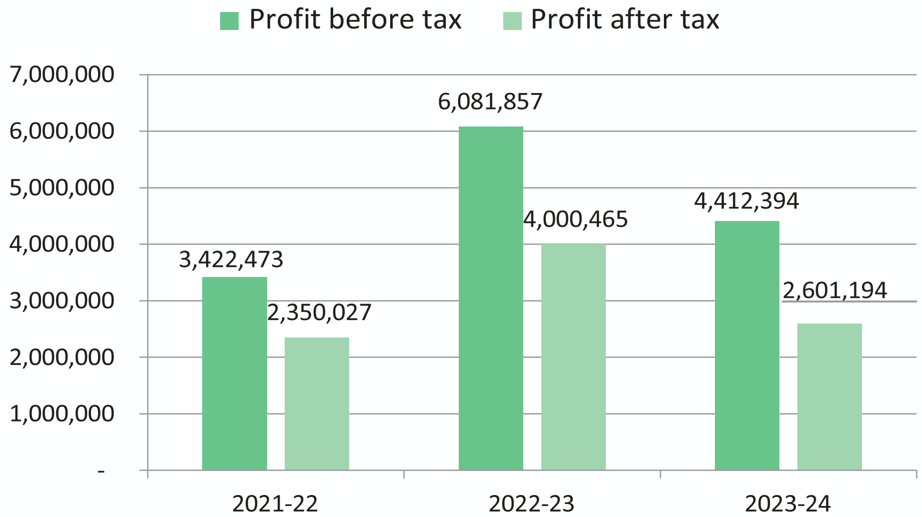
Miscellaneous/other income of last year mainly consists of a one-time charge of exchange gain and forfeiture of Makhdoom Logistics.

5.2 PROFITABILITY:

During the 2023-24 financial year, the profit earned by TCP is as follows:

Profit before Taxation	Rs.4,412.394 million
Tax Amount	Rs.1,811.200 million
Profit after Taxation	Rs.2,601.194 million
Earnings Per Share (EPS)	Rs.26.012 per Share

A graphical representation of profit before and after taxation can be seen as follows:



The key operating and financial data for the last six years, i.e., from 2016-17 to 2023-24, are provided at **Annexure II.** Additionally, a comparative statement of financial results during the years 2016-17 to 2023-24 is given at **Annexure III.**

5.3 DIVIDEND:

Dividend for FY 2023-24 shall be Rs. 200 million, i.e., Rs. 2 per share, at 20 percent of the par value (2022-23: Rs. 200 million, i.e., Rs. 2 per share, at 20 percent of the par value).

5.4 ACCUMULATION OF DEBT AND EFFORTS FOR RECOVERIES:

The Corporation, working under the direction of the Ministry of Commerce, has been importing commodities or procuring these commodities locally on behalf of the respective line ministries for the purpose of maintaining strategic reserves and market stabilization. These procurements of commodities are made with the approval of the ECC's summary by the Federal Cabinet, based on which the Ministry of Finance (MoF) allocates a Cash Credit Limit (CCL) to the Corporation, backed by the Government of Pakistan's sovereign guarantees that are utilized for raising loans from commercial banks for local procurement payments and for arranging foreign exchange to establish LCs in favor of foreign suppliers, as the case may be. Once the commodities are procured, they are handed over to the entities nominated by the respective ministries.

Before the year 2018, there were no written agreements between the recipient agencies and the Corporation. Thereafter, since the year 2018, agreements have been signed between respective agencies and the Corporation, which are handed over as per the directives of the Federal Government to the nominated recipient agencies. However, the proceeds are remitted to the Corporation after a considerable delay, despite the Corporation's repeated requests for payments. Even in cases where there was a subsidy to be borne by the Federal Government, the amounts have not been cleared. Since the procurements were based on loans from Commercial Banks at prevailing lending markup rates, every delayed payment results in a compounding effect on the markup amount. Except for small amounts related to incidental charges etc., none of the recipient agencies have disputed the principal outstanding amounts. However, most of the recipient agencies contend that the liability for accrued markup for past periods has to be borne by the Federal Government, and not the recipient agencies. The accumulation of the debt position is disclosed in the annexed Audited Financial Statements for the year ended 30th June 2024. As of 30th September 2024, the delayed payments arising from procurements executed on behalf of the Federal Government and its agencies have accumulated to a total of PKR 296.608 billion (PKR 93.692 billion principal with PKR 202.916 billion markup), as detailed are at **Annexure-IV**.

Recoveries on Account of Wheat: During the year 2023-24, the Corporation has recovered an amount of Rs. 1,788.000 million from the Sindh Food Department against the sale of imported wheat during the years 2004-05 and 2008-09. The amount of Rs. 18,000.00 million and Rs. 4,789.361 million were received from PASSCO on 26th October 2023 and 21st November 2023, respectively, on account of the supply of imported wheat during the year 2022-23.

Recoveries on Account of Urea: An amount of Rs. 144.574 million was received from NFML on 20th October 2023 on account of the supply of imported urea during the year 2022-23. TCP received an amount of Rs. 6,000.00 million from the Ministry of Commerce on 27th May 2024 on account of the Federal Government's share on the import of urea during the year 2022-23. The Corporation billed an amount of Rs. 27,347.661 million on account of the supply of 219,789.009 MT of imported urea to M/s. NFML and the same was fully recovered (including markup).

Recoveries on Account of Sugar: An amount of Rs. 4,031.250 million was received from USC on account of the supply of imported sugar during the year 2021-22.

Further Efforts for Recoveries:

A meeting was held at the Finance Division, Islamabad, on 1st December 2023, with the provincial Finance and Food Secretaries, wherein it was decided that the respective provincial governments/agencies would remit the agreed amount within two (2) weeks. For unreconciled amounts, the reconciliation exercise shall be completed within three (3) weeks by the parties. According to the above direction from the Ministry of Finance, four (04) reconciliation meetings have been held with M/s. Utility Store Corporation (USC) on 1st January 2024, with the Government of Balochistan held on 27th - 29th December 2023, the Government of AJK on 19th February 2024, and the Government of Gilgit Baltistan from 26th & 29th January 2024.

i) A D.O. letter has been forwarded by the Chairman of TCP, dated December 7th, 2023, to all Chief Secretaries of Provincial Governments for the recovery of receivables on account of wheat supplied by TCP.

ii) A letter has been forwarded by the Executive Director (Finance) to the Special Secretary, Ministry of Commerce, dated February 14, 2024, requesting the Finance Division to convene a meeting to ensure compliance with the already issued directive from the aforementioned meeting (i.e., held on December 1, 2023) so that the agreed-upon outstanding amount from the provincial government and other federal agencies may be timely received to avoid further accumulation of mark-up.

iii) Two letters have been forwarded by the Executive Director (Finance) to the Joint Secretary (Exim), Ministry of Commerce, dated March 26, 2024, and May 20, 2024, requesting the Finance Division to convene a meeting to ensure compliance with the already issued directive from the referenced meeting, held on December 1, 2023.

iv) In pursuance of the decision taken in the 600th meeting of the Audit Committee held on February 9, 2024, wherein it has been directed that “a monthly report of the Federal Government (Finance Division) regarding the receivable balances outstanding against it, both principal and mark-up amounts, emphasizing that the delay is substantially enhancing the mark-up amount." In this regard, TCP forwarded five (5) letters to the Section Officer, Ministry of Commerce, dated March 19, 2024, April 18, 2024, May 10, 2024, June 6, 2024, and July 8, 2024, in which the updated receivables position was forwarded.

v) A meeting was held on May 17, 2024, between the Cane Commissioner of Punjab and TCP, during which the Cane Commissioner expressed a desire to provide information related to the import of sugar for 2020-21 and 2021-22 from TCP, enabling them to present the summary before the Provincial Cabinet for the release of funds. Subsequently, TCP, via a letter dated May 21, 2024, shared the requisite information with the Cane Commissioner of Punjab.

vi) A meeting was also held on June 5, 2024, under the chairmanship of the Additional Finance Secretary AFS (CF) at the Finance Division, Islamabad, wherein it was decided that the respective provincial governments/agencies would remit the agreed amount and complete the exercise of un-reconciled amounts immediately. In pursuance of the above directions, a team from TCP was deputed to visit KPK on June 11, 2024, and Punjab on June 13 and 14, 2024, for reconciliation with the recipient departments.

vii) During the year, TCP has issued two (2) reminder letters to each debtor each month (i.e., M/s. USC, M/s. NFML, M/s. PASSCO, DGP Army, Pakistan Navy, and all Provincial Governments and the Ministry of Commerce, Ministry of Industries & Production, Cotton Commissioner, Islamabad for settlement of outstanding dues/receivables. TCP has also requested these recipients to hold reconciliation meetings for the expeditious recovery of the outstanding amount.

5.5 DISPOSAL OF LEGAL CASES & RECOVERIES:

As a result of rigorous efforts by the management under the oversight of the Risk Management & Litigation Committee of the Board, the Legal Team has been able to generate noticeable results. As of the beginning of the year 2023-24, a total of 344 cases were pending in various courts of law, out of which seventeen (17) cases were decided in favor of the Corporation from a total of thirty-two (32) cases that were disposed of during the year under consideration. Furthermore, during the aforementioned period, eleven (11) cases were filed by TCP and twelve (12) cases were filed against TCP, which made up a total of twenty-three (23) new cases during the year.

Cases as of the Beginning of the Year 2023-24	**344**
New Cases Filed by the Corporation	11
New Cases Filed by Other Parties	12
Total Number of New Cases During the Year 2023-24	**23**
Cases Decided in Favor of the Corporation	17
Other Cases Disposed of During the Year 2023-24	15
Total Cases Disposed of During the Year 2023-24	**32**
Cases as of the End of the Year 2023-24	**335**

Category-wise detail of the seventeen (17) cases decided in favor of the Corporation is as under:

a. No. of Civil matters = 06
b. No. of Service matters = 11

To ensure rigorous pursuance of the cases, three advocates were added to the Corporation’s panel during the period, which certainly has strengthened the panel of TCP’s lawyers.

Moreover, an amount of Rs. 252,513,749/- has been decreed in favor of TCP during the period.

5.6 REAL ESTATE BUSINESS DEVELOPMENT:

A strategic approach to developing the real estate business shows the Corporation's dedication to modernizing its facilities and aligning operations with contemporary standards. These expected improvements are set to enhance functionality and create a more supportive working environment.

Construction of Silos: The Corporation has resubmitted a proposal to the Export Development Fund (EDF) for the construction of silos with a storage capacity of 50,000 MT to 250,000 MT at the Pipri Godown, aimed at supporting the export of the corn crop. Additionally, it is envisioned that this facility could be utilized for the storage of other grains during the off-season.

Renovation of Office Premises: The new office premises have been established on the 8th floor of the FTC Building, Karachi, to provide a modern working environment. This strategic move aims to improve overall operational efficiency and foster a more dynamic work culture.

Developmental Work at Godowns: In light of the critical importance of security and safety at TCP's godowns, a comprehensive study has been conducted by the organization to assess the need for installing CCTV cameras at these facilities. This initiative aims to enhance monitoring and safeguard valuable assets, ensuring real-time surveillance and prompt responses to any potential security threats. The installation of CCTV cameras is expected to strengthen overall security measures, providing an additional layer of protection for the goods stored in the godowns.

Additionally, firefighting equipment has been installed in TCP godowns to enhance safety and emergency response capabilities. This initiative reflects TCP's commitment to maintaining high safety standards in all operational areas. Furthermore, the organization plans to acquire a new firefighting vehicle in the upcoming fiscal year 2024-25. This vehicle will enhance the effectiveness of its firefighting capabilities, enabling quicker responses to any potential fire hazards. The strategic investment in both equipment and vehicles underscores TCP's proactive approach to safeguarding its facilities and personnel. By prioritizing fire safety, TCP aims to create a secure working environment that mitigates risks and enhances operational efficiency. These measures will not only protect the assets within the Godowns but also promote confidence among stakeholders regarding safety protocols. Overall, the comprehensive fire safety strategy is set to bolster TCP’s operational resilience and readiness against fire-related incidents.

Moreover, after the successful efforts of the current management of TCP, the Landhi Godown measuring 66 acres was transferred to TCP during the current year.

Plan for Profitable Utilization of Properties: To enhance the appearance of the office located at the Godowns, a comprehensive study was undertaken by TCP. This initiative aims to improve the infrastructure and is set to commence civil work in the financial year 2024-25. In addition to this, a separate assessment was performed regarding the maintenance of the TCP Godown in Multan, with plans to initiate civil work during the first quarter of 2024-25.

TCP has developed an initial business plan concerning the utilization of its property, specifically Plot No. 26-30 in Multan. This plan outlines the construction of prefabricated godowns for 50,000 MT, extendable to 250,000 MT, along with the establishment of plug-and-play facilities designed to facilitate operational efficiency and promote business activities. The proposed developments are expected to optimize space usage and enhance overall service delivery.

Solarization Project: The solarization of the TCP House was implemented as part of an initiative to advance the government’s commitment to green energy. This project underscores the importance of renewable energy sources in achieving sustainability goals. By installing solar panels, the TCP House aims to reduce its carbon footprint and contribute to a cleaner environment. This initiative aligns with national policies that advocate for energy efficiency and the utilization of renewable resources.
Furthermore, it serves as a model for other government buildings, encouraging them to adopt similar sustainable practices. The transition to solar energy not only supports the government's vision but also promotes public awareness about the benefits of green technology. It exemplifies a significant step toward fostering a culture of environmental responsibility within the community. The project is expected to yield long-term economic benefits by decreasing energy costs and increasing energy independence. Ultimately, the solarization of TCP House stands as a testament to the potential of renewable energy in reshaping our energy landscape for future generations.

In addition to its ongoing projects, TCP has proposed the installation of solar power systems on the rooftops of its godowns. This initiative aims at optimizing energy consumption and reducing operational costs by harnessing renewable energy sources. To ensure the project's success, detailed viability assessments were conducted, alongside comprehensive feasibility studies that examined the technical and economic aspects of the installation. These studies confirmed the potential benefits of the project, particularly in reducing the carbon footprint and lowering reliance on traditional power grids.

Moreover, TCP plans to explore innovative financing models to make the project economically viable, such as collaborating with solar energy providers for a power purchase agreement (PPA) model. In doing so, the organization aims not only to cut down on electricity expenses but also to contribute to the national goal of a sustainable energy transition.

As the next step, TCP will work on securing the necessary permits and engaging with stakeholders to ensure a smooth implementation phase. This forward-looking approach underscores TCP’s commitment to integrating sustainable practices into its operations, setting an example for other public sector entities. The solar rooftop initiative is expected to be a key element in TCP's long-term strategy for environmental sustainability and operational efficiency.

5.7 INFORMATION TECHNOLOGY:

In the year 2022, TCP started carrying out the process of implementing digital transformation within our organization. Officials in the TCP now have access to a newly developed, custom-made specialized software portal for document digitalization, "DMS." TCP has successfully transformed more than 4.5 million pages into digital content during the specified period. TCP has transformed more than 6.8 million pages into digital content since the start, until June 30, 2024.

6. CORPORATE GOVERNANCE:

6.1 IMPLEMENTATION OF PRINCIPLES OF GOVERNANCE:

To improve public service delivery and to make grievances redressal mechanisms more efficient and responsive

i) The Board has complied with the relevant principles of corporate governance and has identified the rules that have not been complied with, the period during which such non-compliance continued, and the reasons for such non-compliance.

ii) The financial statements prepared by the management of the Corporation fairly present its state of affairs, the results of its operations, cash flows, and changes in equity.

iii) Proper books of accounts have been maintained by the Corporation.

iv) Appropriate accounting policies have been consistently applied in the preparation of financial statements, and accounting estimates are based on reasonable and prudent judgment.

v) The Board has recognized its responsibility to establish and maintain a sound system of internal control.

vi) A total of 12 Board meetings have been held during the year, and the attendance of each director is given below:

Name of Board Member	No. of Meetings Attended
Syed Rafeo Bashir Shah, Chairman	12
Mr. Ahsan Ali Mangi, Ministry of Commerce	12
Mr. Imtiaz Ali Gopang, Ministry of National Food Security & Research	08
Dr. Imranullah Khan, Ministry of Finance	11
Ms. Saira Imdad Ali	01
Mir Balagh Sher Marri	12
Mr. Aasim Azim Siddiqui	08
Syed Miran Muhammad Shah	12
Mr. Fuad Hamid Ahmed	07
Ms. Tasneem Yusuf	12

vii) The pattern of shareholders is attached as **Annexure-V**.

viii) The appointment of the 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 of the best practice.

ix) The Audit Committee has played a crucial role in overseeing the organization's governance and financial reporting during the past year. The Audit Committee has held regular meetings, reviewed financial statements, and monitored the effectiveness of internal controls. The Committee has also worked closely with the external auditors to ensure the accuracy and completeness of the financial reporting. Terms of reference (ToRs) of the Audit Committee have been attached as **Annexure-VI**.

x) In compliance with the State-Owned Enterprises (Governance and Operations) Act, 2023, and the State-Owned Enterprises Management Ownership and Management Policy, 2023, the Board has evaluated the performance of the Audit Committee, in its 401st meeting held on 7th October 2024, and has declared the performance as "Satisfactory".

xi) The Board, in its 399th meeting held on 4th September 2024, evaluated the performance of the senior management.

xii) The Board and the management of the Corporation are confident and hereby issue the statement that:

i. Financial statements have been prepared under the International Financial Reporting Standards (IFRS), as applicable.
ii. There are reasonable grounds that the Corporation shall be able to pay their debts as they become payable, given the fact that all liabilities of the Corporation are fully covered through sovereign guarantee of the Federal Government; and
iii. The financial statements and notes comply with the requirements of the SOE Law.

xiii) The Board of Directors of the Corporation, as a matter of prudence, has reviewed the Corporation's compliance with the provisions of the requirements set out in the State-Owned Enterprises (Governance and Operations) Act, 2023, the State-Owned Enterprises Ownership and Management Policy, 2023, and the Statement of Compliance, which has been reviewed and approved by the Board of the Corporation, and has been made part of the Annual Report for the year ended June 30, 2024.

6.2 PRIME MINISTER'S PERFORMANCE DELIVERY UNIT (PMDU) COMPLAINTS:

To improve public service delivery and to make the grievances redressal mechanism more efficient and responsive in all Ministries/Divisions and their attached departments, the Prime Minister's Performance Delivery Unit (PMDU) has designed and introduced an information and Communication Technology (ICT)-based system, i.e., the Pakistan Citizen Portal. During the year 2023-24, four (4) complaints were received on the dashboard of TCP from the Pakistan Citizen Portal, out of which three (3) complaints pertained to TCP and were resolved in light of the relevant rules and regulations, deciding on merit for possible provision of relief to the citizens. The remaining one (1) complaint pertained to another Department/Authority, which was forwarded to them accordingly.

6.3 DEVELOPMENT OF ORGANOGRAM / POLICY AND PROCEDURE MANUAL:

During the year 2023-24, a professional consultancy firm (M/s. A. F. Ferguson) was engaged by the Corporation to develop the organogram to optimize the organizational structure through rightsizing while enhancing operational efficiency. The new organogram was developed after a careful evaluation and analysis of various jobs and manpower requirements across the different divisions of the Corporation at all levels, as a result of which the previously approved sanctioned strength was significantly revised with proper allocation of human resources across various divisions. The Board of Directors has approved the newly developed organogram after thoroughly re-evaluating the rationale behind the proposal. This newly developed and approved organogram has been placed on the official website of the Corporation.

In addition to developing the organogram, the consulting firm was also tasked with revamping significant policies and procedure manuals. After a thorough study of the Corporation's needs and prevalent practices was conducted by the consulting firm, to align these policies and procedure manuals with international best practices while adhering to the applicable legal framework, the consulting firm presented these policies and procedure manuals to the relevant Committees of the Board for consideration and recommendation to the Board. Thereafter, the Board of Directors approved a comprehensive set of policies and procedure manuals aimed at enhancing governance and streamlining operations. These policies and procedure manuals include:

i) Operations Policy & Procedure;
ii) Credit & Claim Settlement Policy and Procedure Manual;
iii) Procurement Policy;
iv) Policy for Renting Out and Utilization of TCP's Properties;
v) Investment Policy;
vi) Related Party Transactions Policy;
vii) Financial Management Manual;
viii) Accounting Policies and Procedures;
ix) Internal Audit Manual;
x) HR Policies and Procedures Manual;
xi) Whistleblowing Policy;
xii) Health, Safety, and Environment Policy;
xiii) Corporate Social Responsibility Policy.

These were crucial to aligning TCP's operations with industry best practices and ensuring the right sizing of its workforce to meet organizational goals.

6.4 RECRUITMENT, PROMOTIONS AND CAPACITY BUILDINGS:

In recent organizational developments, the company has made significant strides in strengthening its management team and facilitating career advancements within the organization.

Firstly, four General Managers with specific qualifications and experience have been appointed permanently, taking on key leadership roles in I.T., Internal Control and Compliance, Finance and Accounts, and Real Estate Business Development. This recruitment effort aligns with the company's goal of enhancing operational efficiency and strategic business growth.

Additionally, three Deputy Managers with relevant expertise have also been appointed permanently to oversee critical functions in Finance, Audit, and Operations, further reinforcing the company's commitment to strong governance and financial oversight.

In October and November 2023, the company implemented departmental promotions. Eligible officers advanced to senior positions, including General Managers, Deputy General Managers, Managers, and Deputy Managers, following the Corporation's established promotion guidelines.

Additionally, the firm has hired a Company Secretary and a Chief Financial Officer, both on contract, to provide specialized skills in these important positions, ensuring ongoing compliance with regulations and effective financial management. These hires demonstrate the company's proactive strategy in attracting essential talent for its sustained success.

TCP also held capacity-building training for its employees at various levels in the areas of E-Procurements, PPRA Rules, Cyber Security, and Leadership. Details are at **Annexure-VII.**

6.5 MANAGEMENT – EMPLOYEES' RELATIONSHIP:

Throughout the year, the relationship between Management, the TCP Officers Association, and the TCP Employees Union was positive. Management would like to express its gratitude for the dedication shown by officers and employees at every level of the Corporation.

Management has entered into a biennial agreement with the TCP Employees Union (CBA) based on the Charter of Demand presented by the Union, adhering to relevant Labor Laws. The most recent Charter of Demand was submitted by the Employees Union (CBA) on August 3, 2023, covering the period from July 1, 2023, to June 30, 2025. Negotiations between Management and the Employees Union have concluded, leading to the signing of the Agreement based on the Charter of Demand for the 2023-2025 period.

7. STATUTORY AUDITORS AND AUDITOR'S REPORT:

The Statutory Audit for FY 2022-23 has been conducted by M/s. Baker Tilly Mehmood Idrees Qamar, Chartered Accountants, in accordance with the International Auditing Standards applicable in Pakistan and in line with the corporate legal framework.

In the auditor's opinion, based on the audit, except for the possible effects of the matters observed as qualifications, [management responses on the audit observations are attached at **Annexure-VIII**]:

i) Proper books of account have been kept by the Company as required by the Companies Act, 2017(XIX of 2017);

ii) The statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity, and the statement of cash flow, together with the notes thereon, have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and agree with the books of account and returns;

iii) Investments made, expenditures incurred, and guarantees extended during the year were for the Company's business; and

iv) No Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The existing statutory auditors (i.e., M/s. Baker Tilly Mehmood Idrees Qamar, Chartered Accountants) have consented to act as statutory auditors for the subsequent year, i.e., FY 2024-25.

8. FUTURE PLANNING FOR DIVERSIFICATION OF TCP OPERATIONS AND ACHIEVING COMPLIANCE:

During the review of TCP's operations, it came to the fore that there is a dire need to streamline and diversify TCP's operations to enhance revenue while instilling efficiency. This is because, at this point, TCP's core business revenue solely depends on government procurements, and even then, it is limited to a small number of commodities. Moreover, the existing procurement process is intricate and slow, limiting TCP's ability to promptly meet the needs of government procurement. Therefore, a dire need was felt to streamline the procedural requirements for the operational ease of TCP, which relates to the proposed amendments in identified provisions contained in the PPRA Rules. These proposed amendments have been sent to the PPRA for consideration.

8.1 ISSUES IN CURRENT OPERATIONAL AND FINANCIAL MODEL:

Based on the aforementioned current business model, TCP obtained commercial loans on behalf of MoIP (for NFML, Utility Stores Corporation) and MNFSR (for PASSCO), as well as other Federal and Provincial recipients under the directives of the Federal Government. The Federal Government and the aforementioned agencies have always been aware of this operational model, i.e., that imports were financed by TCP through CCLs and commercial bank loans, which had to be repaid by the recipient agencies. This has never been disputed by any Ministry or recipient agency. However, payments started getting delayed due to various reasons, such as disputes or refusals on incidental charge payments, non-reconciliation, refusal to bear the cost of the subsidy, and refusal to bear the cost of markup, etc. Even in cases where there was a subsidy to be borne by the Federal Government, the amount was not paid on time. Since the procurements were based on loans from commercial banks at market interest rates, every delayed payment accrued markup on the principal amount.

Due to this huge markup, TCP has been forced to make quarterly payments by obtaining further bank loans at prevailing commercial markup rates. This has resulted in the ballooning of circular debt, and TCP is compelled to take loans to repay other loans because of the non-payment of outstanding dues by recipient agencies and the Federal Government. The end result is that the bulk of the bank financing margins available to TCP for operational financing are now consumed in debt repayments.

Finance Division, while communicating the Cash Credit Limits to TCP, has started mentioning in its communications that the loan settlement would be the responsibility of TCP. This has been contested at every level by TCP. TCP has consistently highlighted the fact that the liability is accrued against TCP on behalf of a Ministry that requires a certain commodity to be imported and that the Ministry is responsible for the repayment of the loan and its accrued markup. A response is yet awaited from the Finance Division. TCP has, however, made it clear to the Ministry of Commerce that if the Federal Government and its agencies do not repay these loans along with markup, TCP would not be able to execute any further import operations.

8.2 PROPOSED FINANCIAL & OPERATIONAL MODEL FOR TCP:

Since agriculture is a devolved subject, purely under the domain of the Provincial Governments after the 18th Amendment, TCP proposes that if the Provincial Governments intend to undertake imports of required commodities through TCP, then for all bulk cargo-based imports (e.g., wheat, urea, etc.):

i) Provinces will either directly intimate TCP or, through the respective line ministry in the Federal Government, the import requirements of the commodity in question.

ii) These procurements would be based on advance payments from the provincial governments to TCP;

iii) In such cases, the responsibility for timely planning, order placement, and financing arrangements would be directly with the Provincial Governments, with no financial liability on TCP and/or the Federal Government.

If TCP is required to import strategic reserves for the federal government, then the same shall be done on the directives of the Cabinet through a summary moved by the line ministry, with planning and budgetary allocation to be made by the line ministry. In case that is not done, and procurements are made in emergencies, all liability for the loan and its accrued markup would be that of the line ministry which has moved the summary for procurement. In such cases, TCP would take the cash credit limit (CCL) from commercial banks, open the LC, import the commodity, and retire the LC. As soon as the LCs stand retired, the CCL shall be shifted to the line ministry of the recipient agency by the Finance Division. In this manner, TCP would execute its public service obligation with efficiency and without accruing any liability on TCP. The mechanism to execute this procedure (for liability settlement in case of fresh commodity operations) is as follows, which has also been discussed in detail with TCP's consortium banks:

i) TCP from its CCL available limits will approach banks to open LC(s) for commodity imports for a particular contract.
ii) Once documents are presented at the bank's counter, the same will be retired from TCP's CCL limits.
iii) Simultaneously respective agencies will request the Finance Division for the provision of CCL limit based on information provided by the TCP
iv) The CCL obtained by the respective recipient agency from the Finance Division for the subject imports will be used for the settlement of TCP liabilities by giving inflows from the recipient agencies' own CCL limits immediately. Concurrently, TCP's CCL limits will be adjusted accordingly.

The above proposals are meant to contain the liability of TCP and also to enable it to perform its Public Service Obligations under the SOE Act, 2023. They are also aimed at streamlining the import operations of TCP in a more effective, efficient, and sustainable manner, both operationally as well as financially. It is time that TCP be allowed to operate by the principles prescribed under the SOE Act, 2023, Act. It is with that intent that the Ministry of Commerce proposes to change the operational and financial model of TCP.

TCP has accordingly informed the Ministry of Commerce to move a Summary for the approval of the Cabinet for the same

8.3 BUSINESS DIVERSIFICATION PLAN:

A business development plan was developed by the management, and thereafter, the same was discussed at length by the Board of Directors, which was then approved by the Board of Directors. It primarily focused on alternate sources of revenue for TCP, while remaining within the realm of the TCP's Memorandum of Association as well as with the focus to efficiently cater to the requirements of the Government of Pakistan. This plan has been bifurcated into three stages which are as under: -

a. SHORT TERM PLANS (1-2 YEARS):

Commodity supplies for the public and private sectors:

- Trade for the private sector (wheat/lentils/edible oil or any other item on demand) at no cost to the Government of Pakistan
- Considering the possibility for import of Wheat and urea for the Government of Afghanistan
  Indenting operations for INGOs

Usufruct / Infrastructure development:

- Construction of Silos at Pipri Karachi under PPP / JV mode with a capacity of 50,000 MT to 250,000 MT.

b. MEDIUM TERM PLANS (2-5 YEARS):

Commodity supplies for the public and private sectors:

- Trade for the private sector (wheat/lentils/edible oil or any other item on demand) at no cost to the Government of Pakistan.

Usufruct /Infrastructure development:

- Construction of Silos / Warehousing at Multan for which feasibility has been prepared by the Consultant for a capacity of 50,000 MT extendable to 250,000 MT.
- Solarization of TCP's warehouses at Pipri / Landhi & Korangi.

Others:

- Exploring Marine Insurance operations through an SOE.

c. LONG TERM PLANS (5 YEARS):

Commodity supplies for the public and private sectors:

- Trade for the private sector (wheat/lentils/edible oil or any other item on demand) at no cost to the Government of Pakistan

Infrastructure development:

- Construction of Solar Park at TCP Pipri land

Real estate development:

- Modernization of existing warehousing facilities along with the addition of some new infrastructure, through REIT or other modalities.
- As per the new SOE Act 2023, TCP developed, in addition to its Business Development Plan, a Statement of Corporate Intent which is as under: -

8.4 STATEMENT OF CORPORATE INTENT:

Set up in 1967, as a State-owned Enterprise for Trading purposes, TCP has since evolved into a Private Limited Company, under the Companies Act whose main intent has been market stabilization through trade of essential commodities. To enhance the support role of TCP and its business model in line with its Memorandum of Association, TCP intends to play a reinvigorated role in commodities trade (and its allied infrastructure development), optimal utilization of its real estate as well as gradually increase its footprint in alternate energy development. This would on the one hand ensure a proactive approach towards public & private section commodities trade as well as the development of a facilitative ecosystem of storage, insurance, and logistics including infrastructure, and on the other hand, enhance revenue streams for TCP as well as for the Government of Pakistan."

TCP has currently undertaken the development and revision of its constitutional documents such as Memorandum & Articles of Association, and also other policy documents like HR/Accounts/Finance/Real Estate related Policy and procedure manuals as well as the development of a functional as well as administrative organogram for TCP.

Furthermore, as a step towards automation and paperless official business processes, TCP has transitioned to the E-Office system of the Government of Pakistan and is carrying out scanning and digitization of the complete record of the Corporation.

8.5 ALTERATIONS IN THE MEMORANDUM OF ASSOCIATION:

A Memorandum of Association is one of the primary constitutional documents of any company registered / to be registered under the Companies Act, 2017. A Memorandum of association of a company lays down the business/activities that a company intends to undertake throughout its lifecycle. The memorandum lays down clauses that address "What will the company do?". There are other important ingredients of a memorandum that have been laid down under Sections 26, 27, 30, and 31 of the Companies Act, 2017.

The Memorandum of Association, in its existing form, contained object clauses in accordance with the mandate given to the Corporation at the time of its establishment back in July 1967; however, the mandate of the Corporation was revised in accordance with the approval of the Cabinet in January 1995, which includes market stabilization through imports of essential commodities in emergent conditions, import of fertilizer, wheat, and industrial raw material and other selected bulk items. Accordingly, the revenue of TCP comes from Commission Income on commodity operations that is determined by the Federal Government, Investment Income that comes from the investments in the Government securities, Rental Income from renting out of Godowns, and Rice Inspection Fees that are earned on rice exports to EU countries.

Accordingly, the Board of Directors of the Corporation felt expedient to update and simplify the Corporation's Memorandum of Association and to modify it to reflect the existing and future business of the Corporation, while remaining within the legal framework of allowable activities/businesses, which the Corporation is authorized / eligible to perform and carry on. The procedure for making alterations in the memorandum has been laid down under Section 32 read with Sections 33,34 & 35 of the Companies Act, 2017. Such modifications/alterations in the memorandum of association are bound by the relevant provisions of Sections 26, 27, 30, 31, 32, 33, 34 & 35 of the Companies Act, 2017.

In order to get the memorandum of association professionally altered, the consultant (M/s. A. F. Ferguson) was engaged in accordance with the provisions of the PPRA Rules, 2004. The proposed draft memorandum of association was, hence, prepared by the consultant, and legal vetting was done by M/s. HaiderMota & Co. The Board of Directors of the Corporation, in its 395th meeting held on 20th May 2024, has approved the proposed draft memorandum of association for placing the same before the members of the Corporation at a general meeting in compliance with the requirements set out in the Companies Act, 2017.

To lay down for consideration of the members of the Corporation the matters concerning alterations in the Memorandum of Association, an Extraordinary General Meeting was initially convened on 14th June 2024, however, the said alterations could not be approved. Therefore, another Extraordinary General Meeting was convened on 12th July 2024, wherein it was decided, on the request of the representative of the Ministry of Commerce, Government of Pakistan, to reconvene another Extraordinary General Meeting after twenty-one days i.e. on 2nd August 2024. The Extraordinary General Meeting was held on 2nd August 2024, however, the same remained unconcluded due to a shortage of quorum, and hence, was adjourned till 9th August 2024 in accordance with the provisions of Section 135 of the Companies Act, 2017, which was also not concluded. However, since the adjourned meeting may not be adjourned any further in pursuance of Section 135 of the Companies Act, 2017 read with Articles 66 and 69 of the Articles of Association of TCP, the shareholders/members present at the Adjourned Extraordinary General Meeting held on 9th August 2024 felt expedient to take the representation from the Federal Government / Ministry of Commerce onboard before a decision may be taken for which such General Meeting was being called, and decided not to hold the Extraordinary General Meeting in the absence of the representation from the Ministry of Commerce, Government of Pakistan. Now, the representative of the Ministry of Commerce has been nominated, who needs to review the proposed draft memorandum of association before it may be placed at a general meeting, which is to be convened with the approval of the Board of Directors of the Corporation. The purpose is to seek approval of the shareholders of the Corporation as part of the process of making alterations in the memorandum of association of the Corporation, and thereafter, to file a petition through relevant Forms prescribed under the Companies (General Provisions and Forms) Regulations, 2018 for obtaining an order of the Securities and Exchange Commission of Pakistan (SECP), so that the alterations so approved by the shareholders and confirmed through an order by the SECP may take effect in accordance with the provisions of Section 32, 33, 34 & 35 of the Companies Act, 2017.

8.6 ALTERATIONS IN THE ARTICLES OF ASSOCIATION FOR SEGREGATION OF CHAIRMAN AND CEO:

Articles of Association is one of the primary constitutional documents of any company registered / to be registered under the Companies Act, 2017. It explains "How will the company broadly function" – It includes clauses comprising broad procedures relating to the company's overall legal structure like share capital, the issuance/transfer of shares, the appointment of board directors and matters ancillary thereto, general meetings, CEO and his appointment, the minimum quorum for a meeting of directors or committees, obtaining of loans/advances, etc. The requirements and provisions appertaining to the articles have been laid down under Sections 16, 17, 18, 30, 35, 36 & 37 of the Companies Act, 2017.

Since, the revenue of TCP comes from Commission Income on commodity operations that are determined by the Federal Government, Investment Income that comes from investments in Government securities, Rental Income from renting out of Godowns, and Rice Inspection Fee that is earned on rice exports to EU countries. Over and above, the legal framework applicable to the Corporation has substantially changed over time e.g. the Corporation was incorporated in 1967 when the repealed Companies Act, 1913 was in the field. Thereafter, the Companies Act, 1913 was repealed and the new Companies Ordinance, 1984 was promulgated, which again was repealed through the enactment of the Companies Act, 2017. Moving forward, the State-Owned Enterprises (Governance and Operations) Act, 2023 was enacted, which, to a noticeable extent, has overridden various provisions of the Companies Act, 2017.

The fact on the ground is that the Corporation has been facing serious recovery issues, as commodity procurements are financed through Cash Credit Limits from Commercial Banks, and until the moneys are collected from the recipient of goods, the markup keeps on accruing on bank borrowings, so there was a need to streamline the processes and governing documents for efficient working of the Corporation's core business activity. Over and above, owing to the promulgation of the Companies Act, 2017 and the State-Owned Enterprises (Governance & Operations) Act, 2023, the Board of Directors of the Corporation felt expedient to alter the articles of association in order to cater for the segregation of the office of the Chairman and the Chief Executive Officer, and also to modify in such a manner that the provisions of the State-Owned Enterprises (Governance & Operations) Act, 2023 and the policy made thereunder are catered for, while adhering also to the other related but non-conflicting provisions of the Companies Act, 2017. The procedure for making alterations in the articles of association have been laid down under Section 38 of the Companies Act, 2017. Such alterations in the articles of association are bound by the relevant provisions of Sections 16, 17, 18, 30, 35, 36, 37 & 38 of the Companies Act, 2017.

To get the articles of association professionally altered, the consultant (M/s. A. F. Ferguson) was engaged in accordance with the provisions of the PPRA Rules, 2004. The proposed draft articles of association were, hence, prepared by the consultant, and legal vetting was done by M/s. HaiderMota & Co. The Board of Directors of the Corporation, in its 395th meeting held on 20th May 2024, has approved the proposed draft articles of association for placing the same before the members of the Corporation at a general meeting in compliance with the requirements set out in the Companies Act, 2017.

As mentioned earlier, in order to lay down for consideration by the members of the Corporation the matters concerning alterations in the Articles of Association, an Extraordinary General Meeting was initially convened on June 14, 2024; however, the proposed alterations could not be approved. Therefore, another Extraordinary General Meeting was convened on July 12, 2024, wherein it was decided, at the request of the representative of the Ministry of Commerce, Government of Pakistan, to reconvene another Extraordinary General Meeting after twenty-one days, i.e., on August 2, 2024. The Extraordinary General Meeting was held on August 2, 2024; however, it remained unconcluded due to a shortage of quorum and was therefore adjourned until August 9, 2024, in accordance with the provisions of Section 135 of the Companies Act, 2017, which also did not conclude. However, since the adjourned meeting may not be postponed any further in pursuance of Section 135 of the Companies Act, 2017, read with Articles 66 and 69 of the Articles of Association of TCP, the shareholders/members present at the Adjourned Extraordinary General Meeting held on August 9, 2024, deemed it expedient to take the representation from the Federal Government/Ministry of Commerce onboard before a decision could be made for which such General Meeting was called and decided not to hold the Extraordinary General Meeting in the absence of the representation from the Ministry of Commerce, Government of Pakistan. Now, a representative of the Ministry of Commerce has been nominated who needs to review the proposed draft articles of association before they can be placed at a general meeting, which is to be convened with the approval of the Board of Directors of the Corporation. The purpose is to seek the approval of the shareholders of the Corporation as part of the process of making alterations to the articles of association of the Corporation, and thereafter, to file a copy of the new articles with the registrar of companies at the Company Registration Office (Karachi), in compliance with the provisions of Section 38 of the Companies Act, 2017, within thirty (30) days from the date of passing the resolution making such alterations to the articles of association of the Corporation.

Once the new articles of association are in the field after the procedure for making alterations is concluded, the process of appointment of the Chief Executive Officer of the Corporation shall immediately be initiated for an expeditious appointment, in compliance with the relevant provisions of the State-Owned Enterprises (Governance and Operations) Act, 2023.

9. PRESENTATION AT THE 57TH ANNUAL GENERAL MEETING:

The Board of Directors of the Corporation lay this report along with the Annual Audited Financial Statements for the year ended 30th June 2024, before the members/shareholders of the Corporation at the 57th Annual General Meeting being held on 28th October 2024, for information and approval/adoption. *[Karachi, 7th October 2024]*

DIRECTOR | **CHAIRMAN & CHIEF EXECUTIVE**

DETAILS OF DIVISIONAL HEADS / INCHARGES OF REGIONAL OFFICES / SUB-REGIONAL OFFICES

Sr. No.	Name of Division Head / Incharge	Designation	Division / Regional Office / Sub-Regional Office
i)	Mr. Jatin Kumar	Chief Financial Officer	Finance Division
ii)	Mr. Farrukh Majeed Qureshi	Company Secretary	Secretary Division
iii)	Mr. Salim Ullah Khan	Chief Internal Auditor	Internal Audit Division
iv)	Mr. Naveed Rehman Bugti	General Manager	Internal Control and Compliance Division
v)	Mr. Rashid Hussain	General Manager	Trade and Research Division
vi)	Mr. Sheeraz Ali Shahzad	General Manager	Dispatch & Operation Division
vii)	Mr. Radain Shah	General Manager	Real Estate Business Development Division
viii)	Mr. Muhammad Asif	Manager	Real Estate Operation Division
ix)	Mr. Muhammad Ali	General Manager	Finance & Accounts Division
x)	Mr. Rashid Hussain	General Manager	Human Resource Division
xi)	Mr. Sher Muhammad Mahar	General Manager (Additional Charge)	Legal Division
xii)	Mr. Ali Raza Altaf	Deputy General Manager	Administration & Coordination Division
xiii)	Sayed Basit Qadir	General Manager	Information Technology Division
xiv)	Mr. Muhammad Samiullah Bhutta	Manager	Regional Office Islamabad
xv)	Mr. Israr Ahmed	General Manager	Regional Office Lahore
xvi)	----------	----------	Regional Office Gwadar
xvii)	Mr. Muhammad Hasnain Naveed	Deputy Manager	Southern - Regional Office Multan
xviii)	Mr. Akhlaque Ahmed Samoo	Manager	Korangi Godown
xix)	Mr. Muhammad Tarique Khan	Deputy General Manager	Pipri Godown
xx)	Mr. Israr Hussain	Manager	Landhi Godown

ANNEXURE-II TO THE DIRECTORS REPORT

KEY OPERATING AND FINANCIAL DATA

Rs. In (000)

Operating Data	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Commission Income	33,869	-	101,234	97,146	628,050	1,489,762	3,102,771	481,352
Administrative Expenses	1,080,597	1,015,666	886,062	846,566	964,700	1,046,915	1,590,384	1,449,717
Finance Cost	-	-	-	-	-	-	2,326	3,761
Other Income	1,534,289	1,536,169	2,246,100	2,734,102	2,415,294	2,979,626	4,571,796	5,384,520
Profit Before Tax	487,561	520,503	1,461,272	1,984,682	2,078,644	3,422,473	6,081,857	4,412,394
Profit After Tax	403,271	375,506	1,119,131	1,452,932	1,517,441	2,350,027	4,000,465	2,601,194
Financial Data								
Paid-up 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	826,174	721,578	10,247,028	10,363,343	538,769	537,599	568,005	46,535,644
Long term Investment	125,980	65,827	9,643,072	9,806,574	9,991,495	10,201,408	10,439,414	10,709,509
Current Assets	126,149,582	125,566,129	131,160,521	140,511,496	151,876,382	206,788,543	281,037,773	312,071,318
Current Liabilities	114,992,924	114,104,808	128,318,941	136,537,696	146,755,712	199,509,695	270,364,849	299,284,114
Key Ratios								
Net Profit	25%	25%	47%	51%	50%	53%	52%	44%
Current ratio	1.10	1.10	1.02	1.03	1.04	1.04	1.04	1.04
Net Working Capital	11,156,658	11,461,321	2,858,178	3,973,800	5,467,245	7,278,848	10,672,924	12,787,204

ANNEXURE-III TO THE DIRECTORS REPORT

COMPARATIVE STATEMENT OF FINANCIAL RESULTS DURING THE YEARS 2016-17 TO 2023-24

(Rupees in million)

S.No.	Particulars	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
1	Paid-up capital	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
2	Total C&F value of imports	NIL	NIL	5,061.70	4,859.29	82,936.64	179,420.78	323,561.11	24,067.61
3	Total value of Exports	1,810.63	NIL	NIL	NIL	NIL	NIL	NIL	NIL
4	Profit/(Loss) before tax	487.56	520.50	1,461.27	1,984.68	2,078.64	3,422.47	6,081.86	4,412.39
5	Profit/(Loss) after tax	403.27	375.51	1,119.13	1,452.93	1,517.44	2,350.03	4,000.47	2,601.19

ANNEXURE-IV TO THE DIRECTORS REPORT

DEBT AND LIABILITIES' POSITION AS ON 30TH SEPTEMBER 2024

(PKR IN MILLION)

S. No.	Name of Debtor	Principal	Markup	TOTAL
		P	M	T=P+M
1	USC	24,334	74,162	98,496
2	NFML	53,814	64,344	118,158
3	MNFS&R (Cotton subsidy)	621	1,932	2,553
4	PASSCO	1,155	4,713	5,868
5	SINDH FOOD DEPARTMENT	543	8,039	8,582
6	PUNJAB FOOD DEPARTMENT	4,688	11,065	15,753
7	KPK FOOD DEPARTMENT	2,527	9,327	11,854
8	BALUCHISTAN FOOD DEPARTMENT	1,794	6,715	8,509
9	GOVERNMENT OF GILGIT BALTISTAN	1,284	4,736	6,020
10	GOVERNMENT OF AJK	231	1,786	2,017
11	DGP ARMY	255	1,271	1,526
12	PAKISTAN NAVY	43	165	208
13	MOIP (FORMERLY MINFAL ON SUGAR AC)	2,403	14,661	17,064
GRAND TOTAL		**93,692**	**202,916**	**296,608**

PATTERN OF SHAREHOLDING AS ON 30.06.2024

1.1 Name of the Company	TRADING CORPORATION OF PAKISTAN (TCP) PRIVATE LIMITED

2.1. Pattern of holding of the shares held by the shareholders as at 30 06 2024

2.2. No of shareholders	Shareholdings	Total shares held
2	1 to 5	2
1	99,999,995 to 100,000,000	99,999,998
3	**Total**	**100,000,000**

2.3	Categories of shareholders	share held	Percentage
2.3.1	Directors, Chief Executive Officer, and their spouse and minor children.	**1**	**0.000001**
2.3.2	Associated Companies, undertakings, and related parties.	-	-
2.3.3	NIT and ICP	-	-
2.3.4	Banks Development Financial Institutions, Non-Banking Financial Institutions.	-	-
2.3.5	Insurance Companies	-	-
2.3.6	Modarabas and Mutual Funds	-	-
2.3.7	Shareholders holding 10%	FEDERAL GOVERNMENT OF PAKISTAN	99.99
2.3.8	General Public		
	a. Local	-	-
	b. Foreign	-	-
2.3.9	Others (to be specified)	**1**	**0.000001**

TERMS OF REFERENCE (TORs) OF THE AUDIT COMMITTEE

The ToRs of the BAC shall be the following.

Composition of the Audit Committee:

1. The Board shall establish an audit committee, whose members shall be financially literate and majority of them, including its chairman, shall be Independent Non-Executive Directors.
2. The chairman of the Board as well as the chief executive of the Public Sector Company shall not be a member of the audit committee.
3. The audit committee shall appoint a secretary of the Committee, who shall circulate minutes of its meetings to all members, directors, and the chief financial officer, within fourteen days of the meeting.

Meetings of the Audit Committee:

1. The Committee shall meet at least once in every Quarter.
2. Audit Committee must meet prior to the approval of interim results by its Board of directors and after completion of external audit.
3. The Committee shall meet at least four times in a year, with authority to convene additional meetings as circumstances require. Two meetings shall coincide with consideration of the half- year and full-year results announcements. Meetings may be called by any member of the Committee through the Committee Secretary.
4. A quorum of meetings of the Committee shall be at least two members.
5. At least once a year, the audit committee shall meet the external auditors without the presence of the chief financial officer, the chief internal auditor and other executives being present, to ensure independent communication between the external auditors and the audit committee.
6. At least once a year, the audit committee shall meet chief internal auditor and other members of the internal audit function without the chief financial officer and the external auditors being present.

Responsibilities of Audit Committee / Terms of Reference:

1. Determination of appropriate measures to safeguard the Public Sector Company’s assets.
2. Review of financial results.
3. Review of quarterly, half-yearly and annual financial statements of the Public Sector Company, prior to their approval by the Board including any major judgmental areas, significant adjustments, going concern issues (if any), any changes in accounting policies and compliance with applicable accounting standards.
4. Facilitating the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight (in the absence of management, where necessary).
5. Review of management letter issued by external auditors and management’s response thereto.
6. Ensuring coordination between the internal and external auditors of the Public Sector Company.
7. Review of the scope and extent of internal audit and ensuring that the internal audit function has adequate resources and is appropriately placed within the Public Sector Company.
8. Consideration of major findings of internal investigations and management's response thereto.
9. Ascertaining that the internal control system including financial and operational controls, accounting system and reporting structure are adequate and effective.
10. Review of the Public Sector Company’s statement on internal control systems prior to endorsement by the Board.
11. Recommending or approving the hiring or removal of the chief internal auditor;
12. Review actions taken to resolve key issues identified by the Internal Audit Function.
13. Instituting special projects, value for money studies or other investigations on any matter specified by the Board, in consultation with the chief executive and to consider remittance of any matter to the external auditors or to any other external body.
14. Investigating any deviation from or violation of the SOE’s code of conduct or other systems of internal control.

15 Determination of compliance with relevant statutory requirements.

16 Monitoring compliance with the best practices of corporate governance and identification of significant violations thereof.

17 Review and Recommendation of Related Party Transactions to the Board for Approval.

18 Overseeing whistle-blowing policy and protection mechanism; and

19 Consideration of any other issue or matter as may be assigned by the Board.

20 The audit committee shall be responsible for managing the relationship of Public Sector Company with the external auditors. In managing the Public Sector Company's relationship with the external auditors on behalf of the Board, the audit committee's responsibilities include;

a. Suggesting the appointment of the external auditor to the Board, the audit fee, and any questions of resignation or dismissal.
b. Considering the objectives and scope of any non-financial audit or consultancy work proposed to be undertaken by the external auditors and reviewing the remuneration for this work.
c. Discussing with the external auditors before the audit commences the scope of the audit and the extent of reliance on internal audit and other review agencies.
d. Discussing with the external auditors any significant issues from the review of the financial statements by the management, and any other work undertaken or overseen by the audit committee.
e. Reviewing and considering the external auditors' communication with management and management's response thereto; and
f. Reviewing progress on accepted recommendations from the external auditors.

Reporting and Performance Evaluation:

1. The Audit Committee will report to the Board and update on every meeting of the Audit Committee shall be presented before the Board.
2. The Committee reviews and assesses annually the adequacy of these Terms of Reference and confirms that all the responsibilities set out in the current Terms of Reference have been carried out.
3. Ensure the SOE's annual report describes the work of audit committee, including a copy of its terms of reference, with specific points that must be addressed for full disclosure and transparency.
4. Ensure that the Internal Audit function reports on recommended improvements in SOE management and activities covered by its purview.
5. Ensure that the Internal Audit function report is considered, and at least one summary is submitted to the full board.
6. Collaborate with the board to determine and delegate to the Chief Executive what his or her role will be in the internal audit selection, function, and reporting.

TRAINING & CAPACITY BUILDING OF EMPLOYEES

Sr. No.	Particular
i)	Seminar on International Management Capability of Enterprises for Developing Countries held from 12-Oct-23 to 1-Nov-23 - Ministry of Commerce, Islamabad's –2023 Multilateral Training Program under China Aid.
ii)	Project on Result Based Management held from 6 – 8 November, 2023 Ministry of Commerce, Islamabad's – Training Course for 2nd Quarter (October – December) 2023-24.
iii)	Project Tender & Procurement Management held from 6 – 8 December, 2023.
iv)	Seminar on Economics and Trade Cooperation for Developing Countries – schedule in China 14th November – 4th December, 2023 (21 Days).
v)	Seminar on E-Commerce and Internet Innovation **Online** 2nd November – 15th November, 2023.
vi)	In-House Training of Ms. Office (Word, Excel, Power Point) for the Staff of TCP held on 29th& 30th April and 2nd May, 2024.
vii)	Conducting "Exclusive Director's Training Program" organized by M/s. Pakistan Institute of Corporate Governance, Karachi held from 22nd April to 26th April, 2024 at TCP Principal Office, Karachi.
viii)	Training Course on Building Reliable Supply Chains by Srilanka and APO Secretariat Japan International Program Face-to-Face Multi-country Training 24 to 28 June at Colombo, Srilanka.
ix)	Exclusive Director Training Program (SOE) for Trading Corporation of Pakistan held from 22nd to 26th April, 2024.
x)	DTP for SOE Program Offered by PICG in Karachi and Islamabad.

AUDITOR'S QUALIFICATIONS AND MANAGEMENT REPLIES ON TCP'S ANNUAL ACCOUNTS FOR THE YEAR ENDED JUNE 30, 2024

S. No.	Qualification	Management Reply
a.	As disclosed in note no. 12 to the financial statements, trade debts include receivables of Rs. 9,899.130 million from various government institutions. During the course of our audit, we circularized confirmations to these debtors however, we have not received responses to our confirmation requests and there have been no movements or recoveries in the last six years. Therefore, we were unable to assess their ageing and recoverability. Further, one of the debtor M/s. Utility Stores Corporation of Pakistan (USC) confirmed its balance for the first time during the year and the amount not confirmed by USCP is also included in the above qualified amount.	Last year in 2023 qualified amount was Rs. 10,601.176 million is primarily related to supplies made to USC and Provincial Governments against which they have not made payment. Out of above said amount, during the year an amount of Rs. 1,788.00 million received from M/s. Sindh Food Department and two confirmations are received from M/s. USC and Baluchistan Food Department for Rs. 23,948 million (against receivable amount of Rs. 26,980.213 million) and Rs. 1,696.00 million respectively. However, for the recoverability, TCP has been following up aggressively with the Provincial Governments and during period multiple meetings held with these agencies. However, Para 5.6 of this report may be referred for further details of efforts taken for recoveries.
b.	As disclosed in note 14.1 to the financial statements, other receivables include Rs.16,032.99million (including accrued mark-up and other charges of Rs.13,653.37 million till June 30, 2024) 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 prepayment and other receivables.	The main observation of the auditors relates to recoverability of total amount of Rs.16,032.99 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. However, the sugar mills refused to pay outstanding payments including markup thereon. TCP is vigorously pursuing the cases at relevant forum and hopefully the cases shall be decided in favor of TCP, in accordance with the contractual terms. The details of outstanding recoveries as on 30-06-2024, against Nine (09) sugar mills are given as follows:

Sr. No	Name of Sugar Mill	Rs. In Million
1	Abdullah Shah Ghazi Sugar Mill	2,700.63
2	Haq Bahu Sugar Mill	2,889.20
3	Macca Sugar Mill	1,181.13
4	Abdullah Sugar Mill, Depalpur	269.80
5	Abdullah Sugar Mill, Ex-Yousuf	2,289.96
6	HaseebWaqas Sugar Mill	519.99
7	Seri Sugar Mill	604.02
8	T.M.K. Sugar Mill	2,817.93
9	Tandlianwala Sugar Mill	2,760.34
Total		**16,032.99**

S. No.	Qualification	Management Reply
c.	As stated in note no 24.1.1 and 24.1.4 to 24.1.14, the Company has pending litigations and open tax assessments against the company aggregating to Rs. 12,195.65 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 No. 24 of contingencies.

STATEMENT OF COMPLIANCE WITH THE PROVISIONS OF THE STATE-OWNED ENTERPRISES (GOVERNANCE AND OPERATIONS) ACT, 2023 AND THE STATE-OWNED ENTERPRISES OWNERSHIP AND MANAGEMENT POLICY, 2023

S.No.	Requirement	Reference	Complied with *Tick the relevant box*			Remarks
			Yes	No	N/A	
	PRUDENT AND EFFICIENT MANAGEMENT					
1.	The SOE ensured sound and prudent management by: a. conducting operations with integrity, objectivity, due care, and professional skills b. ensuring independent directors and the CEO meet the fit and proper criteria. c. composing management of individuals who were fit and proper for their positions. d. maintaining adequate accounting and business records	Section 6(1) of the Act	✓ ✓ ✓ ✓			
2.	The accounting and other records meet the following criteria: a. enable prudent management of the SOE's business. b. ensure compliance with the obligations imposed by the Act. c. comply with all professional standards and pronouncements applicable in Pakistan	Section 6(2) of the Act	✓ ✓ ✓			
3.	The SOE ensured that its primary objective is met by: a. operating efficiently and in accordance with its respective Acts or articles and memorandum of association. b. generating sufficient revenues to cover costs and maintain financial stability	Section 7(1), (3) of the Act	✓ ✓			
4.	Following factors have been considered in achieving SOE's primary objectives: a. the long-term economic consequences of decisions b. business relationships with suppliers, customers, and other stakeholders c. the impact of operations on the community and the environment d. maintaining a reputation for high standards of business conduct. e. acting fairly among members of the SOE	Section 7(2) of the Act	✓ ✓ ✓ ✓ ✓			

S.No.	Requirement	Reference	Complied with *Tick the relevant box*			Remarks
			Yes	No	N/A	
5.	During the reporting period, the SOE entered into a Public Service Obligation (PSO) and the PSO has been conducted in accordance with the guidelines given in the Act and Policy.	Section 7(4) of the Act, Policy Para 17, 32 Annex-5 of the Policy	✔			
MEASUREABLE PERFORMANCE						
6.	The Board has adopted a business plan for the next three financial years, prepared in line with the provisions contained in the Act and Policy.	Section 8(1), (2) & (3) of the Act, Annex-1 of the Policy	✔			
7.	The Board has adopted and published a statement of corporate intent for the SOE or the group comprising the SOE and its subsidiaries (if any) at the start of financial year while covering the reporting year and the following two financial years, in the manner and form set out in Schedule-III of the Act and Annexure I of the Policy.	Section 8(4) of the Act, Schedule-III of the Act Annex-1 of the Policy	✔			
RESPONSIBLE MANAGEMENT						
8.	During the year, the Board has submitted the terms of reference, skill-gap details, and explanations to the Board Nominations Committee (BNC) for selecting independent directors.	Policy Annex-7			✔	
9.	Proper induction training has been provided for new directors.	Policy Annex-7			✔	
10.	The SOE has maintained a register of declared director interests.	Policy Annex-7	✔			
11.	The SOE has clarified the selection and appointment process of the directors.	Policy Annex-7			✔	

S.No.	Requirement	Reference	Complied with (Tick the relevant box) Yes	No	N/A	Remarks
12.	During the reporting year the SOE remained compliant with the following guidelines for Board composition and appointments:	Section 12(1), (2), (3), (4) of the Act,				
	a. The Board composed of 5 to 11 members		✔			
	b. There was a majority of independent directors (non-ex-officio and non-executive)	Section 15(1) & (2) of the Act,	✔			
	c. The Board consisted of independent directors, ex-officio directors and the chief executive officer of the SOE where required by law and had diverse skills and competence.	Policy Para 24	✔			
	d. The Board had adequate gender representation.		✔			
	e. At least one member on the Board was a young private sector individual, preferably below the age of 40 years.				✔	
	f. The representation of academia, trade & industry and civil society had been considered.				✔	
	g. The independent director nominations were based on the nominee's ability to devote the required time		✔			
	h. The tenure of independent directors was three years, or as per respective statutes.		✔			
	i. Any independent director was not appointed to the same Board after two consecutive terms unless the period of three years had lapsed		✔			
	j. No Independent Director served for more than nine years on the Board.		✔			
	k. The Chairman of the Board was appointed by the Federal Government from one of the independent directors. The CEO was responsible for leading the board and ensuring its effective functioning and continuous development and was not involved in the day-to-day operations of the SOE.			✔		
	l. The offices of Chairman and CEO were kept separate			✔		

S.No.	Requirement	Reference	Complied with			Remarks
			Tick the relevant box			
			Yes	No	N/A	
	m. The representation from the administrative Ministry/ Division on the Boards of SOEs was restricted to one member		✓			
	n. The representation of any other Ministries/ Divisions (other than Ministry of Finance) and any other public sector agency was discouraged		✓			
	o. The ex-officio Board nominees had the necessary skills and experience.		✓			
	p. Directors receive a fee for attending meetings, with compensation reflecting their responsibility and expertise. No additional perks were allowed, and remuneration was not at a level that could compromise the Board's independence		✓			
	q. Appointment of an individual to more than five SOEs simultaneously, including their subsidiaries was prohibited		✓			
13.	Following individuals were not appointed or did not continue as independent directors:	Section 11 of the Act				
	a. Under eighteen years of age,		✓			
	b. An unnatural person,		✓			
	c. Undischarged bankrupt in any jurisdiction,		✓			
	d. Convicted of an offence,		✓			
	e. Prohibited by statute or court order,		✓			
	f. Declared mentally unfit,		✓			
	g. In the service of Pakistan,		✓			
	h. Member of Majlis-e-Shoora or Provincial Assembly,		✓			
	i. Holder of political office,		✓			
	j. Employee of an SOE.		✓			
14.	Every director held office for the period specified under the applicable law unless the director resigned in writing or was removed earlier in accordance with the SOE Act.	Section 13(1) of the Act	✓			

S.No.	Requirement	Reference	Complied with *Tick the relevant box*			Remarks
			Yes	No	N/A	
15.	The removal of any independent director appointed by the Federal Government was based on an inquiry that established one or more of the following: a. the director was in non-compliance with applicable laws, b. failed to fulfill duties, c. acted detrimentally to the enterprise, or d. was guilty of misconduct. Whereby Misconduct included: (i) conflicts of interest, (ii) misuse of funds, assets, and resources of the SOE (iii) disrespect or harassment to colleagues and staff, (iv) making unauthorized public statements, (v) non-compliance with code of conduct or conflict of interest requirements, (vi) accepting gifts or benefits from sources external to the SOE offered in connection with his duties on the Board, (vii) misuse of position	Section 13(2) of the Act			✓	
16.	Any act, proceeding, or decision of the board was not deemed invalid solely due to a vacancy, defect, or irregularity in the constitution of the board.	Section 14	✓			
17.	The CEO: a. managed the SOE and its financial and procedural matters under board delegation and oversight, b. implemented strategies and policies approved by the Board, and c. established arrangements to safeguard funds and resources, ensuring their economic, efficient, and effective use according to the business plan, primary objectives, and statutory obligations.	Section 15(3) of the Act	 ✓ ✓ ✓			

S.No.	Requirement	Reference	Complied with *Tick the relevant box*			Remarks
			Yes	No	N/A	
18.	The fit and proper criteria, as prescribed in Schedule IV, has been applied to independent directors, the Chief Executive Officer, the Company Secretary, and all other senior management officers of the SOE. The SOE also ensured compliance with any additional requirements issued by sector regulators or authorities governing specific sectors	Section 16(1) (2) of the Act, Schedule IV of the Act	✔			
19.	The HR policies have been established to enhance the quality of its human resources and organizational structure, with approval from the Board of Directors.	Policy Para 29	✔			
20.	Following guidelines have been considered for developing HR policies:	Policy Para 30				
	a. Approval, amendment, or supersession of HR policies has been made by the Board unless otherwise provided in the primary legislation of the statutory SOEs. The Policies/ rules/ regulations were based on the principles of fairness, transparency, and equity.		✔			
	b. Regular HR review mechanism has been implemented to rationalize the workforce.		✔			
	c. New appointments were made preferably on a contract basis with a one-month notice termination clause.		✔			
	d. Annual performance evaluations for HR were conducted, and continuation/termination decisions were based on these evaluations.		✔			
	e. Fit and proper criterion for the appointment of CEO, CFO, CIA, Company Secretary, and other senior management officers complied with Section 16 and Schedule IV of the SOEs Act, 2023.		✔			
21.	Every newly appointed independent director: a. Submitted a declaration, along with consent to function as Director, confirming qualification under the Fit and Proper criteria as notified under the Act?	Policy Para 35	✔			
	b. provided a declaration to both the SOE and SECP if there is any change affecting his/her independence post-appointment?		✔			

S.No.	Requirement	Reference	Complied with *Tick the relevant box* Yes	No	N/A	Remarks
RESPONSIBILITIES, POWERS, AND FUNCTIONS OF THE BOARD						
22.	It has been ensured that:	Section 17(1) of the Act				
	a. The Board operated with autonomy and independence in discharging its functions under this Act or any other applicable law, according to the adopted business plan.		✔			
	b. No administrative or standing instructions by any Division of the Federal Government were applied to the SOE without prior approval from the Federal Government		✔			
	c. Any existing instructions already in field at the time of coming into effect of this Act were ratified by the Federal Government within a period of six months, else was deemed rescinded.				✔	
23.	The SOE maintained independent procurement policies approved by the Federal Government, ensuring compliance with the Chartered Institute of Procurement and Supply's Global Standards. These policies adhered to the Public Procurement Regulatory Authority Ordinance, 2002 (XXII of 2002) as directed by the Federal Government, until the procurement policy of SOEs is prepared and approved by the Federal Government.	Section 17(2) of the Act	✔			
24.	The Board or concerned authority has appointed a chief executive officer under a performance-based contract for a specified period and aligned existing arrangements with the appointment of chief executive officers in line with this provision within one year of coming into effect of this law.	Section 18(1) of the Act			✔	
25.	Regular monitoring of the CEO's performance against agreed performance measures was ensured, along with oversight of the CEO's development and succession planning.	Section 18(2) of the Act			✔	
26.	The CEO was selected and appointed under a performance-based contract, adhering to the criteria set by the Board, with a three-fourths (3/4) majority resolution required for both appointment and removal, including ex-officio nominee directors. The Board also determined the financial compensation for the CEO.	Policy Para 26			✔	

S.No.	Requirement	Reference	Complied with *Tick the relevant box* Yes	No	N/A	Remarks
27.	The appointments of CEO, CFO, CIA, and Company Secretary were made in compliance with the guidelines issued by the CMU. [Note: CMU issued "State-Owned Enterprises (C-Level Appointments) Guidelines2024 on August15, 2024. Until new guidelines were issued, the provisions under Public Sector Companies (Corporate Governance Rules), 2013 were applicable subject to compliance with the Act and the Policy– Reference Para 26 of the policy.]	Policy Para 26	✔			
28.	The Board fulfilled its obligations to shareholders, ensuring that they were informed in a timely manner of all material events through meetings and other necessary communications	Section 19(1) of the Act	✔			
29.	The Board developed and implemented a code of conduct for Board members and employees as outlined in Schedule-V of the SOE Act. The code included establishing systems and controls for identifying and addressing grievances related to unethical practices and ensuring that the code and supporting policies were effectively communicated within the organization.	Section 19(2) of the Act, Schedule V	✔			
30.	A Code of Conduct for Directors and employees has been developed, including matters from Schedule V of the SOEs Act and conflict of interest regulations as at Annexure 8 of the Policy. The Code included procedures for disciplinary action against those who violate it, with specific procedures for addressing violations by Directors in accordance with the relevant provisions of the Companies Act, 2017	Section 20 of the Act, Schedule V, Policy Para 34 Annex- 8	✔			

S.No.	Requirement	Reference	Complied with *Tick the relevant box* Yes	No	N/A	Remarks
31.	An audit committee in line with the provisions contained in the Act and Policy has been established, ensuring that.	Section 21(1) of the Act,				
	a. the majority, including the Chairman, were independent directors, and	Annex-6 of the Policy	✔			
	b. that neither the Chairman of the Board nor the Chief Executive Officer were members.		✔			
	c. The committee meets quarterly, with meeting minutes submitted to the Board at the next scheduled meeting and convened before Board approval of interim results and post- external audit completion.		✔			
	d. The SOE's annual report detailed the committee's work and performance evaluation, which is conducted by the Board. Besides, SOEs conducted comprehensive risk assessments to manage potential threats.		✔			
	The SOE also considered establishing further committees as needed.					
32.	The audit committee is responsible for:	Section 21(2) of the Act				
	1. Recommending appointment of external auditors, considering resignation/removal, audit fees, and additional services.		✔			
	2. Determining measures to safeguard assets.		✔			
	3. Managing all reports and communications with external auditors.		✔			
	4. Reviewing half-yearly and annual financial statements before Board approval.		✔			
	5. Ensuring coordination between internal and external auditors.		✔			
	6. Investigating deviations from code of conduct or internal controls confidentially.		✔			
33.	Internal audit procedures have been established as required under sections 19 and 20 of the Act and in line with the Annexure 6 of the SOE Policy.	Policy Para 31 Annex-6 of the Policy	✔			

S.No.	Requirement	Reference	Complied with *Tick the relevant box* Yes	No	N/A	Remarks
34.	The Board meets at least once every two months. The Board also met at other times as necessary for efficient management.	Section 22(1) of the Act	✔			
35.	Decisions of the Board have been taken by a majority vote. However, the following decisions were made with a three-fourth majority, including the vote of the Federal or Provincial Government nominee director:	Section 22(2) of the Act				
	a. Appointment and removal of the CEO				✔	
	b. Approval of the statement of corporate intent and business plan		✔			
	c. Proposals for the sale of sizeable assets		✔			
	d. Annual budget statement approval		✔			
	e. Sale of assets of the company		✔			
36.	In the case of an equal number of votes during Board decisions, the Chairman of the Board had a casting vote.	Section 22(3) of the Act	✔			
37.	The directors, the CEO, or other employees of the SOE were protected from legal proceedings if their actions or omissions were made in good faith and with due care.	Section 23 of the Act	✔			
38.	Each SOE director completed the Director Training Program within six months of his/her appointment.	Policy Para 25	✔			
	TRANSPARENT PERFORMANCE					
39.	The SOE and its subsidiaries kept written financial records that:	Section 24(1) of the Act				
	a. Correctly recorded and explained its transactions, financial position, and performance.		✔			
	b. Enabled financial statements to be prepared and audited in accordance with this Act;		✔			
	c. Clearly identified any transactions involving directors or their close relatives, directly or indirectly, including pecuniary or non-pecuniary benefits.		✔			
	d. Enabled the preparation of other reports required by this Act.		✔			

S.No.	Requirement	Reference	Complied with *Tick the relevant box*			Remarks
			Yes	No	N/A	
40.	The records required by 24 (1) are ensured to be kept: a. for at least ten years after the dates of the transactions to which they relate. b. at the principal place of business or the registered office address of the SOE. c. in electronic form if they are readily retrievable and convertible into hard copy form.	Section 24(2) of the Act	✓ ✓ ✓			
41.	The audited financial statements were prepared for the financial year for the SOE and consolidated financial statements for the group consisting of the SOE and its subsidiaries. *Note: For the purposes of this section, a subsidiary does not include a joint venture.*	Section 25(1) of the Act	✓			
42.	The financial statements have been prepared in accordance with IFRS. The statements, together with the notes, included all necessary information to ensure they give a true and fair view of the financial position of the SOE and the group, including its subsidiaries. Note: If the SOE is not following IFRS at the time this Act comes into effect, the Board must ensure compliance within three years.	Section 25(2) of the Act	✓			
43.	The financial statements have been accompanied by a declaration of the Board stating whether, in their opinion: a. There are reasonable grounds for believing that the SOE and its subsidiaries shall be able to pay their debts as they become due and payable.	Section 25(3) of the Act	✓			
	b. the financial statements and the notes to them complied with the requirements of this Act and international accounting standards.		✓			
44.	A report has been submitted on SOE's operations and its subsidiaries for the financial year to which it relates not later than four months after the ends of that financial year, in the form prescribed in Schedule-VI.	Section 26(1) of the Act, Schedule VI	✓			

S.No.	Requirement	Reference	Complied with *Tick the relevant box* Yes	No	N/A	Remarks
45.	The annual report omitted any information that could seriously harm the business interests if disclosed.	Section 26(2) of the Act	✔			
46.	A confidential report to the Federal Government has been submitted detailing the information omitted from the annual report and reasons for the omission (*if the case be*).	Section 26(3) of the Act	✔			
47.	A summary of the annual report has been published on SOE's website, or if not available, on the website of the relevant Division or in newspapers circulating in Pakistan	Section 27(1) of the Act	✔			
48.	The SOE published a summary of the annual report within one month after submission to the Federal Government, comparing actual performance with the targets or benchmarks set in the statement of corporate intent for that financial year.	Section 27(2) of the Act	✔			
49.	A half-yearly report of operations has been submitted to the Federal Government for the first half of the financial year within two months after the end of that period.	Section 28(1) of the Act	✔			
50.	The half yearly report contained: a. The half-yearly financial reports of the SOE b. A statement on the extent the SOE and its subsidiaries have achieved the business goals specified in its statement of corporate intent for the financial year. c. Any other matter that the Federal Government may have directed to include	Section 28(2) of the Act	✔			
51.	The SOE clearly stated and published in its annual report all contingent liabilities, guarantees provided by the Federal Government or third parties on behalf of the Federal Government, payables to other SOEs, and any loans or other financial support provided by the Federal Government or other SOEs.	Policy Para 28	✔			

S.No.	Requirement	Reference	Complied with *Tick the relevant box*			Remarks
			Yes	No	N/A	
SHAREHOLDING RIGHTS OF THE FEDERAL GOVERNMENT						
52.	Directors and senior management officers submitted their annual declarations of assets and beneficially held investments and properties to the Board, reporting any changes within two weeks. Public disclosure is in line with the Board's conflict management policy.	Section 30(1) of the Act	✔			
53.	The SOE disclosed the specified documents relating to its affairs or those of its subsidiaries as directed by the Federal Government.	Section 30 (2) of the Act	✔			
54.	The SOE proposed reasonable conditions to the Federal Government regarding the public disclosure of information, including any restrictions on further disclosure, when applicable.	Section 30 (4) of the Act	✔			
MONITORING PERFORMANCE						
55.	The SOE submitted the required information to the CMU as mandated by the Act and has promptly updated or corrected any changes or errors within fifteen days of such change or knowledge of error.	Section 32(1) of the Act	✔			
56.	The SOE complied with the CMU's written notices for disclosure within ten working days to assist the CMU in discharging its functions under the Act.	Section 32(2)(3) of the Act	✔			
57.	The bi-annual reports have been disclosed on SOE’s website following the CMU's publication of the summary of financial and economic performance reports, which were reviewed by CCoSOEs and the Federal Government.	Policy Para 36	✔			

DIRECTOR **CHAIRMAN & CHIEF EXECUTIVE**

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF TRADING CORPORATION OF PAKISTAN (PRIVATE) LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Qualified Opinion

We have audited the annexed financial statements of **TRADING CORPORATION OF PAKISTAN (PRIVATE) LIMITED** (the Company), which comprise the statement of financial position as at **June 30, 2024**, and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matters described in paragraphs (a) to (c) below, the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flow together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2024 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Qualified Opinion

a) As disclosed in note no. 12 to the financial statements, trade debts include receivables of Rs. 9,899.130 million from various government institutions. During the course of our audit, we circularized confirmations to these debtors however, we have not received responses to our confirmation requests and there have been no movements or recoveries in the last six years. Therefore, we were unable to assess their ageing and recoverability. Further, one of the debtor M/s: Utilities Stores Corporation of Pakistan (USCP) confirmed its balance for the first time during the year and the amount not confirmed by USCP is also included in the above qualified amount.

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b) as disclosed in note 14.1 to the financial statements, other receivables include Rs. 16,032.99 million (including accrued mark-up and other charges of Rs. 13,653.44 million till June 30, 2024 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 prepayment and other receivables.

c) as stated in note no 24.1.1 and 24.1.4 to 24.1.14, the Company has pending litigations and open tax assessments against the company aggregating to Rs. 12,195.65 million. The ultimate outcome of these litigations cannot presently be determined, and no provision that may result, has been made in the financial statements.

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information obtained at the date of this auditor's report is information included in the director's report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If based on the work we have performed, on other information obtained prior to the date of this auditor's report, we conclude 'that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard. For the matters described in the *Basis for Qualified Opinion* section of our report, we conclude that the other information is also materially misstated with respect to those matters.

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Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs, as applicable in Pakistan, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are in adequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Based on our audit, we further report that in our opinion, except for the possible effects of the matters referred in paragraphs (a) to (c) in the Basis for Qualified Opinion section of our report:

a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

b) the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flow together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017), and are in agreement with the books of account and returns;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

d) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

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The engagement partner on the audit resulting in this independent auditor's report is ***Muhammad Aqeel Ashraf Tabani***.

Baker Tilly Mehmood Idrees Qamar

BAKER TILLY MEHMOOD IDREES QAMAR
Chartered Accountants

Karachi

Date: October 25, 2024

UDIN: AR202410542HlsoTvqC5

TRADING CORPORATION OF PAKISTAN (PRIVATE) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2024

	Note	2024	2023
		---------- Rupees in 000 ----------	
ASSETS			
NON-CURRENT ASSETS			
Property and equipment	5	46,454,849	483,494
Intangible asset	6	1,558	2,261
Long-term investments	7	10,709,509	10,439,414
Long-term loans	8	62,788	66,647
Long-term deposits		16,449	15,603
		57,245,153	11,007,419
CURRENT ASSETS			
Current maturity of long-term investments	7	-	-
Stores	9	-	-
Stock-in-trade held on behalf of Government of Pakistan	10	-	6,097
Due from Government of Pakistan	11	208,053,896	159,230,360
Trade debts	12	56,891,348	81,542,806
Loans and advances	13	25,149	21,576
Accrued interest		70,671	4,706
Prepayments and other receivables	14	20,728,713	17,746,175
Sales tax refundable	15	7,324,493	7,290,327
Short-term investments	16	16,818,972	13,004,333
Cash and bank balances	17	2,158,076	2,191,393
		312,071,318	281,037,773
TOTAL ASSETS		369,316,471	292,045,192
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital	18	1,000,000	1,000,000
Issued, subscribed and paid-up share capital	18	1,000,000	1,000,000
Surplus revaluation on property and equipment		45,739,625	-
Reserves		23,100,410	20,501,204
		69,840,035	21,501,204
NON-CURRENT LIABILITIES			
Long-term loan	19	16,649	16,649
Loan for FMCL sprinkler system	20	22,401	29,868
Deferred liabilities - staff compensated absences	21	153,272	132,622
		192,322	179,139
CURRENT LIABILITIES			
Trade and other payables	22	1,394,866	1,540,862
Commodity finance under markup arrangements	23	281,225,025	252,393,479
Current portion of loan for FMCL sprinkler system	20	7,467	7,467
Interest accrued		15,524,584	14,843,914
Taxation - net		1,132,172	1,579,127
		299,284,114	270,364,849
TOTAL EQUITY AND LIABILITIES		369,316,471	292,045,192
CONTINGENCIES	24		

The annexed notes from 1 to 39 form an integral part of these financial statements.

Chief Executive Officer

Chief Financial Officer

Director

TRADING CORPORATION OF PAKISTAN (PRIVATE) LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2024

	Note	2024	2023
		Rupees in 000	
Service charges / commission income	25	481,352	3,102,771
Administrative expenses	27	(1,449,717)	(1,590,384)
Operating (loss) / profit		(968,365)	1,512,387
Finance cost		(3,761)	(2,326)
Other income	28	5,384,520	4,571,796
Profit before levy (final and minimum tax) and income tax		4,412,394	6,081,857
Minimum tax	29.2	(57,762)	(668,536)
Profit before income tax		4,354,632	5,413,321
Taxation			
- For the year	29.3	(1,559,992)	(1,559,835)
- Prior year		(193,446)	146,979
		(1,753,438)	(1,412,856)
- Deferred		-	-
Profit after taxation		2,601,194	4,000,465
Other comprehensive income:			
Items that will not be reclassified to profit or loss		-	-
Revaluation of property and equipment		45,739,625	-
Remeasurement loss on staff compensated absences		(6,279)	(18,879)
Remeasurement gain on defined benefit plan - gratuity		14,291	-
Total comprehensive income for the year		48,348,831	3,981,586

The annexed notes from 1 to 39 form an integral part of these financial statements.

Chief Executive Officer | Chief Financial Officer | Director

TRADING CORPORATION OF PAKISTAN (PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2024

	Issued, subscribed and paid-up share capital	Reserves					Total reserves excluding surplus	Surplus on revaluation on PPE-net of tax	Total Equity
		General reserve	Building reserve	Reserve for contingencies	Revenue reserves	Unappropriated profit			
	Rupees in 000								
Balance as at July 01, 2022	1,000,000	7,500,000	1,680,000	100,000	239,000	7,390,618	16,909,618	-	17,909,618
Profit for the year	-	-	-	-	-	4,000,465	4,000,465	-	4,000,465
Other comprehensive income for the year	-	-	-	-	-	(18,879)	(18,879)	-	(18,879)
Total comprehensive income for the year	-	-	-	-	-	3,981,586	3,981,586	-	3,981,586
Transaction with the owners:									
Final dividend for the year ended June 30, 2022	-	-	-	-	-	(200,000)	(200,000)	-	(200,000)
Interim dividend for the half year ended December 31, 2022						(190,000)	(190,000)	-	(190,000)
Balance as at June 30, 2023	1,000,000	7,500,000	1,680,000	100,000	239,000	10,982,204	20,501,204	-	21,501,204
Profit for the year	-	-	-	-	-	2,601,194	2,601,194	-	2,601,194
Other comprehensive loss for the year	-	-	-	-	-	8,012	8,012	45,739,625	45,747,637
Total comprehensive income for the year	-	-	-	-	-	2,609,206	2,609,206	45,739,625	48,348,831
Transaction with the owners:									
Final dividend for the year ended June 30, 2023	-	-	-	-	-	(10,000)	(10,000)	-	(10,000)
Interim dividend for the half year ended December 31, 2023	-	-	-	-	-	-	-	-	-
Balance as at June 30, 2024	1,000,000	7,500,000	1,680,000	100,000	239,000	13,581,410	23,100,410	45,739,625	69,840,035

The annexed notes from 1 to 39 form an integral part of these financial statements.

Chief Executive Officer

Chief Financial Officer

Director

TRADING CORPORATION OF PAKISTAN (PRIVATE) LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2024

	Note	2024	2023
		---------- Rupees in 000 ----------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		4,412,394	6,081,857
Adjustments of non cash and other items			
Depreciation on property and equipment	5.1	37,633	31,007
Amortization on intangible asset	6	703	703
Gain on disposal of property and equipment		(2,918)	(1,572)
Interest on investments		(318,818)	(859,609)
Subsidy to be reimbursed - net		(62,641,544)	(79,712,363)
Provision for compensated absences		90,929	82,229
		(62,834,015)	(80,459,605)
Decrease / (increase) in current assets			
Stock-in-trade held on behalf of Government of Pakistan		6,097	19,185,777
Trade debts		24,651,458	(15,257,071)
Loans and advances		(3,573)	1,148
Prepayments and other receivables		(2,937,715)	(1,843,283)
Sales tax refundable		(34,166)	(301,662)
		21,682,101	1,784,909
(Decrease) / increase in current liabilities			
Trade and other payables		(37,952)	(19,086,831)
Interest accrued		680,670	9,684,018
		642,718	(9,402,813)
Cash used in operations		**(36,096,801)**	**(81,995,653)**
Income tax paid		(2,258,156)	(1,886,564)
Staff retirement gratuity - net		(138,576)	36,442
Compensated absences paid		(76,558)	(60,074)
		(2,473,290)	(1,910,196)
Net cash used in operating activities		**(38,570,091)**	**(83,905,849)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property and equipment		(270,132)	(70,459)
Sale proceeds from disposal of property and equipment		3,687	1,620
Net proceeds (investment in) / from market treasury bills		(3,814,639)	(9,160,774)
Net change in investment in Pakistan investment bonds		(270,095)	(238,006)
Net proceeds from / (investment in) term deposit receipts		-	3,880,000
Interest received on investments		252,853	863,128
Long term deposits		(846)	(1,762)
Long-term loans received		(7,467)	37,335
Long-term loans recovered - net		3,859	10,057
Net cash (used in) / generated from investing activities		**(4,102,780)**	**(4,678,861)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Subsidy received / adjusted during the year		13,818,008	1,598,983
Dividend paid		(10,000)	(390,000)
Net cash generated from financing activities		**13,808,008**	**1,208,983**
Net decrease in cash and cash equivalents		**(28,864,863)**	**(87,375,727)**
Cash and cash equivalents at beginning of the year		(250,202,086)	(162,826,359)
Cash and cash equivalents at end of the year	30	**(279,066,949)**	**(250,202,086)**

The annexed notes from 1 to 39 form an integral part of these financial statements.

Chief Executive Officer | Chief Financial Officer | Director

TRADING CORPORATION OF PAKISTAN (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

1. LEGAL STATUS AND NATURE OF BUSINESS

1.1 Trading Corporation of Pakistan (Private) Limited (the Company) was incorporated in Pakistan on July 28, 1967 as a private limited company under the repealed Companies Act, 1913 (now Companies Act, 2017). It is wholly owned by the Federal Government and operates under the administrative control of the Ministry of Commerce (MoC), Government of Pakistan (GoP). The registered office of the Company is situated at Finance and Trade Centre, Shahrah-e-Faisal, Karachi. The principal activity of the Company is to cater strategic imports as per directives of Government of Pakistan. The Company acts as an agent in those transactions and is entitled to commission on services rendered and does not carry any risks and rewards related to those transactions as such and therefore, the sales and cost of sales relating to those transactions are not presented in the statement of profit or loss of the Company.

1.2 Cotton Exchange Corporation of Pakistan (Private) Limited (CEC) and Rice Export Corporation of Pakistan (Private) Limited (RECP) were merged with and into the Company in 2001 under an order of Sindh High Court dated January 19, 2001. Further, Cotton Trading Corporation of Pakistan (Private) Limited (CTC) was merged with and into the Company in 2008 by another order of the Sindh High Court. As a result of these orders, the assets and liabilities of these defunct companies were transferred to the Company without any subsidiary records.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards as applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standard Board (IASB) as notified under Companies Act, 2017;

- Provisions of and directives issued under the Companies Act, 2017; and

- Provision and directives issued under State Owned Enterprises Act, 2023.

Where the provisions of and directives issued under the State Owned Enterprises Act, 2023, Companies Act, 2017 differ from the IFRS standards, the provisions of and directives issued under the Companies Act, 2017, State owned Enterprises Act, 2023 have been followed.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, unless otherwise specifically stated.

2.3 Functional and presentation currency

These financial statements are presented in Pakistani Rupees which is also the Company's functional currency.

2.4 Critical accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make estimates, assumptions and use judgment that affect the application of policies and the reported amount of assets, liabilities, income and expenses.

Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision. Areas where judgments and estimates made by the management that may have a significant risk of material adjustments to the financial statements in the subsequent year are as follows:

	Note
- Residual values and useful lives of property and equipment	5.1
- Valuation of stores and stock in trade	3.5 & 3.6
- Provision for impairment of trade debts and other receivables	3.7
- Provision for taxation	3.15
- Provision for compensated absence	3.13
- Estimation of contingent liabilities	24

2.5 New accounting standards, amendments and IFRS interpretations that are effective for the year ended June 30, 2024

During the year the Institute of Chartered Accountants of Pakistan (ICAP) have withdrawn the Technical Release 27 "IAS 12, Income Taxes (Revised 2012)" and issued guidance – "IAS 12 Application Guidance on Accounting for Minimum Taxes and Final Taxes". The said guidance requires taxes paid under final tax regime to be shown separately as a levy instead of showing it in current tax. Further the treatment of minimum taxes has been presented differently in this guidance.

Accordingly, the impact has been incorporated in these financial statements retrospectively in accordance with the requirement of International Accounting Standard (IAS 8) – 'Accounting Policies, Change in Accounting Estimates and Errors'. There has been no effect on the Statement of Financial Position, Earnings per share and Statement of Changes in Equity as a result of this change.

Effect on profit or loss and other comprehensive income	Had there been no Change in accounting policy	Impact of Change in accounting policy	After incorporating effects of change in accounting policy
	---------- Rupees ----------		
For the year ended June 30, 2024			
Taxation-Final taxes	-	-	-
Taxation-Minimum Taxes	-	(57,762)	(57,762)
Profit before taxation	4,412,394	-	4,412,394
Prior tax	(193,446)	-	(193,446)
Taxation-Income tax	(1,617,754)	57,762	(1,559,992)
	2,601,194	-	2,601,194
For the year ended June 30, 2023			
Taxation-Final taxes	-	-	-
Taxation-Minimum Taxes	-	(668,536)	(668,536)
Profit before taxation	6,081,857	-	6,081,857
Prior tax	146,979	-	146,979
Taxation-Income tax	(2,228,371)	668,536	(1,559,835)
	4,000,465	-	4,000,465

2.6 New accounting standards, amendments and IFRS interpretations that are effective for the year ended June 30, 2024

The following standards, amendments and interpretations are effective for the year ended June 30, 2024. These standards, amendments and interpretations are either not relevant to the Company's operations or did not have significant impact on the financial statements other than certain additional disclosures.

	Effective date (annual periods beginning on or after)
Amendments to IAS 1 'Presentation of Financial Statements' and IFRS Practice	January 01, 2023
Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of Accounting Estimates	January 01, 2023
Amendments to IAS 12 'Income Taxes' - Deferred Tax related to Assets and Liabilities arising from a single transaction	January 01, 2023
Amendments to IAS 12 'Income Taxes' - Temporary exception to the requirements regarding deferred tax assets and liabilities related to pillar two income taxes	January 01, 2023

The Company adopted the narrow-scope amendments to the International Accounting Standard (IAS) 1, Presentation of Financial Statements which have been effective for annual reporting periods beginning on or after 1 January 2023. Although the amendments did not result in any changes to accounting policy themselves, they impacted the accounting policy information disclosed in the financial statements.

The amendments require the disclosure of 'material' rather than 'significant' accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting the Company to provide useful entity-specific accounting policy information that users need to understand other information in the financial statements.

Management reviewed the accounting policies and updates to the information disclosed in Note 3 Material accounting policies (2023: Summary of significant accounting policies) in certain instances in line with the amendments and concluded that all its accounting policies are material for disclosure.

2.7 New accounting standards, amendments and interpretations that are either not yet effective or relevant to the Company

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, amendments and interpretations are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

	Effective date (annual periods beginning on or after)
Amendments to IFRS 7 'Financial Instruments: Disclosures' - Supplier finance arrangements	January 01, 2024
Amendments to IFRS 7 'Financial Instruments: Disclosures'- Amendments regarding the classification and measurement of financial instruments	January 01, 2026

	Effective date (annual periods beginning on or after)
Amendments to IFRS 9 'Financial Instruments' - Amendments regarding the classification and measurement of financial instruments	January 01, 2026
Amendments to IFRS 16 'Leases' - Amendments to clarify how a seller-lessee subsequently measures sale and leaseback transactions	January 01, 2024
Amendments to IAS 1 'Presentation of Financial Statements Classification of liabilities as current or non-current	January 01, 2024
Amendments to IAS 1 'Presentation of Financial Statements' - Non-current liabilities with covenants	January 01, 2024
Amendments to IAS 7 'Statement of Cash Flows' - Supplier finance arrangements	January 01, 2024
Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates' - Lack of Exchangeability	January 01, 2025
IFRS 17 Insurance Contracts	January 01, 2026

IFRS 1 'First-time Adoption of International Financial Reporting Standards' has been issued by IASB effective from July 01, 2009. However, it has not been adopted yet locally by Securities and Exchange Commission of Pakistan (SECP).

IFRS 18 'Presentation and Disclosures in Financial Statements' has been issued by IASB effective from January 01, 2027. However, it has not been adopted yet locally by SECP.

IFRS 19 'Subsidiaries without Public Accountability: Disclosures' has been issued by IASB effective from January 01, 2027. However, it has not been adopted yet locally by SECP.

IFRS 17 - 'Insurance contracts' has been notified by the IASB to be effective for annual periods beginning on or after January 1, 2023. However SECP has notified the timeframe for the adoption.

3. MATERIAL ACCOUNTING POLICIES INFORMATION

The material accounting policies applied in the presentation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

3.1 Property and equipment

Initial Recognition

An item of property, plant and equipment is initially recognized at cost.

Cost includes expenditure that is directly attributable to the acquisition of the asset. Operating fixed assets under construction are disclosed as capital work in progress (CWIP). The cost of self constructed assets includes the cost of materials, fixed labour and any other cost directly attributable to bringing the asset into service for its intended use including, where applicable, the cost of dismantling and removing the items and restoring the site on which they are located, and borrowing costs on qualifying assets.

The assets which are available for intended use are initially capitalized at cost as operating fixed asset and depreciated over its useful life. While assets under construction are capitalized to CWIP.

Capital work-in-progress

CWIP is stated at cost less accumulated impairment losses, if any. All expenditure in connection with specific assets incurred during construction / installation period are carried to CWIP. These expenditures are transferred to operating fixed assets as and when these are available for intended use.

Measurement subsequent to initial recognition

Carried using revaluation model

Following classes of operating owned assets are subsequently measured under revaluation model (i.e. fair value at the date of revaluation less any subsequent accumulated depreciation and any subsequent accumulated impairment losses).

- Leasehold Land
- Building on Leasehold Land
- Godown on Leasehold Land

Fair value is determined by external professional valuers with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the statement of financial position date.

A revaluation surplus is recorded in statement of comprehensive income and credited to the asset revaluation surplus in equity. However, the increase is recorded in the unconsolidated statement of profit or loss to the extent it reverses a revaluation deficit of the same asset previously. A decrease as a result of revaluation is recognized in the statement of profit or loss, however, decrease is recorded in statement of comprehensive income to the extent of any credit balance entry in revaluation surplus is respect of the same assets.

An annual transfer from the asset revaluation surplus to retained earnings is made for the difference between depreciation based on the revaluation of carrying amount of the asset and the depreciation based on asset's original cost. Upon disposal, any revaluation surplus relating to the particular asset being sold is transferred to unappropriated profit / loss.

Carried using cost model

Fixed assets other than those mentioned above are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Depreciation

Depreciation is charged to the statement of profit or loss and claimed under trading and other expenses to be reimbursed by GoP, as the case may be, using reducing balance method at the rates given in note 5.1 to these financial statements. Depreciation on additions is charged from the month in which the asset is available for use and on disposals up to the preceding month of disposal. Assets' residual values, useful lives and depreciation rates are reviewed, and adjusted, if appropriate at each statement of financial position date. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Major renewals and improvements for assets are capitalised and the assets so replaced, if any, are retired.

Maintenance and normal repairs are charged to the statement of profit or loss as and when incurred. The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognised as an income or expense in the statement of profit or loss.

3.2 Right-of-use assets

On initial recognition, right-of-use assets are measured at an amount equal to initial lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to be incurred to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located.

Right-of-use assets are subsequently stated at cost less any accumulated depreciation / accumulated impairment losses and are adjusted for any remeasurement of lease liability. The remeasurement of lease liability will only occur in cases where the terms of the lease are changed during the lease tenor.

Right-of-use assets are depreciated over their expected useful lives using the straight-line method. Depreciation on additions (new leases) is charged from the month in which the leases are entered into. No depreciation is charged in the month in which the leases mature or are terminated.

3.3 Lease liability against right-of-use assets

The lease liabilities are initially measured as the present value of the remaining lease payments, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Company's incremental borrowing rate.

The lease liability is subsequently measured at amortised cost using the effective interest rate method. The lease liability is also remeasured to reflect any reassessment or change in lease terms. These remeasurements of lease liabilities are recognised as adjustments to the carrying amount of related right-of-use assets after the date of initial recognition.

Each lease payment is allocated between a reduction of the liability and a finance cost. The finance cost is charged to the statement of profit or loss as mark-up expense over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

3.4 Intangible asset

Intangible assets are stated at cost less accumulated amortization and accumulated impairment losses, if any. Amortization is charged to the statement of profit or loss applying the straight line method, whereby, the cost of intangible asset is written off over its useful economic life. The Amortization rate of the intangible assets are stated in note 6 to these financial statements. Full month's Amortization is charged in the month of addition when the asset is available for use, whereas, Amortization on disposals is charged upto the month in which the disposal takes place.

3.5 Stores

These are valued at weighted average cost less impairment losses, if any, except for stores in transit which are valued at cost (invoice value) plus other charges accumulated up to the reporting date. Cost comprises of invoice value and other direct costs but excludes borrowing costs. Provision is made for slow moving / obsolete items, where necessary and is recognised in the statement of profit or loss account. Provision for slow moving / obsolete stores relating to transactions carried out on behalf of the GoP is claimed under trading and other related expenses to be reimbursed by GoP.

3.6 Stock-in-trade held on behalf of Government of Pakistan (GoP)

Stock-in-trade except for stock of urea is valued at the lower of weighted average cost and net realizable value. Urea is valued at weighted average cost less impairment, if any, as it is sold at subsidized rates under the directives of the GoP. Cost comprises of invoice value, charges like excise, custom duties and other similar levies and other direct costs.

Provision made for obsolete / slow moving stocks, where necessary, is included in the trading and other expenses to be reimbursed by the GoP.

Net realizable value is the estimated selling price in the ordinary course of business less estimated costs necessary to be incurred in order to make a sale.

3.7 Trade debts and other receivables

Trade debts and other receivables are stated initially at fair value and subsequently measured at amortised cost. An allowance for expected credit loss is recognized in accordance with IFRS - 9. Trade debts and other receivable are written off, when considered irrecoverable. In case of default by the counter parties in transactions executed on behalf of the GoP, the same is recoverable / claimed from GoP under trading and other expenses to be reimbursed by the GoP.

3.8 Financial Assets

All the financial assets and financial liabilities are recognized at the time when the company becomes a party to the contractual provisions of the instruments.

Initial Measurement

The company classifies its financial assets into following three categories:

- measured at amortized cost;
- fair value through profit or loss (FVTPL); and
- fair value through other comprehensive income (FVOCI).

A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

Subsequent Measurement

i. **Equity Instruments as FVOCI**

These assets are subsequently measured at fair value. Dividends are recognized as income in the statement of profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to the statement of profit or loss.

ii. **Financial assets at FVTPL**

These assets are subsequently measured at fair value. Net gains and losses, including any interest / markup or dividend income, are recognized in the statement of profit or loss.

iii. **Financial assets measured at amortized cost**

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest / markup income, foreign exchange gains and losses and impairment are recognized in the statement of profit or loss.

De-recognition

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its financial assets. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The Company applies the simplified approach to recognise lifetime expected credit losses for trade and other receivables.

Off-setting of financial assets and financial liabilities

A financial asset and financial liability is off-set and the net amount is reported in the statement of financial position when there is a legally enforceable right to set-off the transaction and also there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

3.9 Financial Liabilities

Financial liabilities are classified as measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in the statement of profit or loss. Any gain or loss on de-recognition is also recognized in the statement of profit or loss.

3.10 Cash and cash equivalents

Cash and cash equivalents are stated at cost. For the purpose of cash flow statement, cash and cash equivalents include bank balances and commodity finance under markup arrangements.

3.11 Trade and other payables

Trade and other payables are recognised initially at fair value plus directly attributable cost to be paid in future for goods and services received, whether or not billed to the Company.

3.12 Provisions

Provisions are recognised when the Company has a present (legal or constructive) obligation as a result of a past event, and it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect current best estimate. The amount recognised as provision is the best estimate of consideration required to settle the present obligation at the end of reporting period, taking into account the risk and uncertainties surrounding the obligation.

3.13 Employees' retirement benefits

Employees' gratuity fund - defined benefit plan

Gratuity is based on employees' last drawn salary. Provisions are made to cover the obligations under the scheme on the basis of actuarial recommendations. The actuarial valuations are carried out using the Projected Unit Credit Method. Actuarial gain or loss (remeasurements) are immediately recognized in 'Other Comprehensive Income' as they occur. The amount recognized in the statement of financial position represents the present value of defined benefit obligation as reduced by the fair value of the plan assets. Current service costs and any past service costs together with net interest cost are charged to the statement of profit or loss.

Employees' provident fund - defined contribution plan

The Company operates a recognised provident fund for its employees. Equal monthly contributions are made, both by the Company and the employees, to the fund at the rate of 10% of basic salary.

Compensated absences

The Company accounts for all accumulated compensated absences when the employees render service that increase their entitlement to future compensated absences on the basis of actuarial valuation that is carried out annually.

3.14 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred and are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of profit or loss over the period of borrowings using the effective interest rate method. Finance cost on borrowings made for executing transactions on behalf of government are included in the cost to be reimbursed by the government.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer the settlement of the liability for at least twelve months after the statement of financial position date. Exchange gains and losses arising in respect of borrowings in foreign currency, if any, are added in the carrying amount of the borrowing.

3.15 Taxation and levy

3.15.1 Levy - final and minimum tax

Computation of minimum tax chargeable under various sections of ITO 2001, provisions of such sections require its comparison with amount of tax attributable to income streams taxable at general rate of taxation, such minimum taxes are not fully outside the scope of IAS-12 and a certain portion of them falls in scope of IAS - 12. Based on this, the minimum taxes under ITO 2001 are hybrid taxes which comprise of a component within the scope of IAS - 12 and a component within the scope of IFRIC - 21 / IAS - 37.

As regards final taxes, its computation is based on revenue or other bases other than taxable income, therefore, final taxes fall under levy within the scope of IFRIC – 21 / IAS – 37, hence treated and classified accordingly, as per the requirements of / and guidelines issued by ICAP.

In identifying and classifying each component of minimum tax being hybrid in nature, company designate the amount calculated on taxable income using the notified tax rate as an income tax within the scope of IAS – 12 "Income taxes" and recognize it as current income tax expense. Any excess over the amount designed as income tax, is recognized as a levy falling under the scope of IFRIC – 21 / IAS – 37.

3.15.2 Taxation

Income tax expense comprises current, prior and deferred tax. Income tax expense is recognized in the statement of profit or loss except to the extent that it relates to item recognized directly in other comprehensive income in which case it is recognized in other comprehensive income.

Current tax

Provision for current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted.

Prior tax

The charge for prior tax includes adjustments where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

Deferred

Deferred tax is recognised using the statement of financial position method, on all temporary differences arising at the statement of financial position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liability for all taxable temporary differences, while deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax losses and unused tax credits, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carry forwards of unused tax losses and unused tax credits can be utilised.

The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each statement of financial position date and are recognised to the extent that it has become probable that future taxable profits will allow deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantially enacted at the statement of financial position date. Deferred tax is charged or credited to the statement of profit or loss.

Deferred tax relating to items recognised directly in the other comprehensive income or equity is recognised in the other comprehensive income or equity and not in profit or loss. Deferred tax assets and deferred tax liabilities are offset only if there is a legally enforceable right to offset current tax assets and liabilities and they relate to the income tax levied by the same tax authority.

3.16 Foreign currency translation

Transactions in foreign currencies are translated into Pakistani Rupee at the rate ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into Pakistani Rupees at the rates of exchange ruling at the statement of financial position date. Exchange gains and losses from the settlement of foreign currency transactions and translation of monetary assets and liabilities at the statement of financial position date rates are included in the statement of profit or loss. Exchange gains / losses on transactions carried out on behalf of GoP are included in the cost related to such transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

3.17 Revenue

Revenue is measured at the fair value of consideration received or receivable and is recognised in the statement of profit or loss.

As the Company acts as an agent on behalf of the GoP, it earns commission income on the supplied value of commodities except for Urea on which commission is recorded on import value (C&F), Rice on which commission is recorded on its purchase cost (C&F) unless specifically mentioned in a directive of GoP. The rate of commission depends upon the directive of GoP. Commission income is recorded on accrual basis when the transaction has been executed.

- Profits on bank and term deposits is accounted for on time proportion basis using effective interest method.
- Rental income is recorded on accrual basis.
- Income in respect of services provided are recognized when services have been rendered.
- Sales made on behalf of the GoP are credited to "due from GoP" through trading surplus / deficit to be reimbursed by GoP.

3.18 Subsidies from the GoP

Subsidies from the Government are calculated separately for each consignment, which represent the difference between the supply price to recipient agencies like NFML and the cost incurred on transactions executed on behalf of GoP by TCP. All direct and indirect income and expenses related to these transactions are borne by GoP and claimed (on net basis) under trading and other expenses to be reimbursed by GoP.

3.19 Expenses

Expenses incurred in relation to import and trading on behalf of GoP is charged to trading and other expenses to be reimbursed by GoP whereas, payroll and other costs are charged in administrative expenses in the statement of profit or loss.

3.20 Dividend and other appropriations

Dividend is recognised as a liability in the period in which it is declared. Appropriations of profit including transfer to reserves are reflected in the statement of changes in equity in the period in which such appropriations are approved by the shareholders of the Company.

4. CHANGE IN ACCOUNTING POLICY

4.1 From cost to revaluation model

Previously, the Company's policy for measurement of lease hold land, building and plant and machinery was to record on cost less accumulated depreciation and impairment (if any). The Company has changed its accounting policy from cost to revaluation model for lease hold land, building and plant and machinery.

As per the new accounting policy, "Any revaluation increase arising on the revaluation of assets is recognised in statement of comprehensive income and presented as a separate component of equity as "Surplus on revaluation of property and equipment - net of tax", except to the extent that it reverses a revaluation decrease for the same asset previously recognised in statement of profit or loss, in which case the increase is credited to statement of profit or loss to the extent of the decrease previously charged. Any decrease in carrying amount arising on the revaluation is charged to statement of profit or loss to the extent that it exceeds the balance, if any, held in the Surplus on revaluation of property and equipment relating to a each specific asset.

In these financial statements the above explained change in accounting policy has been accounted for prospectively, as per the requirements of IAS - 8 'Accounting Policies, Changes in Accounting Estimates and Error'. Since the accounting policy has been applied prospectively therefore this change has not impacted the statement of financial position, statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cashflows of prior year.

5. PROPERTY AND EQUIPMENT

	Note	2024	2023
		Rupees in 000	
Operating fixed assets	5.1	46,454,165	483,494
Advances against purchase of land	5.2	81,428	81,428
Provision against advances		(81,428)	(81,428)
		-	-
Capital work in progress	5.3	684	-
		46,454,849	483,494

5.1 Operating fixed assets

	Leasehold Land	Building on leasehold land	Godowns on leasehold land	Structural Improvements	Godown Equipments	Office Equipments	Furniture, Fixtures And Fittings	Computer Equipment	Laboratory Handling Equipments	Electric Sub Stations	Workshop Complex	Vehicles	Total
	Rupees in 000												
Net carrying value basis													
Year ended June 30, 2023													
Opening net book value	47,526	19,338	332,010	2,390	3,259	4,961	3,886	9,420	9	-	-	21,291	444,090
Addition (at cost)	-	44,802	-	-	-	1,807	957	6,531	-	-	-	16,361	70,459
Disposal													
Cost	-	-	-	-	-	-	-	-	-	-	-	(1,925)	(1,925)
Accumulated depreciation	-	-	-	-	-	-	-	-	-	-	-	1,877	1,877
	-	-	-	-	-	-	-	-	-	-	-	(48)	(48)
Depreciation charged	-	(3,207)	(16,600)	(120)	(326)	(898)	(424)	(2,836)	(1)	-	-	(6,595)	(31,007)
Closing net book value	47,526	60,933	315,410	2,270	2,933	5,870	4,419	13,115	8	-	-	31,009	483,494
Gross carrying value basis													
As at June 30, 2023													
Cost	47,526	211,068	802,385	53,538	57,417	49,379	18,846	34,592	3,151	11,559	5,353	69,895	1,364,710
Accumulated depreciation	-	(150,135)	(486,975)	(51,268)	(54,484)	(43,509)	(14,427)	(21,477)	(3,143)	(11,559)	(5,353)	(38,886)	(881,216)
Net book value	47,526	60,933	315,410	2,270	2,933	5,870	4,419	13,115	8	-	-	31,009	483,494
Net carrying value basis													
Year ended June 30, 2024													
Opening net book value	47,526	60,933	315,410	2,270	2,933	5,870	4,419	13,115	8	-	-	31,009	483,494
Addition (at cost)	-	17,903	200,617	-	14,552	10,180	1,212	6,760	-	-	-	4,609	255,923
Transfer from CWIP	-	4,410		9,115	-	-	-	-	-	-	-	-	13,525
Revaluation surplus	43,564,219	1,214,063	961,343	-	-	-	-	-	-	-	-	-	45,739,625
Disposal													
Cost	-	-	-	-	-	-	-	(267)	-	-	-	(4,143)	(4,410)
Accumulated depreciation	-	-	-	-	-	-	-	92	-	-	-	3,549	3,641
	-	-	-	-	-	-	-	(175)	-	-	-	(594)	(769)
Depreciation charged	-	(3,495)	(19,114)	(2,290)	(715)	(1,854)	(497)	(3,359)	(1)	-	-	(6,308)	(37,633)
Closing net book value	43,611,745	1,293,814	1,458,256	9,095	16,770	14,196	5,134	16,341	7	-	-	28,806	46,454,165
Gross carrying value basis													
As at June 30, 2024													
Cost / revalued amount	43,611,745	1,447,444	1,964,345	62,653	71,969	59,559	20,058	41,085	3,151	11,559	5,353	70,451	47,369,373
Accumulated depreciation	-	(153,630)	(506,089)	(53,558)	(55,199)	(45,363)	(14,924)	(24,744)	(3,144)	(11,559)	(5,353)	(41,645)	(915,208)
Net book value	43,611,745	1,293,814	1,458,256	9,095	16,770	14,196	5,134	16,341	7	-	-	28,806	46,454,165
Depreciation (% per annum)	-	5	5	5 - 25	10 - 25	10 - 20	10	20	15	33	5	20	

5.1.1 The management engaged independent valuer to carry out valuations of lands and buildings as of June 30, 2024. Revalued amount of assets was Rs. 46,330 million resulting in surplus amount to Rs. 45,739 million.

	Note	Assets carrying at revalued amount	Assets carried at NBV - cost model	Total
		Rupees in 000		
Leasehold land		43,593,750	17,995	43,611,745
Building on leasehold land		1,292,948	866	1,293,814
Godown on leasehold land		1,443,445	14,811	1,458,256
	5.1.1.1	46,330,143	33,672	46,363,815

5.1.1.1 The Company adopted the revaluation model on June 30, 2024. The class of assets under this model has not yet been fully revalued. In accordance with the requirements of paragraph 38 of IAS 16, the Company expects to complete the revaluation exercise in the near term within a short period of time, with the remaining valuation effects of Pipri Land, Multan Godown, etc. to be reflected in the forthcoming financial year.

5.1.2 Had there been no revaluation, the written down value of the following assets in the statement of financial position would have been as follows:

	Cost	Accumulated depreciation	Written down value 2024	Written down value 2023
	Rupees in 000			
Leasehold land	47,526	-	47,526	47,526
Building on leasehold land	233,381	153,631	79,750	60,933
Godown on leasehold land	1,003,002	506,089	496,913	315,410
	1,283,909	659,720	624,189	423,869

5.1.3 Included in the property and equipment are certain godowns (land and buildings) which have been partially given on rent, however, details of cost of these land and construction of godowns thereon are not available separately, as these godowns were taken over by the Company, as a result of mergers as disclosed in note 1.2 to these financial statements.

5.1.4 The management has decided not to declare godowns as 'investment properties' in these financial statements as these are actually held and maintained for storage of strategic stock as and when procured on behalf of Government of Pakistan as and when required.

5.1.5 During the year, written down value of operating fixed assets that have been disposed off amounting to Rs. 769 million (2023: 48 million). Details of operating fixed assets disposed of with WDV above 0.5 million are given below:

Description of asset	Cost	W.D.V.	Sale Proceed	Particulars of Purchaser	Relationship of Purchaser with company or any of its directors
	---------------------- Rupees ----------------------				
GPA-755 Toyota Corolla 2018	1,894,000	502,535	903,098	Rafeo Bashir shah	Chairman TCP

5.2 Advances against purchase of land

5.2.1 In 1991, Rice Export Corporation of Pakistan (Private) Limited (RECP) (defunct) paid advance of Rs. 80.73 million to Port Qasim Authority (PQA) for purchase of two plots of land. Due to some dispute regarding transfer fee, PQA unilaterally cancelled the allotment of these plots of land. The management has recorded full provision against this advance. However, the Company has filed a legal suit against PQA for re-allotment of the land, which is pending adjudication.

5.2.2 RECP (defunct) had also given advance of Rs. 0.69 million to Karachi Development Authority (KDA) for purchase of 100 acres of land. Due to dispute regarding title of land, the land was not allotted to the Company. The management has recorded full provision against this advance.

5.3 Movement during the year	**2024**	**2023**
	---------- Rupees in 000---------	
Opening balance	-	-
Additions	14,209	-
Transfer	(13,525)	-
Closing balance	684	-

6. INTANGIBLE ASSET

	Computer Software 2024	Computer Software 2023
	---------- Rupees in 000----------	
Net carrying value basis		
Year ended June 30,		
Opening net book value	2,261	2,964
Addition (at cost)	-	-
Amortization charged	(703)	(703)
Closing net book value	**1,558**	**2,261**
Gross carrying value basis		
As at June 30,		
Cost	7,031	7,031
Accumulated amortization	(5,473)	(4,770)
Net book value	**1,558**	**2,261**
	10%	

6.1 Amortization charge for the year has been allocated to administrative expenses.

7. LONG-TERM INVESTMENTS

	Note	2024	2023
		---------- Rupees in 000----------	
Financial assets measured at amortised cost			
Pakistan Investment Bonds (PIBs)	*7.1*	10,643,682	10,373,587
Current maturity		-	-
		10,643,682	10,373,587
Financial assets measured at cost - unquoted			
FTC Management Company (Private) Limited	*7.2*	1,000	1,000
Lahore Development Authority (LDA)	*7.3*	64,827	64,827
		10,709,509	**10,439,414**

7.1 The investment in PIBs consists of two transactions:

7.1.1 The first investment of Rs. 4.124 billion (including accrued interest of Rs. 205.402 million) was made on December 28, 2018 at effective interest rate of 13.0% per annum and maturity date of July 12, 2028.

7.1.2 The second investment of Rs. 5.199 billion (including accrued interest of Rs. 118.968 million) was made on March 28, 2019 at effective interest rate of 13.1% per annum and maturity date of July 12, 2028.

7.2 Represents investment in 100,000 shares of FTC Management Company (Private) Limited (FMCL), a company formed to oversee the operations, maintenance and up-keep of the Finance and Trade Centre, Karachi. Out of total 100,000 shares, 49,999 shares are held in the name of CEC (Defunct) and 02 shares are held in the name of ex-employees of CEC (Defunct).

7.3 Represents investment towards equity participation of 10.65% (2023: 10.65%) to Lahore Development Authority (LDA) and other sponsors for constructing a multi-story commercial building named LDA Plaza at Edgerton Road, Lahore. The Company is entitled 10.65% of the annual profit earned by the LDA Plaza. Based on the valuation carried out in 2016 by an independent valuer, "Industrial Consultant and Machinery Linkers", the fair value worked out to be Rs. 309.07 million for the Company's share of 10.65%.

8. LONG-TERM LOANS

	2024	2023
	---------- Rupees in 000---------	
Loans - secured and considered good		
Employees	78,729	80,871
Less: Current portion	(15,941)	(14,224)
	62,788	66,647

8.1 Loan to employees are given for the purchase of motor cars, purchase / construction of residential houses and for meeting various personal needs of employees in accordance with the policy of the Company. Loans were given for purchase / construction / renovation of residential houses to the staff of the Company other than officers are interest free while other loans carry interest ranging from 2% to 6% (2023: 2% to 6%) and are re-payable in 3 to 15 years (2023: 3 to 15 years). These loans are secured against provident fund / gratuity entitlement of employees and mortgage of properties. These loans have been carried at cost as the effect of carrying these loans at amortised cost would not be material in the overall content of these financial statements. The maturity profile of loans is as under:

	Note	2024	2023
		---------- Rupees in 000---------	
Less than 1 year		15,941	14,224
1-3 year		40,641	29,669
More than 3 years		22,147	36,978
		78,729	80,871

9. STORES

	2024	2023
Gunny bags	21,836	21,836
Less: Provision for obsolete stores	(21,836)	(21,836)
	-	-

10. STOCK-IN-TRADE HELD ON BEHALF OF GOVERNMENT OF PAKISTAN

	Note	2024	2023
Sugar		35,381	35,381
Rice		2,925,801	2,925,801
Wheat		296,588	296,588
Urea		-	6,097
Black matpe		1,066	1,066
	26.2	3,258,836	3,264,933
Provision for impairment	*10.1*	(3,258,836)	(3,258,836)
		-	6,097

10.1 Movement of provision of expired / obsolete stock is as follows:

	2024	2023
Balance at beginning of the year	3,258,836	3,258,836
Charged / reversed during the year	-	-
Balance at end of the year	3,258,836	3,258,836

11. DUE FROM GOVERNMENT OF PAKISTAN	Note	2024	2023
		--------- Rupees in 000--------	
Secured - considered good			
Subsidy receivable	*11.1*	208,053,896	159,230,360

Movement of subsidy receivable during the year is as follows:

	Note	2024	2023
Balance at beginning of the year		159,230,360	81,116,980
Subsidy to be reimbursed	*26*	62,641,544	79,712,363
Subsidy received / adjusted during the year	*11.2, 11.3 & 11.4*	(13,818,008)	(1,598,983)
Balance at end of the year		208,053,896	159,230,360

11.1 This balance is net of Rs. 22,163.90 million (2023: Rs. 22,163.90 million) payable to GoP in respect of proceeds (net of incidental expenses) from sale of Urea imported from Saudi Arabia Basic Industries Corporation (SABIC).

11.2 This includes Subsidy received during the year from the Government of Pakistan (GoP) amounting to Rs. 6,000.00 million and includes markup claimed from Utility Stores Corporation (USC), Food department government of Punjab, Pakistan Agricultural Storage & Services Corporation (PASSCO) and National Fertilizer Marketing Limited (NFML) due on uncleared balances amounting to Rs. 1,281.470 million, Rs. 174.545 million, Rs. 2,645.713 million and Rs. 793.390 million respectively pertaining to the year ended June 30, 2024.

11.3 This includes adjustment of markup charges amounting to Rs. 2,891.754 million being claimed from 9 sugar mills as disclosed in note 14.1.

11.4 In the year 2022, the Company had completed an exercise of third-party verification of debtors and subsidy receivable as at a cut-off date of June 30, 2018. The final report on this exercise was issued in October 2022. The company had engaged an external consultant for verification and compilation of trade debts and subsidy in respect of commodity operations pertaining to Urea, Cotton, Rice, Wheat, and Sugar for the period from June 30, 2004, till June 30, 2018 (The starting cut-off date for each commodity was based on age of outstanding receivables). The exercise has been carried out based on source documents i.e., bank statements, invoices, Delivery orders, acknowledgement certificates, banks' term sheets, minutes of meetings with recipient agencies etc. Consequently, the Company has made adjustments in receivables in year 2022 from NFML amounting to Rs. 2,760.223 million and receivables from Food Department, Government of AJK amounting to Rs. 231.422 million.

Based on the subsidy audit report, the Company has initiated reconciliation exercise of balances with recipient parties. The management of the Company is confident to finalize the reconciliation exercise as soon as possible.

12. TRADE DEBTS	Note	2024	2023
		--------- Rupees in 000--------	
Unsecured			
Considered good		56,891,348	81,542,806
Considered doubtful		25,252	25,252
		56,916,600	81,568,058
Less: Allowance for expected credit loss	*12.1*	(25,252)	(25,252)
	11.4	56,891,348	81,542,806

12.1 **Movement of allowance for expected credit loss is as follows:**	2024	2023
	---------- Rupees in 000---------	
Balance at beginning of the year	25,252	25,252
Charged during the year	-	-
Balance at end of the year	**25,252**	**25,252**

12.2 As at June 30, 2024, receivables from different government institutions aggregating Rs. 56,891.348 million (2023: Rs. 81,542.806 million) were past due but not considered impaired by the management of the Company. The ageing of trade debts is as follows:

	2024	2023
	---------- Rupees in 000---------	
Within 1 Year	4,101,728	27,175,075
1-3 Year	8,768,454	8,558,564
More than 3 years	44,046,419	45,834,419
	56,916,601	81,568,058

12.3 The management is actively pursuing for the recovery of these outstanding amounts and is confident that significant amount out of these overdue receivables will be recovered and remaining amount, if any, will be reimbursed by the GoP.

12.4 Ageing analysis of the gross amount is as follows:

	Within 1 Year	1-3 year	More than 3 years (11.4)	2024	2023
	------------------------------ Rupees in 000	------------------------------			
Utility Stores Corporation of Pakistan	1,281,470	1,336,768	24,361,975	26,980,213	29,729,993
National Fertilizer Marketing Limited	-	682,430	11,454,299	12,136,729	12,281,303
Sindh Food Department	-	-	1,096,616	1,096,616	2,884,616
Punjab Food Department	174,545	3,811,657	1,617,362	5,603,564	5,429,019
Baluchistan Food Department	-	-	1,814,715	1,814,715	1,814,715
Khyber Pakhtoon Khwa Food Department	-	-	1,950,040	1,950,040	1,950,040
PASSCO	2,645,713	2,937,599	-	5,583,312	25,726,960
AJK Food Department	-	-	231,422	231,422	231,422
Government of Gilgit Baltistan	-	-	1,252,029	1,252,029	1,252,029
Directorate General Procurement Army	-	-	185,404	185,404	185,404
Pakistan Navy	-	-	79,075	79,075	79,075
TCP employees	-	-	64	64	64
Others	-	-	3,418	3,418	3,418
	4,101,728	8,768,454	44,046,419	56,916,601	81,568,058

12.5 The Company has been doing comprehensive reconciliation process with parties against their outstanding balances.

13. LOANS AND ADVANCES

	Note	2024	2023
		---------- Rupees in 000---------	
Short-term loan - secured			
Due from employees	13.1	2,691	4,794
Current portion of long term loans	8	15,941	14,224
Advances - unsecured			
Considered good			
Employees		1,937	1,682
Sundry advances		4,580	876
		6,517	2,558
Considered doubtful			
Suppliers		9,625	9,625
Contractors		560	560
Employees		364	364
Export agents		41	41
Others		1,373	1,373
		11,963	11,963
		37,112	33,539
Less: Allowance for expected credit loss		(11,963)	(11,963)
		25,149	21,576

13.1 These represent interest free loans given to the employees in accordance with the terms of their employment and are secured against gratuity and provident fund balances of respective employees.

14. PREPAYMENTS AND OTHER RECEIVABLES

	Note	2024	2023
		---------- Rupees in 000---------	
Prepaid expenses		9,550	1,505
Other receivables			
Considered good			
Sales tax receivable	24.1.2	2,462,211	2,462,211
Income tax	24.1.12 & 24.1.11	1,776,856	1,776,856
Receivable from sugar mills	14.1	16,032,991	13,141,237
Receivable from a bank	14.2	3,850	3,850
Rent receivable	14.3	379,039	351,452
Staff retirement gratuity fund	14.4	44,823	-
Others		19,393	9,064
		20,719,163	17,744,670
Considered doubtful			
Receivable from export agents		437,700	437,700
Income tax		379	379
Insurance claim receivable		120,245	120,245
Due from privatization commission		110,386	110,386
Refundable from import authorities		9,364	9,364
T.C.P sports club		199	199
Refundable against various receivables		20,706	20,706
Due from custodian and others		10,870	10,870
Receivable from handling agents		8,435	8,435
Demurrage charges		2,100	2,100
Receivable on account of rice procured		2,899	2,899
Export Processing Zone and others		17	17
Others		1,929	1,929
		725,229	725,229
Less: Allowance for expected credit loss	14.5	(725,229)	(725,229)
		20,728,713	17,746,175

14.1 Represents outstanding receivables of Rs. 2,379.55 million (2023: Rs. 2,379.55 million) and accrued mark-up and other charges of Rs. 13,653.44 million (2023: Rs. 10,761.62 million) by the Company from M/s. Abdullah Sugar Mill, M/s. Abdullah Sugar Mill (Ex-Yousuf), M/s. Haseeb Waqas Sugar Mill, M/s. Seri Sugar Mill, M/s. Tandliawala Sugar Mill, M/s. TMK Sugar Mill, M/s. Abdullah Shah Ghazi Sugar Mills, M/s. Haq Bahoo Sugar Mills and M/s. Mecca Sugar Mills for purchase of sugar. The outstanding balance of Rs. 2,374.55 million represent portion of amount paid. However, the sugar mills defaulted in delivery of the contracted quantity of sugar. Consequently, the Company initiated legal action for the recovery of the said amounts and is actively pursuing the case. The management is confident that outstanding amount will be fully recovered and hence, no provision is required to be made in these financial statements.

14.2 The management had identified the embezzlement of Rs. 22.56 million in prior years against which the Company had recognized receivable from Allied Bank Limited in the year 2015. Accordingly, the bank has accepted its liability and ensured to make good the loss incurred due to the embezzlement. Furthermore, a recovery of Rs. 18.712 million has been made by the bank during the financial year 2022-23.

14.3 This represents rent receivable from different tenants to whom godowns have been given on rent.

14.4 Receivable under staff retirement gratuity fund

The Company operates an approved gratuity fund for its employees who have completed the employment period of 1 year. Provision is created for the benefit of the scheme on the basis of actuarial valuations. Number of eligible employees covered in fund are 361 (2023: 363).

	Note	2024	2023
		Rupees in 000	
(Surplus) / balance payment of staff retirement gratuity fund		(320,191)	-
Markup on staff retirement gratuity excluded from fund		275,368	-
		(44,823)	-

14.4.1 Movement in liability / (asset) recognized in statement of financial position

	2024	2023
	Rupees in 000	
Present value of defined benefit obligations	(618,528)	-
Fair value of plan assets	938,719	-
Payables	(275,368)	-
Statement of financial position asset	**44,823**	-

14.4.2 Movement in liability recognized in statement of financial position

	2024	2023
Net asset /(liability) as at July 01,	153,197	-
Expense recognized in statement of profit or loss	(5,297)	-
Contribution made during the year	158,000	-
Remeasurement gain/(loss) recognized in SOCI	14,291	-
Permanent exclusion of markup payable	(275,368)	-
Net Asset as at June 30,	44,823	

14.4.3 Movement in present value of the defined benefit obligation

	2024	2023
	Rupees in 000	
Present value of defined obligation as at January 01,	588,937	-
Current service cost	41,868	-
Interest cost	84,912	-
Effect of experience adjustment	2,435	-
benefits paid	(99,624)	-
	618,528	-

14.4.4 Movement in fair value of plan assets

	2024	2023
	---------- Rupees in 000---------	
Fair value of plan assets at the beginning of the year	742,134	-
Expected return on plan assets	16,726	-
Interest income on plan assets	121,483	-
Contributions made by the company	158,000	-
Benefits paid during the year	(99,624)	-
Fair value of plan assets at the end of the year	938,719	-

14.4.5 Expense recognized in statement of profit or loss

	2024	2023
Current service cost	41,868	-
Interest cost	84,912	-
Interest income on plan assets	(121,483)	-
	5,297	-

14.4.6 The company did consider the results of actuarial valuation in the financial year 2023 therefore, the comparative figures are not presented.

14.4.7 Following the Board's approval on 29/07/2022, the trustees of the Gratuity Fund passed a resolution on 23/01/2024 to maintain a Defined Benefit Obligation (Gratuity Fund) in its true form. This resolution suspended the profit accrual condition stated in the previous fund deed with effect from 29/07/2022, the date on which the matter was initially approved by the Company's Board. Any profit accrued up to that date will be payable to all retired employees, whereas for existing or retained employees, no further profit accrual will occur. Consequently, the suspended profit payable has been segregated from the Gratuity Fund as a non-movable balance and is maintained separately in the books. Although this change took effect following the trustees' approval, as of the end of 2024, revision in the trust deed is under process.

14.5 Movement in allowance for expected credit loss is as follows:

	2024	2023
	---------- Rupees in 000---------	
Balance at beginning of the year	725,229	725,229
Charged during the year	-	-
Reversal during the year	-	-
Balance at end of the year	725,229	725,229

15. SALES TAX REFUNDABLE

Represents sales tax paid / adjusted on import / purchase and sale of urea and sugar. These commodities are procured at the instructions of the GoP.

16. SHORT-TERM INVESTMENTS

	Note	2024	2023
		---------- Rupees in 000---------	
Financial assets measured at amortised cost			
Term deposit receipts (TDRs)			
- In local currency	*16.1 & 16.2*	87,500	87,500
Market treasury bill			
- In local currency	*16.3*	16,818,972	13,004,333
Provision against term deposit receipts	*16.1*	(87,500)	(87,500)
		16,818,972	13,004,333

16.1 It includes term deposit receipts of Trust Investment Bank Limited (TIBL) amounting to Rs. 87.50 million invested in 2008. Due to default by TIBL on repayment of principal amount, full provision has been made against this amount on prudence basis and no accrual of markup is made. The Company has filed suit in the Sindh High Court for recovery of principal and mark-up which is pending adjudication.

16.2 These carry markup ranging from 18.49% to 22.80% (2023: 15.75% to 17.25%).

16.3 This represents Market Treasury Bill purchased on 13 July 2023, 14 Dec 2023, 28 Dec 2023, 07 February 2024, 13 June 2024 and 27 June 2024 for Rs. 15.534 billion having face value of Rs. 17.727 billion , markup accrued on MTB during the year is Rs. 1.283 billion. These investment carry maturity period of 3 to 12 months from the date of purchase.

17. CASH AND BANK BALANCES

	Note	2024	2023
		---------- Rupees in 000----------	
Cash at bank			
Local currency			
In current accounts		42,015	17,031
In saving accounts	*17.1*	1,131,350	770,027
		1,173,365	787,058
Foreign currency			
In current accounts		77	77
In saving accounts	*17.2 & 17.3*	984,634	1,404,258
		984,711	1,404,335
		2,158,076	**2,191,393**

17.1 These carry mark-up at rates ranging from 18.00% to 20.50% (2023: 12.25% to 21.25%) per annum. This includes balance of Rs. 3.500 million (2023: Rs. 3.500 million) with National Bank of Pakistan against continuing Bank Guarantee for PSO fleet and corporate cards for TCP official vehicles and motor bikes.

17.2 These carry mark-up rate of 0.3% (2023: 0.3%) per annum.

17.3 This includes balance of US$ 1.26 million (2023: US$ 1.26 million) equivalent to Rs. 353.556 million (2023: Rs. 360.561 million) with Sindh Bank Limited, marked as lien against bank guarantee given to the High Court of Sindh in connection with a pending litigation as stated in note 24.1.8 to these financial statements.

18. SHARE CAPITAL

Authorised share capital

Number of shares 2024	Number of shares 2023		Note	2024 Rupees in 000	2023 Rupees in 000
100,000,000	100,000,000	Ordinary shares of Rs. 10 each		1,000,000	1,000,000

Issued, subscribed and paid-up share capital

This comprises of fully paid-up ordinary shares of Rs. 10 each as follows:

Number of shares 2024	Number of shares 2023		Note	2024 Rupees in 000	2023 Rupees in 000
59,330,500	59,330,500	Issued for cash		593,305	593,305
40,669,500	40,669,500	Issued as bonus shares		406,695	406,695
100,000,000	100,000,000		*18.1 & 18.2*	1,000,000	1,000,000

18.1 The Company has one class of ordinary shares which carries no right to fixed income. The Company has no reserved shares for issuance under option and sales contracts. The shareholder is entitled to receive dividend as declared from time to time at the meetings of the Company and are entitled to one vote per share.

18.2 As at June 30, 2024, the Ministry of Commerce held 99,999,998 (2023: 99,999,998) shares of the Company. The remaining two shares are in the name of Chairman and Finance Director of the Company in the capacity of ex-officio.

19. LONG-TERM LOAN

A Cotton Development Project, aimed to improve the quality of cotton in Pakistan and to get better price in the international market, was started in collaboration with the Asian Development Bank (ADB) and for this purpose a loan agreement dated February 27, 1987 was signed. An amount of Rs. 16.65 million was drawn under the loan agreement for the said purpose by defunct CEC.

The principal amount is repayable to the GoP in Pakistani Rupees along with interest at the rate of 1% per annum. However, as of the statement of financial position date, the Company has not recorded any interest in this regard.

20. LOAN FOR FMCL SPRINKLER SYSTEM

	Note	2024	2023
		---------- Rupees in 000---------	
TCP's share in the cost / principal against water sprinklers system project by FTC	*20.1*	37,335	44,802
Less: Principal paid during the year		(7,467)	(7,467)
Financial Liability Loan		**29,868**	**37,335**
Less: Current Liability portion for year		(7,467)	(7,467)
Financial Liability Loan - Closing balance		**22,401**	**29,868**

20.1 This loan represent principal amount Rs. 44.802 million which is repayable in 24 quarterly installments the rate i.e. 3 months KIBOR + 1.5% .Further finance cost is being charged to the statement of profit or loss.

21. DEFERRED LIABILITIES - STAFF COMPENSATED ABSENCES

The Company provides encashment of leaves to its employees, as mentioned in note 3.13. The latest actuarial valuation of liability for staff compensated absences cost was carried out as at June 30, 2024, results of which are as follows:

	Note	2024	2023
		---------- Rupees in 000---------	
Present value of defined benefit obligations	*21.1*	**153,272**	**132,622**

21.1 Movement in liability recognised in Statement of Financial Position

	Note	2024	2023
Opening balance		132,622	91,588
Charge for the year	*21.2*	90,929	82,229
Payments made during the year	*21.3*	(76,558)	(60,074)
Remeasurement loss	*21.3*	6,279	18,879
Closing Balance		**153,272**	**132,622**

21.2 Amounts recognised in the profit and loss account

	Note	2024	2023
		---------- Rupees in 000---------	
Current service cost		76,070	74,073
Interest cost		14,859	8,156
		90,929	82,229

21.3 Changes in present value of defined benefit obligation

	2024	2023
Opening balance	132,622	91,588
Current service cost	76,070	74,073
Interest cost	14,859	8,156
Benefits paid	(76,558)	(60,074)
Remeasurement loss	6,279	18,879
Closing balance	153,272	132,622

22. TRADE AND OTHER PAYABLES

	Note	2024	2023
Trade creditors and bills payable - local		76,944	65,212
Trade creditors - foreign		-	-
Payable to Ministry of Finance under JICS	*22.1*	387,508	387,508
Payable to GoP related to gift of rice	*22.2*	1,952	1,952
Deposits			
Security deposit		584,194	587,478
Retention money		46,156	46,156
		630,350	633,634
Accrued liabilities			
Payable under staff retirement gratuity fund		-	108,044
Accrued expenses		59,048	59,416
		59,048	167,460
Taxes			
Excise duty		5,450	5,450
Withholding tax		76,318	125,238
		81,768	130,688
Advances			
Advances		95,105	92,217
Rent received in advance		7,209	7,209
Advance from GoP for payment to growers		17,533	17,533
		119,847	116,959
Other payables			
Karachi Dock Labor Board (KDLB) cess payable		258	258
Others	*22.3*	37,191	37,191
		37,449	37,449
		1,394,866	1,540,862

22.1 On October 03, 2012, a Memorandum Of Understanding (MoU) was signed between the Company, Ministry of Finance (MoF), Ministry of Industries (MoI) and Japan International Cooperating System (JICS) according to which JICS will provide urea to the Company under Japan's Non-Project Grant Aid Program (the Program). The MoU states that the Company is required to deposit proceeds from supply of urea into GoP bank account maintained with National Bank of Pakistan after deducting incidental charges i.e. duties, port clearing charges, survey charges, stevedoring etc. The movement of amount payable to GoP on account of supply proceeds of urea received from JICS is as follows:

	2024	2023
	Rupees in 000	
Payable to GoP at beginning of the year	387,508	387,508
Less: Payments made to GoP during the year	-	-
Payable to GoP at end of the year	387,508	387,508

22.2 In order to establish the diplomatic relationship between Pakistan and other countries, the Prime Minister of GoP has directed to present a gift of rice to Niger, Cuba, China and Sri Lanka. To comply with said directive, the Company was instructed to procure and transport the said gift for which an advance was paid to Company, as follows:

Movement in advance from GoP related to gift of rice to various countries is as follows:

	2024				
	Niger	Cuba	China	Sri Lanka	Total
	Rupees in 000				
Opening balance	1,952	-	-	-	1,952
Advance fund received during the year	-	-	-	-	-
Fund utilized during the year	-	-	-	-	-
Fund payable to GoP	1,952	-	-	-	1,952
Fund refunded to GoP	-	-	-	-	-
Balance repayable	1,952	-	-	-	1,952
June 30, 2023	1,952	-	-	-	1,952

22.3 Included herein Rs. 12.24 million (2023: Rs. 12.24 million) is rent payable to LDA Plaza .

23. COMMODITY FINANCE UNDER MARKUP ARRANGEMENTS	Note	2024	2023
		Rupees in 000	
Secured			
National Bank of Pakistan		-	9,276,895
Allied Bank Limited		-	8,061,489
Habib Bank Limited		53	7,540,248
MCB Bank Limited		-	9,538,438
United Bank Limited		5,188	3,044,806
Askari Bank Limited		124,999,370	25,000,051
Meezan Bank Limited		74,962,668	79,933,045
Faysal Bank Limited		29,999,913	49,999,912
Bank Al Falah Limited		-	24,999,967
Bank Islami Pakistan Limited		-	19,998,628
Askari Bank Islami		40,000,000	5,000,000
Habib Metropolitan Bank		7,492,749	10,000,000
Bank of Punjab Islamic		3,765,084	-
	23.1	281,225,025	252,393,479

23.1 The Company has commodity finance facilities aggregating to Rs. 340,200 million (2023: Rs. 345,150 million) for its commodity operations under the GoP directives. The said arrangements are for a period of three months and are renewable and carries mark-up at the rate of 3 months KIBOR minus 0.06% to 3 months KIBOR plus 1.21% (2023: 3 months KIBOR minus 1.15% to 3 months KIBOR plus 2.00%) per annum. These arrangements are secured against hypothecation of stock-in-trade and by continuing guarantee from the GoP.

24. CONTINGENCIES

24.1 Contingencies

Contingencies

The following contingencies / contingent liabilities exist as at June 30, 2024:

The following cases arose out of operations carried out on behalf of Government of Pakistan (GoP), and if these contingent liabilities will become actual / specific liabilities, the same will be recoverable from the GoP.

24.1.1 The Income tax department finalised assessments for the assessment years 1991 to 2003 by treating subsidies received from the Federal Government as taxable income and has levied taxes amounting to Rs. 2,353.03 million. The Company filed appeals at Appellate Tribunal Inland Revenue (ATIR) for the assessment years 1991 to 2003 except for the assessment year 1994-95, for which a writ has been filed before the High Court of Sindh (SHC) against the order of the taxation authorities.

The Federal Cabinet in its meeting held on April 04, 1998, directed that all unresolved disputes with the Federal Board of Revenue (FBR) against which cases have been filed by the government controlled organization in the appellate forum should be resolved and settled through inter-ministerial consultation and therefore all cases against FBR should be withdrawn and forwarded to the Ministry of Law, Justice and Human Right (the Ministry). In pursuance of the said cabinet directive, the Company withdrew all the appeals filed against FBR and the matter was referred to the Ministry for final decision. The Ministry vide its letter dated May 21, 1998 decided that subsidy income received from the Government of Pakistan (GoP) is exempt from tax. The Ministry further directed FBR to issue necessary orders / SRO regarding non-taxing of subsidy and advised the FBR to waive all tax liabilities of the Company arising out of the inclusion of the said amount. The FBR, in spite of order of the Ministry, has referred the case to Attorney General of Pakistan which is pending.

In 2006, subsidy received from the GoP became exempt from tax. FBR claimed that subsidies received by the Company from GoP before tax year 2006 continue to be taxable i.e. tax on subsidy claimed by FBR from assessment years 1991-92, 1994-95, 1996-97, 1997-98, 1998-99, 1999-2000, 2001-02 & 2002-03 and tax years 2003, 2004, 2005 and 2006 should remain claimable. However, the Company obtained a stay order from SHC through its order dated July 3, 2009 against the above alleged disputed Income Tax demands for the said assessment and tax years.

Further, the Income Tax Appellate Tribunal vide its order dated November 19, 2009 passed a judgment in favor of the Company for the tax years 2004, 2005 and 2006 that the subsidy received by the Company from the Federal Government is not taxable.

In the year 2017, Additional Commissioner Inland Revenue (ACIR) has issued an Order dated April 29, 2017, in favour of the Company for the tax year 2003 that the subsidy received by the Company from Federal Government is not taxable. Accordingly, the Company recorded a refund of Rs. 610.04 million by adjusting its tax liability.

24.1.2 In April 2015, an Assessment Order was issued by the Deputy Commissioner Inland Revenue (DCIR) in which a demand of Rs. 1,945.43 million along with penalty of Rs 97.27 million have been raised on account of excess input tax alleged to be claimed by the Company in its sales tax returns for the period from April 2012 to December 2012. Further a demand of Rs. 399.54 million along with the penalty of Rs. 19.98 million have also been raised in the same Order on account of non-payment of output tax on sale / supply of sugar to Utility Stores Corporation of Pakistan from January 2013 to June 2013. The Company has paid the said demand under protest and filed an appeal before the Commissioner Inland Revenue and subsequently before ATIR wherein the case has been remand back. Following the order of ATIR, a fresh proceeding was initiated through hearing notice dated February 20, 2023. In response to this notice, the Company submitted relevant details and explanations through letters dated April 05, 2023 and May 25, 2023. After having the submitted information received, the tax department instead of re-verifying the details as per the directives of ATIR in its judgment, passed order wherein the officer not only confirmed the afore-said total tax demand of Rs. 2.4 billion but also imposed default surcharge amounting to Rs. 851,128,977. The Company being aggrieved, filed application to the FBR for constitution of ADRC following the recent changes in appeal procedure (highlighted in para 1.11 above). Recently on August 21, 2024 FBR has notified that ADRC has been constituted. To our knowledge, till yet no hearing notice for dispute resolution has been received by the Company.

24.1.3 The Deputy Commissioner Inland Revenue (DCIR) passed an order vide Assessment order No. 01/2017 dated December 28, 2017 creating tax demand of Rs. 40,601,053 along with penalty and default surcharge. The Company, being aggrieved of afore-mentioned order filed appeal before the Commissioner Inland Revenue (Appeals-II), (hereinafter called 'the CIRA').

After careful examination of the matter, the learned CIRA has deleted tax demand of Rs. 27,009,788 out of total tax demand vide Order No. 23 dated February 12, 2018. The residual tax demand of Rs. 13,591,265, has also been remanded back to the department by the learned CIRA with the specific direction for re-examination however, re-examination proceedings are still pending on the department end.

The DCIR , also passed two different orders vide No. 05 & 06 dated June 30, 2018 on a similar issue of claiming excess input tax by the Company. The DCIR vide afore-mentioned orders, created tax demand of Rs. 1,013,902,072 and Rs. 387,819,929 respectively, alongwith total penalty of Rs. 49,808,058, recovery notices was also issued by the DCIR. The former demand relates to claim of presumed sales tax withholding by the Company's purchasers which withholding has not been made because of non or late payments by the purchasers. The other demand relates to inadvertently claiming income tax input of one import GD which had earlier been claimed manually in the sales tax return filed for the tax period August 2012.

The Company accordingly filed appeals against such tax demand before the learned CIRA taking grounds that, though the presumed sales tax withholding and input tax respectively of Rs. 1,013,902,072 and 387,819,929 were claimed based on bona-fide error or on a valid presumption however there was no revenue loss to the Government owing to the fact that the Company had all along refundable position and even the aforesaid credit of sales tax was excluded from the return, no payment would become due by the Company and hence, no revenue loss to the Government is involved in this specific case.

The learned CIRA, after considering the afore-mentioned grounds, ordered to delete tax demands under reference vide Order No. 48 & 49 dated August 28, 2018 with the specific directions that such excess claimed input tax be reduced from the carry forward balances or refund claim available to the Company. Accordingly, the Commissioner wide letter No. C.No. COIR/ZONE-V/LTU/2019/538 dated January30, 2019 has allowed the company to adjust such amount from its excess carry forward balance. Now, the matter has been concluded as above.

However, the department has filed a Miscellaneous Application for rectification / reconsideration of the decisions given in the garb of section 57 of the Sales Tax Act, 1990 (the 'Act'). This is done by taking a plea that the Company has not applied for any refund nor has the Company determined refunds available for such adjustment and that the claim of huge carried forward input has not yet been verified.

The aforementioned application has been heard by the learned CIRA, wherein it was apprised that, the Company has claimed huge refund amounting to Rs.5,290,487,959 with the sales tax return for the tax period of June 2020. Furthermore, it was also contended that the plea taken about the verifiability of input tax is also based on facts as the LTU authorities through an Order 01/2017 dated December 28, 2017 has already verified input tax of Rs. 1,233,404,696 out of total confronted amount of Rs. 1,246,995,961. Therefore, the department has clearly erred in not considering the fact that the Company has filed refund claimed with the sales tax return for the tax period of June 2019 as well as not considering such verified input tax refund and hence the CIRA earlier direction are well within the frame of law.

24.1.4 As at June 30, 2020, several cases/litigations aggregating to Rs. 3,398.25 million were outstanding against the Company. The Company has filed appeals/counter claims against these cases which are pending for adjudication. Based on the advice of the Company's in house legal counsel, the management is confident that these cases will ultimately be decided in Company's favor and hence no provision is required to be made in these financial statement.

24.1.5 The Divisional Bench of SHC passed an order, in a case relating to claim of damages by one of the supplier on account of forfeiture of performance guarantee by the Company, in which SHC directed the Company to pay the performance guarantee forfeited amounting to AED 1.24 million (2023: AED 1.24 million) equivalent to Rs. 93.97 million (2023: Rs. 96.62 million) to the supplier within 30 days of the decision while the claim for damages by the supplier amounting US$ 3.46 million (2023: US$ 3.46 million) equivalent to Rs. 962.39 million (2023: Rs. 990.19 million) was set aside by the SHC. In response to this order, both the parties being aggrieved of the decision, filed appeals in Supreme Court of Pakistan which is pending for adjudication.

24.1.6 A decision was given by Single Bench of SHC during the year 2014 in favour of supplier claiming damages and refund of bid bond aggregating to US$ 2.06 million (2023: US$ 2.06 million) equivalent to Rs. 572.98 million (2023: Rs. 589.54 million). Being aggrieved of the decision, Company filed appeal with Divisional Bench of the SHC which is pending for adjudication. Based on the advice of the Company's in house legal counsel, the management is confident that this case will ultimately be decided in Company's favor and hence no provision is required to be made in these financial statements.

24.1.7 A foreign award amounting to US$ 3.88 million (2023: US$ 3.88 million) equivalent to Rs. 1,079.21 million (2023: Rs. 1,110.39 million) has been given by Liverpool Cotton Association (LCA) against Cotton Export Corporation of Pakistan (Private) Limited (CEC now merged with and into the Company) along with interest from the date of award till payment. As at June 30, 2024 the interest payable is US$ 7.21 million (2023: US$ 7.21 million) equivalent to Rs. 2,005.44 million (2023: Rs. 2,063.38 million). For making the award a rule of the Court, the buyer filed a suit against CEC in 1999 and succeeded in getting a decision in 2004 from Single Bench of High Court of Sindh. Being aggrieved by the decision, Company filed appeal with Divisional Bench of the SHC which is pending for adjudication. Based on the advice of the Company's in house legal counsel, the management is confident that this case will ultimately be decided in Company's favor and hence no provision is required to be made in these financial statements.

24.1.8 An award amounting to US$ 1.26 million (2023: US$ 1.26 million) equivalent to Rs. 350.047 million (2023: Rs. 360.59 million) has been given by the arbitrators unanimously against Rice Export Corporation of Pakistan (Private) Limited (RECP now merged with and into the Company). For making the award a rule of the Court, the buyer filed a suit in the SHC against RECP in 1999 and a decision in 2003 was made in favor of buyer by Single Bench of SHC. The matter is at present subjudice and pending with Divisional Bench in the SHC. Based on the advice of the Company's in house legal counsel, the management is confident that this case will ultimately be decided in Company's favor and hence no provision is required to be made in these financial statements.

24.1.9 The recovery of export duty on export of Basmati rice had been held in abeyance effective July 01, 1981 and these financial statements have been drawn up on the assumption that the liability has not been accrued on exports made thereafter. The Company has also given letters of undertaking aggregating to Rs. 1,328.20 million (2023: Rs. 1,328.20 million) to the Collector of Customs against the said export duty on basmati rice.

24.1.10 Guarantees issued by commercial banks against 100% cash margin on behalf of the Company amounted to Rs. 9.36 million (2023: Rs. 9.36 million) to Chief Controller of Imports and Exports (now the matter is being dealt by the Export Promotion Bureau) in lieu of payment of import license fee for the temporary importation of empty jute bags.

Cases if decided against the Company, the ultimate liability would fall on the Company

24.1.11 The returns for the tax years from 2008 to 2013 were amended by the taxation authorities through ex-parte orders under Section 122 (5A) of the Income Tax Ordinance, 2001 by disallowing expenses apportioned / allocated against profit on investments and setting-off of prior year refunds against tax liabilities. The tax demand of Rs. 1,955.50 million was raised. The Company has paid the said demand under protest and filed appeals against the said orders before Commissioner Inland Revenue (Appeals) which has decided these appeals against the Company who in turn filed an appeal in the Appellant Tribunal Inland Revenue. As a matter of prudence, the Company recorded tax provision of Rs. 378.74 million in the year ended June 30, 2014. For the tax year 2008, ATIR passed order wherein it declared the original amendment of tax year 2008 as annulled. Since original amendment had been annulled, the Company during the current year, filed application before the ATIR to withdraw its appeal filed against further amended order, which has been accepted by the ATIR, consequently the appeal filed against further amended order has been withdrawn. In tax year 2009, ATIR has adjudicated the appeal filed against further amended order wherein it has remanded back the case to ACIR for reverification of tax credits. The management is confident that it has good grounds to defend these matters under appeal and the outcome is expected to be decided in favor of the Company and therefore, no further provision is required to be made in these financial statements.

24.1.12 In year 2016, the return for the tax year 2014 were also amended by taxation authorities through ex-parte order under Section 122 (5A) of the Income tax Ordinance, 2001 by disallowing expenses apportioned / allocated against profit on investments. The tax demand of Rs. 405.54 million was raised and, accordingly, the Company has paid Rs. 200 million and obtained stay order for Rs. 205.54 million. The said payment was made under protest and the Company filed appeals against the said order before Commissioner Inland Revenue (Appeals), which has decided these appeals against the Company, which in turn filed an appeal in the Appellant Tribunal Inland Revenue (ATIR). During the year 2018 the Company has paid the remaining amount of Rs. 205.54 million. Further, the ATIR has issued an Order dated Feb 28, 2019, concluded to remand back the underlying case(s), which are pending for adjudication. The management is confident that it has good grounds to defend these matters under appeal and the outcome is expected to be decided in favour of the Company. Hence, no provision is made in respect of these demands in these financial statements.

24.1.13 In the year 2017, Additional Commissioner (ACIR) raised net demand of Rs. 40.20 million under section 137(2) of the Income Tax Ordinance, 2001 by disallowing tax credits against withholding tax claimed by the Company in the tax years from 2008 to 2013. For tax years 2011 to 2013, no prejudicial order has been passed, while for tax years 2008 to 2010 liability has been created against which the Company has filed Constitutional Petition before High Court of Sindh (SHC) on the ground that the matter is time barred, which is pending for adjudication. The management is confident that it has good grounds to defend these matters under appeal and the outcome is expected to be decided in favor of the Company and therefore no provision is required to be made in these financial statements.

24.1.14 For the tax year 2015, the income tax affairs of the Company were selected for audit by the Federal Board of Revenue (FBR), and thereby the concerned Commissioner has sought information / explanation pertaining to the taxation of other income / allocation of expenses, and difference in interest income and tax credit. In this regard, the Company furnished the requisite information / documents with the concerned Commissioner. Subsequently, the ACIR passed an order under Section 122(1) / 122(5) of the Ordinance, wherein the demand of Rs. 163.90 million was determined as payable. In this regard, the Company filed an appeal before CIRA in January 2017, which was decided in April 2018 through an order in which the Commissioner had maintained the action of the assessing officer to disallow common expenses against profit on debt / other income dislodging the contention that the same to be treated as business income. Subsequently, against the aforementioned order, the Company filed further appeal before ATIR in July 2018, which is still pending adjucation. However, the Company has opted to pay off the demand of Rs. 163.89 million.

25. SERVICE CHARGES / COMMISSION INCOME	Note	2024	2023
		---------- Rupees in 000	--------
Local supply of Urea	*25.1*	481,352	1,081,700
Local supply of Wheat	*25.2*	-	2,021,071
Local supply of sugar		-	-
		481,352	**3,102,771**

25.1 Commission at the rate of 2% of C&F value has been charged.

25.2 The TCP used to charge a flat rate of 2% as its commission on C&F value on wheat as per the approval of ECC. However, later specific for "current imports" for the years 2020-21 & 2021-22 the rate was reduced to 0.75% of C&F value. For subsequent years TCP is charging 2% commission which has been denied by the PASSCO. Given the prudent approach the TCP decided to record commission at the rate of 0.75% of C&F value and the matter is under discussion in ECC for decision.

26. TRADING DEFICIT TO BE REIMBURSED BY THE GOVERNMENT	Note	2024	2023
		--------- Rupees in 000	---------
Local supply on behalf of GoP	*26.1*	26,575,499	285,930,562
Cost and expenses incurred on behalf of GoP	*26.2*	(89,217,043)	(365,642,925)
Subsidy for the year to be reimbursed by the GoP	*11*	**(62,641,544)**	**(79,712,363)**

26.1 Local supply on behalf of GoP

	2024	2023
Urea	26,575,499	12,303,425
Sugar	-	-
Wheat	-	273,627,137
Jute bags	-	-
Total supply on behalf of the GoP	**26,575,499**	**285,930,562**

26.2 Cost and expenses incurred on behalf of GoP	Note	2024	2023
		---------- Rupees in 000---------	
Opening stock		3,264,933	3,259,536
Less: Recovery of claims against late shipments		-	-
Reclassification of receivable against stock		-	-
Trading and related expenses to be reimbursed by GoP	*26.2.1*	89,210,946	365,648,322
		92,475,879	368,907,858
Less: Closing stock		(3,258,836)	(3,264,933)
Total cost of supply		**89,217,043**	**365,642,925**

26.2.1 Trading and related expenses to be reimbursed by GoP

	Note	2024	2023
Mark-up / interest on commodity finance	*26.2.1.1*	62,698,150	37,479,315
Custom duties, wharfage and other port charges	*26.2.1.2*	1,786,621	1,191,943
Lab testing charges		25,129	64,248
Cost of supply - Urea	*26.2.1.3*	23,984,413	54,093,163
Stevedoring and handling charges		226,426	2,953,398
Cost of supply - Wheat	*26.2.1.4*	-	266,442,378
Insurance		6,201	238,193
Letters of credit charges		2,647	40,919
Services charges / commission		481,352	3,102,770
Storage and transportation		-	41,941
Others		7	54
		89,210,946	**365,648,322**

26.2.1.1 Mark-up on financing facilities obtained from banks for procurement of commodities on behalf of GoP has been included in trading and related expenses to be reimbursed by the GoP.

26.2.1.2 This includes taxes paid on import and local purchase of commodities under the provisions of the Income Tax Ordinance, 2001 due to the fact that it has been paid on behalf of the GoP.

26.2.1.3 Represents the cost of Urea imported during the year amounting to Rs. 23.984 billion (2023: Rs. 54.1 billion) and supplied to National Fertilizers Marketing Limited (NFML).

26.2.1.4 This represents the cost of wheat imported during the year amounting to Rs. Nil (2023: Rs. 266.442 billion) and supplied to Pakistan Agricultural Storage & Services Corporation (PASSCO).

27. ADMINISTRATIVE EXPENSES

	Note	2024	2023
		---------- Rupees in 000---------	
Salaries, allowances and other benefits	27.1	1,155,316	1,338,894
Repairs and maintenance		45,646	36,113
Computer and software maintenance		3,141	2,520
Vehicles running		22,947	19,155
Travelling and conveyance		23,452	21,312
Legal and professional		22,073	23,392
Utilities		11,477	9,090
Security service charges		22,677	32,439
Advertising and publicity		6,064	8,925
Fees and subscriptions		10,781	2,842
Entertainment		1,432	820
Depreciation on operating fixed assets	5.1	37,633	31,007
Amortization	6	703	703
Rent, rates and taxes		10,688	10,088
Auditors' remuneration	27.2	3,075	2,795
Indirect expenses - godowns		2,997	9,690
Communication		6,586	6,971
Printing and stationery		2,215	3,623
Insurance		7,702	2,265
Bank charges		2,171	2,464
Exchange loss		36,772	-
Others		14,169	24,083
Donations	27.3	-	1,193
		1,449,717	**1,590,384**

27.1 This include provident fund of Rs. 36.524 million (2023: Rs. 23.33 million) and staff compensated expenses of Rs. 90.929 million (2023: Rs. 82.23 million).

27.2 Auditors' remuneration

	2024	2023
	---------- Rupees in 000---------	
Annual audit	2,263	2,057
Others	532	484
Out of pocket expenses	280	254
	3,075	**2,795**

27.3 This represents donation given to Prime Minister Flood Relief Fund.

28. OTHER INCOME

	2024	2023
	---------- Rupees in 000--------	
Income from financial assets		
Return on:		
Term deposit receipts and saving accounts	318,818	859,609
Pakistan investment bonds	1,291,578	1,259,490
Market treasury bills	3,207,911	1,537,868
Income from non financial assets		
Rental income from godowns given on rent	499,359	462,815
Rice inspection fee	57,902	43,388
Gain on disposal of fixed assets	2,918	1,572
Sales of tender and purchase order forms	157	446
Exchange gain	-	287,590
Others	5,877	119,018
	5,384,520	4,571,796

29. TAXATION AND LEVY

29.1 The income tax returns of the Company have been filed up to tax year 2023 under the Universal Self Assessment Scheme. This scheme provides that the return filed is deemed to be an assessment order. The returns may be selected for audit within five years. The Income Tax Commissioner may amend assessment if any objection is raised during

29.2 This represents portion of minimum tax paid under section 233 of Income Tax Ordinance (ITO, 2001), representing levy in terms of requirements of IFRIC - 21 / IAS - 37.

29.3 This represents current tax as specified under IAS-12 guidance issued by ICAP, after classifying portion of minimum tax as levy.

29.4 Relationship between tax expense and accounting profit

	2024	2023
	---------- Rupees in 000--------	
Accounting profit before taxation	4,412,394	6,081,857
Tax at the applicable tax rate of 29% (2023: 29%)	1,279,594	1,763,739
Effect of income subject to minimum tax	57,762	668,536
Effect of non-deductible tax expenses	38,771	35,499
Effect of tax allowable expenses	(153,578)	(115,029)
Effect of deduction allowed for rentals	(28,808)	(27,215)
Super tax	424,013	(97,158)
Adjustment relating to prior years	193,446	(146,979)
	1,811,200	2,081,392

29.5 As more fully explained in note 24.1 to these financial statements, income tax assessment of the Company are opened on various matters.

30. CASH AND CASH EQUIVALENTS	Note	2024	2023
		---------- Rupees in 000---------	
Cash and bank balances	17	2,158,076	2,191,393
Commodity finance under markup arrangements	23	(281,225,025)	(252,393,479)
		(279,066,949)	(250,202,086)

31. RELATED PARTY TRANSACTIONS

Related parties comprise of state controlled entities, retirement benefit funds, companies with common directorship, GoP and key management personnel.

The GoP owns 99.99% shares and is entitled to appoint board of directors for the management of affairs of the Company. The Company, therefore, considers that the GoP is in a position to exercise control over it and therefore regards the GoP and its various bodies as related parties for the purpose of the disclosures in respect of related parties.

The Company has availed the exemption available to it under its reporting framework, and therefore has not provided detailed disclosures of its transactions with GoP related entities except for transactions stated below which the Company considers are significant:

Name of related parties	Nature of transaction	2024	2023
		---------- Rupees in 000---------	
State controlled entities			
Government of Pakistan	Subsidy received / adjusted	13,818,008	1,598,983
	Commission	481,352	3,102,771
	Dividend paid	10,000	390,000
Utility Stores Corporation of Pakistan	Supply	-	-
	Markup charged	1,281,470	845,776
	Cash received	4,031,250	1,261
National Fertilizer Marketing Limited	Supply	26,554,270	1,286,908
	Markup charged	793,390	-
	Cash received	27,376,903	15,073,991
Food Department of Punjab	Supply	-	-
	Mark-up	174,545	602,339
	Cash received	-	46,582
Food Department of Sindh	Sales	-	-
	Mark-up	-	-
	Cash received	1,788,000	-
Pakistan Agriculture Storage and Services Corporation	Supply	-	273,565,789
	Markup	2,645,713	1,782,212
	Cash received	22,789,361	249,621,041
Pakistan Investment Bonds	Interest earned on PIB's	1,291,578	1,259,490
Key management personnel	Remuneration	12,162	10,270
Retirement benefit funds			
Provident fund	Expense	36,524	23,233

The status of outstanding receivables and payables from / to related parties as at June 30, 2024 are included in respective notes to these financial statements.

Contributions to staff retirement benefit funds are in accordance with the terms of the service rules. Other transactions with the related parties are carried out as per agreed terms.

The transactions described below are collectively but not individually significant to these financial statements and therefore have been described below:

(i) The Company collects income tax, sales tax and federal excise duty in capacity of withholding agent on behalf of GoP. The Company also pays various taxes and duties to different regulatory authorities including Federal Board of Revenue, Sindh Board of Revenue and Customs authorities.

(ii) The Company has investment of Rs. 64.83 million (2023: Rs. 64.83 million) towards equity participation (10.65%) to Lahore Development Authority (LDA) and other sponsors for constructing a multi-story commercial building named LDA Plaza at Edgerton Road, Lahore. The Company is entitled to receive 10.65% of the annual profit earned by the LDA Plaza.

(iii) The Company has obtained insurance cover for its godowns, marine cargo and motor vehicles from National Insurance Company Limited (NICL) and staff insurance from State Life Insurance Corporation Limited.

(iv) The Company obtains utility services from K-Electric, Lahore Electric Supply Company Limited and Islamabad Electric Supply Company Limited.

32. FINANCIAL INSTRUMENTS BY CATEGORY	2024	2023
	---------- Rupees in 000--------	
Financial assets - gross		
Financial assets measured at amortised cost		
Long-term investments	10,643,682	10,373,587
Short-term investments	16,818,972	13,004,333
Long-term loans	62,788	66,647
Long-term deposits	16,449	15,603
Due from Government of Pakistan	208,053,896	159,230,360
Trade debts	56,916,600	81,568,058
Loans and advances	37,112	33,539
Accrued interest	70,671	4,706
Other receivables	21,453,942	18,471,404
Cash and bank balances	2,158,076	2,191,393
Financial assets measured at cost		
Long-term investments	65,827	65,827
	316,298,015	285,025,457
Financial liabilities		
Financial liabilities measured at amortised cost		
Long-term loan	16,649	16,649
Trade and other payables	1,394,866	1,540,862
Commodity finance under markup arrangements	281,225,025	252,393,479
Interest accrued	15,524,584	14,843,914
Loan for FMCL sprinkler system	29,868	37,335
	298,190,992	268,832,239

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

33.1 Financial risk factors

The activities of the Company expose it to a variety of financial risks, market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on having cost effective funding as well as to manage financial risk to an acceptable level. The Board of Directors follow overall risk management approach within the Company under the policies issued by GoP. However, the following risks do not arise when the Company carries out transactions on behalf of the GoP in which case credit and other risks are borne by the Government of Pakistan.

(a) Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates, foreign exchange rates or the prices due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. The Company is exposed to currency risk, interest rate risk and other price risk.

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company imports commodity products and carries trade payable denominated in foreign currencies. However, the Company is not exposed to currency risk in this respect because these payables relate to commodity import on behalf of GoP who bears the risks related to these transactions.

The Company has foreign currency deposits amounting to US$ 3.5 million (2023: US$ 4.91 million) equivalent to Rs. 983.142 million (2023: Rs. 1,404.258 million) with various banks. At June 30, 2024, if the Pakistani Rupee had weakened / strengthened by 5% against the US Dollar with all other variables held constant, pre-tax profit for the year would have been higher / lower by Rs. 49.157 million (2023: Rs. 70.213 million).

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has no interest rate exposure as the Company has saving accounts and investment in TDRs / PIBs are on fixed rate and commodity financing facilities and short term loans are obtained under the GoP directives, for which the Company does not have any interest rate risk exposure being reimbursable by the GoP.

(iii) Price risk

Price risk is the risk that the fair value or future cash flows from a financial instrument will fluctuate due to changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company has no such investments as of the balance sheet date and therefore is not subject to any significant price risk.

(b) **Credit risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentration of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

Credit risk arises from loans, deposits, interest accrued with / from banks and financial institutions, advances and other receivables. The Company does not have credit risk on receivables relating to transactions executed on behalf of GoP. The credit risk on liquid fund is limited because the counter parties are banks with reasonably high credit rating.

(c) **Liquidity risk**

Liquidity risk represents the risk that the Company will encounter difficulties in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities. Due to dynamic nature of the business the Company maintains flexibility in funding by maintaining committed credit lines available.

The Company's liquidity management involves projecting cash flows and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios and maintaining debt financing plans.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date and represents the undiscounted cash flows:

	2024			
	On demand	Less than 3 months	3 to 12 months	1 to 5 years
	Rupees in 000			
Long-term loan	-	-	-	16,649
Trade and other payables	-	1,394,866	-	-
Commodity finance under markup arrangements	-	281,225,025	-	-
Interest accrued	-	-	15,524,584	-
	-	282,619,891	15,524,584	16,649

	2023			
	On demand	Less than 3 months	3 to 12 months	1 to 5 years
	Rupees in 000			
Long-term loan	-	-	-	16,649
Trade and other payables	-	1,540,862	-	-
Commodity finance under markup arrangements	-	252,393,479	-	-
Interest accrued	-	-	14,843,914	-
	-	253,934,341	14,843,914	16,649

The commodity finance is backed by the guarantee of Government of Pakistan (GoP) therefore, the risk lies on the GoP. Trade and other payables mainly include payable on account of transactions incurred by the Company on behalf of GoP and therefore the Company is not exposed to liquidity risks for such transactions. Besides these, the Company has adequate resources in the form of bank balances and short term investments to repay its operational liabilities and therefore, is not subject to significant liquidity risk as at June 30, 2024.

33.2 Fair values of financial assets and financial liabilities

(a) Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values except for investment in shares of FTC Management Company Limited and investment in LDA Plaza, which are carried at cost.

(b) **Fair value estimation**

The Company classifies the financial assets measured in the balance sheet at fair value in accordance with the following fair value measurement hierarchy:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). The Company has no items to report in this level.
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at June 30, 2024, the Company does not have any financial instrument which has been carried at fair market value.

34. CAPITAL RISK MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to carry out functions entrusted to it by GoP. The Company is 100% owned by the Government of Pakistan and is not subject to any externally imposed capital requirements. As of balance sheet date, the Company has gearing effect to the extent of commodity finance and short-term loans facilities, which are obtained for GoP directed operations and guaranteed by GoP.

35. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount for the year in respect of remuneration and benefits to the Chairman, directors and executives are as follows:

	Note	2024		
		Chief Executive	Board of Directors	Executives
		---- Rupees in 000 ----		
Managerial remuneration		2,677	-	39,207
Housing and utilities		2,621	-	37,270
Other allowances and benefits		3,947	-	29,767
Disparity allowance		1,800	-	7,862
Retirement benefits		1,117	-	5,570
	35.1	12,162	-	119,676
Number of persons		1	9	26

	2023		
	Chief Executive	Board of Directors	Executives
	---- Rupees in 000 ----		
Managerial remuneration	2,572	-	16,244
Housing and utilities	2,529	-	15,681
Other allowances and benefits	2,997	-	14,441
Disparity allowance	1,800	-	5,562
Retirement benefits	372	-	1,308
	10,270	-	53,236
Number of persons	1	6	12

35.1 In addition to above, the Chief Executive and Executives are also entitled for leave encashment as per Company policy. Further, the Chief Executive and Directors are also eligible for meeting fee.

36. NUMBER OF EMPLOYEES

The average and total number of employees during the year and as at June 30, 2024 and 2023 respectively are as follows:

	2024	2023
Average number of employees during the year	387	391
Number of employees as at year end	382	397

37. EVENTS OCCURING AFTER THE BALANCE SHEET DATE

Dividend has been proposed by the Board of Directors in its meeting held on OCTOBER 07, 2024 for the year ended June 30, 2024 at the rate 20% (i.e. Rs. 2/- per share)

38. DATE OF AUTHORIZATION OF FINANCIAL STATEMENTS

These financial statements were authorized for issue on OCTOBER 07, 2024 by the Board of Directors of the Company.

39. GENERAL

39.1 The figures in the financial statements have been rounded off to the nearest thousand rupees, unless otherwise stated.

39.2 Corresponding figures have been reclassified, wherever necessary, for the purpose of better presentation.

Chief Executive Officer

Chief Financial Officer

Director

(CUIN # 0002554)

NOTICE OF THE 57TH ANNUAL GENERAL MEETING

otice is hereby given that the 57th Annual General Meeting of M/s. Trading Corporation of Pakistan (Private) Limited (hereinafter referred to as "TCP") will be held at the CP's Head Office, situated at the 4th Floor, Finance & Trade Centre, Shahrah-e-Faisal, Karachi, on Monday, October 28th, 2024 at 1500 hours to transact the following siness:

RDINARY BUSINESS:

To confirm the minutes of the 56th Annual General Meeting of TCP held on October 30th, 2023 at the TCP's Head Office in Karachi;
[Minutes are being circulated along with this Notice]

To receive, consider and adopt the Annual Audited Accounts for the year ended June 30th, 2024 along with the Auditor's Report thereon as well as the Director's Report as required under Section 226 & 227 of the Companies Act, 2017 and the Statement of Compliance (voluntary) with the provisions of the State-Owned Enterprises (Governance and Operations) Act, 2023 and the State-Owned Enterprises Ownership and Management Policy, 2023;

To declare, approve / ratify and confirm the Final Cash Dividend for the fiscal year 2023-2024 at the rate of Rs.2.00 per share (20%), as declared by the Board of Directors in its 401st meeting held on October 07th, 2024;

To appoint the External Auditors and to fix their remuneration for the year ending June 30th, 2025.
[Notice under Section 246(2) of the Companies Act, 2017 is attached to this Notice]

PECIAL BUSINESS:

To confirm the minutes of the Extraordinary General Meetings of TCP held on June 14th, 2024, July 12th, 2024 and August 02nd, 2024 (with adjournment) at the TCP's Head Office in Karachi – The following draft resolution may be considered and passed:

*"**RESOLVED THAT** the minutes of he Extraordinary General Meetings of M/s. Trading Corporation of Pakistan (Private) Limited held on June 14, 2024, July 12, 2024 and August 02nd, 2024 (with adjournment) be and are hereby approved and confirmed."*

[Statement of material facts in terms of Section 134(3) of the Companies Act, 2017 is annexed hereto and forms an integral part of this Notice]

To consider and approve alterations in the memorandum of association of TCP, as recommended by the Board of Directors of TCP in its 395th meeting held on May 20th, 2024, for making a petition before the Securities and Exchange Commission of Pakistan (SECP) in terms of Sections 32(2), 33, 34 & 35 of the Companies Act, 2017 read with Regulations 30 & 37 of the Companies Regulations, 2024 – The following draft resolutions may be considered and passed:

*"**(i) RESOLVED THAT** the alterations in the memorandum of association of M/s. Trading Corporation of Pakistan (Private) Limited (TCP), as recommended by the Board of Directors of TCP in its 395th meeting held on May 20, 2024, be and are hereby approved for making a petition before the Securities and Exchange Commission of Pakistan (SECP) in terms of Sections 32(2), 33, 34 & 35 of the Companies Act, 2017 read with Regulations 30 & 37 of the Companies Regulations, 2024.*

***(ii) FURTHER RESOLVED THAT** the Company Secretary be and is hereby authorized to file Form 26 prescribed under the Companies Regulations, 2024 and a petition, through Form 5 prescribed under Regulation 30 read with Regulation 37 of the Companies Regulations, 2024, before the SECP for obtaining an order of SECP confirming alterations in the memorandum of association of TCP.*

***(iii) FURTHER RESOLVED THAT** the Company Secretary be and is hereby authorized to represent M/s. Trading Corporation of Pakistan (Private) Limited before the SECP for filing of Form(s) / statement(s) / representation(s) till the satisfaction of the Registrar concerned for obtaining the order of SECP, confirming the alteration in the memorandum in pursuance of the resolutions passed by the shareholders."*

[Statement of material facts in terms of Section 134(3) of the Companies Act, 2017 is annexed hereto and forms an integral part of this Notice]

To consider and approve alterations in the articles of association of TCP, as recommended by the Board of Directors of TCP in its 395th meeting held on May 20th, 2024, in terms of Section 38(1) & (2) of the Companies Act, 2017 – The following draft resolutions may be considered and passed:

*"**(i) RESOLVED THAT** the alterations in the articles of association of TCP, as recommended by the Board of Directors of TCP in its 395th meeting held on May 20, 2024, be and are hereby approved in terms of Section 38(1) & (2) of the Companies Act, 2017.*

***(ii) FURTHER RESOLVED THAT** the Company Secretary be and is hereby authorized to file the altered articles of association of TCP with the Registrar of Companies at the Company Registration Office (Karachi) in terms of Section 38(2) of the Companies Act, 2017, along with Form 26 prescribed under the Companies Regulations, 2024.*

***(iii) FURTHER RESOLVED THAT** the Company Secretary be and is hereby authorized to represent M/s. Trading Corporation of Pakistan (Private) Limited before the SECP for filing of Form(s) / statement(s) / representation(s) till the satisfaction of the Registrar concerned for registration of the altered articles of association."*

[Statement of material facts in terms of Section 134(3) of the Companies Act, 2017 is annexed hereto and forms an integral part of this Notice]

By order of the Board

Farrukh Majeed Qureshi
Company Secretary

Karachi
October 07th, 2024

NOTES

(a) A member entitled to attend and vote at the General Meeting is entitled to appoint another member as a proxy to exercise all or any of his rights to attend, speak and vote at a meeting in his place. However, a member may not appoint two or more persons to act as his proxy.

(b) An instrument of proxy duly stamped, signed and witnessed and the power of attorney or other authority (if any) under which it is signed or a notarized certified copy of such power or authority, in order to be valid, must be deposited at the registered office of the company at least 48 hours before the time of the meeting.

(c) A member may, at his discretion, attend and vote at the General Meeting either physically or via video conferencing facility to be arranged upon written request to be made by the member, entitled to attend and vote at the meeting, through the enclosed "Video Conference Request Form", which should reach the Company Secretary not later than seven (07) days from the date of the General Meeting to which this Notice relates. For further details and / or queries regarding video conferencing, Company Secretary may be contacted.

(d) On a poll, votes may be given either personally or through video-link or by proxy or through postal ballot in a manner and subject to the following conditions, as specified by the Securities and Exchange Commission of Pakistan:

a. participation through video link shall be arranged on demand by members residing in a city and holding ten percent of the total paid up capital;

b. in case of member's participation through video facility, if so requested in writing as aforesaid, such member is requested to ensure that no person other than the member himself or his appointed proxy uses the video facility.

(e) In accordance with Article 66 of the Articles of Association of TCP read with Section 135(1) of the Companies Act, 2017, the quorum for the meeting shall be three members present personally, or through video-link who represent not less than twenty-five percent of the total voting power, either of their own account or as proxies.

(f) Other important notes with regard to appointment of a proxy by a member have been set out in the proxy form annexed with this Notice.

(CUIN # 0002554)

NOTICE UNDER SECTION 246(2) OF THE COMPANIES ACT, 2017 FOR APPOINTMENT OF EXTERNAL AUDITORS FOR THE YEAR 2024-25

Notice is hereby given to the members under Section 246(2) of the Companies Act, 2017:

1. THAT the Audit Committee, in its 64th meeting held on Monday, October 7th, 2024, had made recommendation to the Board of Directors for appointment and fixation of remuneration of M/s. Baker Tilly Mehmood Idrees Qamar, Chartered Accountants as external auditors for the year ending June 30th, 2025.

2. AND THAT, while considering the recommendation of the Audit Committee, the Board of Directors of TCP, in its 401st meeting held on Monday, October 7th, 2024, has resolved that:

"RESOLVED THAT on the recommendation of the Audit Committee, M/s. Baker Tilly Mehmood Idrees Qamar, Chartered Accountants be and are hereby approved for placement before the shareholders for appointment as external auditors for year ending June 30th, 2025.

RESOLVED THAT ten percent (10%) enhancement in the previous year's audit fee totaling to an amount of Rupees Three Million Seventy-Four Thousand Six Hundred Ten Only (Rs.3,074,610/-) plus out-of-pocket expenses to be paid at actual subject to a maximum of ten percent (10%) of the fee, on account of remuneration to be paid to M/s. Baker Tilly Mehmood Idrees Qamar, Chartered Accountants for carrying out the purpose of appointment, be and is hereby approved for placement before the shareholders for final approval at the 57th Annual General Meeting, as per the following:

ASSIGNMENTS	***REMUNERATION***
Statutory audit of Financial Statements for the year ending June 30, 2025	*Rs.2,488,970/-*
Half-Yearly review and submission of interim report for the period ending December 31, 2024	*Rs.439,230/-*
Review of Statement of Compliance 2024-25	*Rs.146,410/-*
Total Fee	***Rs.3,074,610/-***

Out-of-pocket expenses to be paid at actual subject to a maximum of ten percent (10%) of the fee. However, the fee shall be exclusive of pass-through tax (i.e. Sales Tax).

RESOLVED THAT approval be and is hereby accorded for communicating about the appointment of M/s. Baker Tilly Mehmood Idrees Qamar, Chartered Accountants, and for filing of Form 9 for appointment of external auditor with the Company Registration Office (Karachi) of the Securities and Exchange Commission of Pakistan (SECP), upon approval by the shareholders in the relevant Annual General Meeting, for which purpose, the Company Secretary be and is hereby authorized.

RESOLVED THAT 57th Annual General Meeting shall be called for obtaining approval of the shareholders for appointment of M/s. Baker Tilly Mehmood Idrees Qamar, Chartered Accountants as external auditors for the year ending June 30th, 2025 and fixation of their remuneration as recommended by the Board, and twenty one days' prior notice to that effect may be issued by the Company Secretary."

3. AND THAT M/s. Baker Tilly Mehmood, Chartered Accountants have given consent / acceptance to act as external auditors for the year ending June 30th, 2025, vide their letter No.A/A0078/2024 dated October 2nd, 2024, by agreeing to the terms and conditions as laid down by the TCP.

4. AND THAT the said auditors have been declared as qualified to perform audit of TCP and have confirmed that they hold satisfactory QCR rating by the Institute of Chartered Accountants of Pakistan (ICAP).

5. NOW THEREFORE the matter has been placed before the shareholders of TCP in the 57th Annual General Meeting, in compliance with Section 246 of the Companies Act, 2017, for consideration and approval.

(CUIN # 0002554)

STATEMENT UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017

STATEMENT OF MATERIAL FACTS CONCERNING CONFIRMATION OF THE MINUTES OF THE EXTRAORDINARY GENERAL MEETINGS OF TRADING CORPORATION OF PAKISTAN (PRIVATE) LIMITED HELD ON JUNE 14, 2024, JULY 12, 2024 AND AUGUST 02, 2024 (WITH ADJOURNMENT)

The following statement of material facts is hereby given to the members under Section 134(3) of the Companies Act, 2017:

DESCRIPTION	DISCLOSURE
Nature / title / purpose of business to be transacted	In order to lay down for consideration of the members of M/s. Trading Corporation of Pakistan (Private) Limited (TCP) the matters concerning alterations in the Memorandum and Articles of Association, an Extraordinary General Meeting was initially convened on June 14, 2024, however, the said alterations could not be approved. Therefore, another Extraordinary General Meeting was convened on July 12, 2024, wherein it was decided, on the request of the representative of the Ministry of Commerce, Government of Pakistan, to reconvene another Extraordinary General Meeting after twenty-one days' time i.e. on August 02, 2024. The Extraordinary General Meeting was held on August 02, 2024, however, the same remained unconcluded due to shortage of quorum, and hence, was adjourned till August 09, 2024 in accordance with the provisions of Section 135 of the Companies Act, 2017, which was also not concluded. However, since the adjourned meeting may not be adjourned any further in pursuance of Section 135 of the Companies Act, 2017 read with Articles 66 and 69 of the Articles of Association of TCP, the shareholders / members present at the Adjourned Extraordinary General Meeting held on August 09, 2024 felt expedient to take the representation from the Federal Government / Ministry of Commerce onboard before a decision may be taken for which such General Meeting was being called, and decided not to hold the Extraordinary General Meeting in the absence of the representation from the Ministry of Commerce, Government of Pakistan. Hence, the Board of Directors of TCP passed resolutions, in its 399th meeting held on September 04, 2024, and decided to hold the Extraordinary General Meeting on Friday, October 11, 2024 at 1500 hours. The title of business is *"To confirm the minutes of the Extraordinary General Meetings of TCP held on June 14th, 2024, July 12th, 2024 and August 02nd, 2024 at the TCP's Head Office in Karachi"*. The purpose is to seek approval of the shareholders of TCP as a matter of practice, on the matter of confirmation of the abovementioned Extraordinary General Meetings.
Nature & extent of the interest of every director	No apparent / perceived interest of any of the directors.
Date, Time and Place for inspection of the minutes and other record relating to the Extraordinary General Meetings held on June 14, 2024, July 12, 2024 and August 02, 2024	The minutes and other record relating to the Extraordinary General Meetings held on June 14, 2024, July 12, 2024 and August 02, 2024 may be inspected at any working day (Monday to Friday) during office hours (i.e. from 0830 hours till 1630 hours) at the Company Secretary's office at TCP's Head Office, situated at the 4th Floor, B Block, F.T.C. Building, Shahrae Faisal, Karachi. Electronic copies may be inspected by visiting the links given below: 1. Minutes of the Extraordinary General Meeting held on June 14, 2024 [Click Here] OR [Visit the Link: https://drive.google.com/file/d/1Qhho3fZiM3Y_qJu-XrwO619aKGb6cQLk/view?usp=drive_link]; 2. Minutes of the Extraordinary General Meeting held on July 12, 2024 [Click Here] OR [Visit the Link: https://drive.google.com/file/d/1F8dptSRJ0VdjjrAGTukzEG0CqFQyzQpb/view?usp=drive_link]; 3. Minutes of the Extraordinary General Meeting held on August 02, 2024 [Click Here] OR [Visit the Link: https://drive.google.com/file/d/1RDneFMLpYsrgrp9TlsyNmHZLk43tkeeU/view?usp=drive_link].

(CUIN # 0002554)

STATEMENT UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017

STATEMENT OF MATERIAL FACTS CONCERNING ALTERATIONS IN MEMORANDUM OF ASSOCIATION OF TRADING CORPORATION OF PAKISTAN (PRIVATE) LIMITED

The following statement of material facts is hereby given to the members under Section 134(3) of the Companies Act, 2017:

DESCRIPTION	DISCLOSURE
Nature / title / purpose of business to be transacted	Memorandum of Association is one of the primary constitutional document of any company registered / to be registered under the Companies Act, 2017. Memorandum of association of a company lays down the business / activities, which a company intends to undertake throughout its lifecycle. Memorandum lays down clauses, which address as to "what will the company do?". There are other important ingredients of a memorandum that have been laid down under Sections 26, 27, 30 and 31 of the Companies Act, 2017. The Board of Directors of M/s. Trading Corporation of Pakistan (Private) Limited (TCP) felt expedient to simplify its memorandum of association and to modify it in order to reflect the existing and future business of TCP, while remaining within the legal framework of allowable activities / businesses, which the TCP is authorized / eligible to perform and carry on. The procedure for making alterations in the memorandum has been laid down under Section 32 read with Sections 33,34 & 35 of the Companies Act, 2017. Such modifications / alterations in the memorandum of association are bound by the relevant provisions of Sections 26, 27, 30, 31, 32, 33, 34 & 35 of the Companies Act, 2017. The title of business is *"To consider and approve alterations in the memorandum of association of TCP, as recommended by the Board of Directors of TCP in its 395th meeting held on May 20th, 2024, for making a petition before the Securities and Exchange Commission of Pakistan (SECP) in terms of Sections 32(2), 33, 34 & 35 of the Companies Act, 2017 read with Regulations 30 & 37 of the Companies Regulations, 2024"*. The purpose is to seek approval of the shareholders of TCP as part of the process of making alterations in the memorandum of association of TCP, and thereafter, to file a petition through relevant Forms prescribed under the Companies Regulations, **2024** for obtaining an order of the Securities and Exchange Commission of Pakistan (SECP), so that the alterations so approved by the shareholders and confirmed through an order by the SECP may take effect in accordance with the provisions of Section 32, 33, 34 & 35 of the Companies Act, 2017.
Nature & extent of the interest of every director	No apparent / perceived interest of any of the directors, as disclosed in the 395th meeting of the Board of Directors of TCP held on May 20, 2024.
Date, Time and Place for inspection of the existing as well as proposed memorandum of association of TCP, and the minutes and other record relating to the 395th meeting of the Board of Directors held on May 20, 2024	The existing as well as the proposed memorandum of association of TCP, and the unsigned minutes and other record relating to the 395th meeting of the Board of Directors held on May 20, 2024 may be inspected at any working day (Monday to Friday) during office hours (i.e. from 0830 hours till 1630 hours) at the Company Secretary's office at TCP's Head Office, situated at the 4th Floor, B Block, F.T.C. Building, Shahrae Faisal, Karachi. The said minutes of the 395th meeting of the Board of Directors of TCP, once approved & signed within two weeks from the date of the 395th meeting of the Board of Directors, may be inspected at any working day thereafter during office hours (i.e. from 0830 hours till 1630 hours) at the Company Secretary's office at TCP's Head Office, situated at the 4th Floor, B Block, F.T.C. Building, Shahrae Faisal, Karachi. Electronic copies may be inspected by visiting the links given below: 1. Minutes of the 395st meeting of the Board of Directors of TCP held on May 20, 2024 [Click Here] OR [Visit the Link: https://drive.google.com/file/d/1qllx6AsO6a-naMEYZFDM0lsqYO3rwg22/view?usp=drive_link]; 2. Existing Memorandum of Association of TCP [Click Here] OR [Visit the Link: https://drive.google.com/file/d/1mpaaR1sfq6aghWZvEr60zTzmhZu-tWgu/view?usp=drive_link]; 3. Proposed Memorandum of Association of TCP [Click Here] OR [Visit the Link: https://drive.google.com/file/d/1KJn6ImUxa983_GZ9qPtgiPD2-znPykV6/view?usp=drive_link].

(CUIN # 0002554)

STATEMENT UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017

STATEMENT OF MATERIAL FACTS CONCERNING ALTERATIONS IN ARTICLES OF ASSOCIATION OF TRADING CORPORATION OF PAKISTAN (PRIVATE) LIMITED

The following statement of material facts is hereby given to the members under Section 134(3) of the Companies Act, 2017:

DESCRIPTION	DISCLOSURE
Nature / title / purpose of business to be transacted	Articles of Association is one of the primary constitutional document of any company registered / to be registered under the Companies Act, 2017. It explains as to "How will the company broadly function" – It includes clauses comprising of broad procedures relating to company's overall legal structure like share capital, the issuance / transfer of shares, appointment of board directors and matters ancillary thereto, general meetings, CEO and his appointment, minimum quorum for a meeting of directors or committees etc. The requirements and provisions appertaining to the articles have been laid down under Sections 16, 17, 18, 30, 35, 36 & 37 of the Companies Act, 2017. Owing to promulgation of the Companies Act, 2017 and the State-Owned Enterprises (Governance & Operations) Act, 2023, the Board of Directors of M/s. Trading Corporation of Pakistan (Private) Limited (TCP) felt expedient to alter the articles of association in order to cater for the segregation of the office of the Chairman and the Chief Executive Officer, and also to modify in such a manner that the provisions of the State-Owned Enterprises (Governance & Operations) Act, 2023 and the policy made thereunder are catered for, while adhering also to the other related but non-conflicting provisions of the Companies Act, 2017. The procedure for making alterations in the articles of association have been laid down under Section 38 of the Companies Act, 2017. Such alterations in the articles of association are bound by the relevant provisions of Sections 16, 17, 18, 30, 35, 36, 37 & 38 of the Companies Act, 2017. The title of business is *"To consider and approve alterations in the articles of association of TCP, as recommended by the Board of Directors of TCP in its 395th meeting held on May 20th, 2024, in terms of Section 38(1) & (2) of the Companies Act, 2017"*. The purpose is to seek approval of the shareholders of TCP as part of the process of making alterations in the articles of association of TCP, and thereafter, to file a copy of the new articles with the registrar of companies at the Company Registration Office (Karachi), in compliance with the provisions of Section 38 of the Companies Act, 2017 within a period of thirty (30) days from the date of passing the resolution making such alterations in the articles of association of TCP.
Nature & extent of the interest of every director	No apparent / perceived interest of any of the directors, as disclosed in the 395th meeting of the Board of Directors of TCP held on May 20, 2024.
Date, Time and Place for inspection of the existing as well as proposed memorandum of association of TCP, and the minutes and other record relating to the 395th meeting of the Board of Directors held on May 20, 2024	The existing as well as the proposed articles of association of TCP, and the unsigned minutes and other record relating to the 395th meeting of the Board of Directors held on May 20, 2024 may be inspected at any working day (Monday to Friday) during office hours (i.e. from 0830 hours till 1630 hours) at the Company Secretary's office at TCP's Head Office, situated at the 4th Floor, B Block, F.T.C. Building, Shahrae Faisal, Karachi. The said minutes of the 395th meeting of the Board of Directors of TCP, once approved & signed within two weeks from the date of the 395th meeting of the Board of Directors, may be inspected at any working day thereafter during office hours (i.e. from 0830 hours till 1630 hours) at the Company Secretary's office at TCP's Head Office, situated at the 4th Floor, B Block, F.T.C. Building, Shahrae Faisal, Karachi. Electronic copies may be inspected by visiting the links given below: 1. Minutes of the 395st meeting of the Board of Directors of TCP held on May 20, 2024 [Click Here] OR [Visit the Link: https://drive.google.com/file/d/1qllx6AsO6a-naMEYZFDM0lsqYO3rwg22/view?usp=drive_link]; 2. Existing Articles of Association of TCP [Click Here] OR [Visit the Link: https://drive.google.com/file/d/1mpaaR1sfq6aghWZvEr60zTzmhZu-tWgu/view?usp=drive_link]; 3. Proposed Articles of Association of TCP [Click Here] OR [Visit the Link: https://drive.google.com/file/d/16KR0oJtFugLk_JmM5qaXibwXzYL4HZH9/view?usp=drive_link]; 4. A comparison of the existing and proposed Articles of Association of TCP [Click Here] OR [Visit the Link: https://docs.google.com/spreadsheets/d/1ihtsiL1gd5-0u0OTgLmUTR5x7qBW7WGX/edit?usp=drive_link&ouid=106176918195460268818&rtpof=true&sd=true.

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