

WAZIR ALI INDUSTRIES LIMITED

ANNUAL REPORT 1997

BOARD OF DIRECTORS

SYED WAJID ALI	Chairman
SYED ASAD ALI	Managing Director
SYED YAWAR ALI	
SYED TARIQ ALI	
SHAMSHAD AHMAD	
BEHRAM HASAN	
MUSHTAQ H. KHAWAJA	

SECRETARY

A. JABBAR~GHORI

AUDITORS

TASEER HADI KHALID & Co.
CHARTERED ACCOUNTANTS
KARACHI

BANKERS

MUSLIM COMMERCIAL BANK LIMITED
NATIONAL DEVELOPMENT FINANCE CORPORATION
CITI BANK N. A.

REGISTERED OFFICE

KANDAWALA BUILDING
M A. JINNAH ROAD
KARACHI

FACTORIES

HALLROAD
HYDERABAD

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NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the 45th Annual General Meeting of the shareholders of Wazir Ali Industries Limited will be held on Wednesday, 24th December 1997 at 08:30 A.M. at Hotel Beach Luxury, Karachi to transact the following business:

A. ORDINARY BUSINESS

1. To confirm the minutes of the Extra Ordinary General Meeting of the company held on 17th June 1997.
2. To receive and adopt the audited Balance Sheet and Profit and Loss Account of the company for the year ended 30th June, 1997 together with the directors' and auditors' report thereon.
3. To appoint -auditors for the year ending 30th June 1998 and fix their remuneration.
4. To transact any other business with the permission of the Chair.

B. SPECIAL BUSINESS

5. To approve remuneration of the director working full time for the company and to pass with or without modification the following resolution as Special Resolution.

"RESOLVED that consent be and is hereby given for the payment as remuneration to Syed Yawar Ali, the Executive Director of the sum not exceeding Rs. 720,000/- per year and for the provision of housing, transport, leave fare facilities and other benefit incidental or relating to his office in accordance with the company rules from time to time in force".

A statement under section 160 of the Companies Ordinance, 1984 pertaining to the Special Business is being sent to the members with this notice.

Notes:

(i) The Share Transfer Books of the company will remain closed from 17th December 1997 to 24th December 1997 (both days inclusive).

(ii) A member entitled to attend and vote at the Annual General Meeting is entitled to appoint another member as proxy to attend and vote instead of him. The instrument appointing proxy must be received at the registered office of the company not less than forty eight hours before the time of the meeting.

(iii) Members are requested not to bring children along with them as the children will not be admitted in the Meeting Hall.

(iv) Members are requested to notify the change in their address, if any, immediately.

STATEMENT IN REGARD TO SPECIAL BUSINESS

Remuneration of working director

The members' approval is required under the provision of Article of Association of the company

for the payment of remuneration and provision of certain facility to the Executive Director in accordance with his terms and conditions of service with the company.

Syed Yawar Ali is interested in this business to the extent of indicated remuneration.

DIRECTORS' REPORT TO THE MEMBERS

The directors have pleasure in presenting the 45th annual report together with the company's audited accounts for the year ended 30th June 1997.

The year under report was the period in which your company demonstrated its ability to operate under difficult economic conditions and came out with notable performance showing a before tax profit of Rs. 0.147 million in the year 1996-97 as compared to last year 1995-96 a loss of Rs. 10.789 million.

Sales during the year 1996-97 increased 12.10% in volume as compared to the last corresponding year 1995-96 and the gross profit registered 8.26% as compared to 8.19% against last corresponding year 1995-96. The increase in gross profit is not significant which is due to the increase in oil cost and other material costs, particularly packing material, fuel & power costs which have increased besides the repeated devaluation of Pak rupee and inflationary trend in the market, the expenses of every items have increased whereas the selling price of the product could not be revised in proportionate to increase in input cost and increase in expenses.

The administration cost decreased by 5.46%. Financial cost also decreased by 33.14% and the balance installment of amortization deferred cost Rs. 7.832 million during 1996-97 as against Rs. 10.593 million in 1995-96 have mainly contributed towards the improvement in the results of the company.

Future Prospect

In order to introduce effectiveness and efficiency, with a view to expanding sales of the company's products, the company has beefed up its sales department by hiring seasoned sales management personnel expanding coverage and reorganising the sales set up. Additionally a brand management department has been set up and young M.B.A's have been hired to main positions.

All this should lead to marked improvement in the quality of performance and results of the company.

The merger of sales operations with M/s Zulfeqar Industries Limited, the number of sales force has increased and the distribution coverage of both outlets have also increased. It is hoped with the current reorganisation, our coverage will increase which will yield more sale.

The Human Resource Development

Emphasis is being given to hiring qualified people and to give them on-the-job training, especially for production and sales personnel. Professional training will also be arranged in future. Executives were sent to various training courses and seminars to acquire further knowledge in their respective fields.

Appointment of Auditors

The present auditors, M/s Taseer Hadi Khalid & Company, Chartered Accountants, retire and offer themselves for re-appointment.

General

The directors also place on record their appreciation of the valued contribution made by the employees. The relations between the workers and the staff remained cordial.

The statement of Pattern of Shareholding has been given on page No. 30.

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Wazir Ali Industries Limited as at 30 June 1997 and the related profit and loss account and statement of changes in financial position, together with the notes forming part thereof, for the year then ended 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 our audit and, after due verification thereof, we report that:

(a) in our opinion, proper books of account have been kept by the company as required by the Companies Ordinance, 1984;

(b) in our opinion:

(i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984 and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

(ii) the expenditure incurred during the year was for the purpose of the company's business; and

(iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;

(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account and the statement of changes in financial position, together with the notes forming part thereof, give the information required by the Companies Ordinance, 1984 in the manner so required and respectively give a true and fair view of the state of the company's affairs as at 30 June 1997 and of the loss and the changes in financial position for the year then ended; and

(d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

KARACHI: Nov 17, 1997

TASEER HADI KHALID & CO
CHARTERED ACCOUNTANTS

BALANCE SHEET AS AT 30 JUNE 1997

	Note	(Rupees in '000)	
		1997	1996
SHARE CAPITAL & RESERVES			
Share Capital			
Authorised			

8,000,000 ordinary shares of Rs. 10 each		80,000	80,000
		=====	=====
Issued, subscribed and paid-up	3	25,987	25,987
RESERVES			
Revenue reserves		66,067	66,067
Accumulated loss		(130,701)	(127,272)
		-----	-----
		(64,634)	(61,205)
		-----	-----
		(38,647)	(35,218)
ADVANCE AGAINST ISSUE OF RIGHT SHARES	4	8,971	-
SURPLUS ON REVALUATION OF FIXED ASSETS	5	46,800	38,708
LONG TERM DEPOSITS		1,142	1,390
		-----	-----
CURRENT LIABILITIES			
Short term bank financing - Secured	6	88,284	173,411
Current maturity of liability against assets subject to finance lease		-	249
Creditors, accrued expenses and other liabilities	7	170,446	127,615
Provision for taxation	8	5,886	5,234
Unclaimed dividend		520	529
		-----	-----
		265,136	307,038
CONTINGENCIES AND COMMITMENTS	9		
		-----	-----
		283,402	311,918
		=====	=====

These accounts should be read in conjunction with the attached notes.

FIXED CAPITAL EXPENDITURE

Tangible fixed assets - at cost/valuation less accumulated depreciation	10	53,339	43,828
Capital work in progress	11	929	2,027
Intangible trade marks		1	1
		-----	-----
		54,269	45,856
LONG TERM LOANS - Secured	12	160	122
DEFERRED COST	13	-	7,832
LONG TERM DEPOSITS		45	44
		-----	-----
CURRENT ASSETS			
Stores and spares	14	5,590	5,651
Stock in trade	15	56,671	93,318
Goods in transit		81,161	97,390
Trade debts - Unsecured, considered good	16	50,517	27,259

Loans and advances	17	16,703	18,106
Deposits, prepayments and other receivables	18	7,807	13,745
Cash and bank balances	19	10,479	2,595
		-----	-----
		228,928	258,064
		-----	-----
		283,402	311,918
		=====	=====

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 1997**

	Note	(Rupees in '000)	
		1997	1996
SALES - Net	20	1,161,894	1,036,465
COST OF GOODS SOLD	21	1,065,818	951,566
		-----	-----
GROSS PROFIT		96,076	84,899
EXPENSES:		-----	-----
Administrative	22	23,839	25,216
Selling and distribution	23	52,343	50,363
Financial	24	16,391	24,517
Amortisation of deferred cost	13	7,832	10,593
Workers' profit participation fund	7	8	-
		-----	-----
		100,413	110,689
		-----	-----
		(4,337)	(25,790)
OTHER INCOME	25	4,484	15,001
		-----	-----
PROFIT/(LOSS) BEFORE TAXATION		147	(10,789)
		-----	-----
PROVISION FOR TAXATION - Current	8	(5,886)	(5,234)
- Prior year		2,310	-
		-----	-----
		(3,576)	(5,234)
		-----	-----
(LOSS) AFTER TAXATION		(3,429)	(16,023)
ACCUMULATED LOSS BROUGHT FORWARD		(127,272)	(111,249)
		-----	-----
ACCUMULATED LOSS CARRIED FORWARD		(130,701)	(127,272)
		=====	=====

These accounts should be read in conjunction with the attached notes.

**STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED 30 JUNE 1997**

	(Rupees in '000)	
	1997	1996
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) Before Taxation	147	(10,789)
Adjustments for:		
Depreciation	4,877	4,226
Gain On sale of fixed assets	(17)	(198)
Amortisation of deferred cost	7,832	10,593
Financial charges	16,391	24,517
Provision for doubtful debts/advance	3,036	3,211
Workers' profit participation fund	8	-
Loss on Insurance Claim	38	-
	-----	-----
	32,312	31,560
Changes in operating assets/liabilities		
Decrease/(Increase) in stores and spares	61	(53)
Decrease/(Increase) in stock in trade	36,647	(18,888)
Increase in trade debts - unsecured	(24,758)	(8,813)
Decrease/(Increase) in goods in transit	16,229	(25,963)
(Increase)/Decrease in loans & advances	(1,882)	3,924
Decrease in deposits, prepayments and other receivables	5,938	309
Increase in creditors accrued expenses and other liabilities	45,811	29,666
	-----	-----
	78,046	(19,818)
Financial charges paid	(19,379)	(25,063)
Long term deposits	(248)	
Income Tax paid	(1,175)	(5,930)
	-----	-----
Net cash generated from/(used) in operating activities	89,556	(19,251)
	=====	=====

(Rupees in '000)
1997 1996

CASH FLOWS FROM INVESTING ACTIVITIES

Fixed capital expenditure	(5,576)	(4,298)
(Increase)/decrease in long term loans	(38)	99
Proceeds from sale of fixed assets	17	600
Insurance claim	340	-

Long term deposits	(1)	-
	-----	-----
Net cash (used) in investing activities	(5,258)	(3,599)

CASH FLOWS FROM FINANCING ACTIVITIES

Payment of finance lease liabilities	(249)	(317)
Payment of dividend	(9)	(1)
(Decrease)/Increase in short term borrowings	(85,127)	23,582
Advance received against issue of rights shares	8,971	-
	-----	-----
Net cash (used) in / generated from financing activities	(76,414)	23,264
Net increase in cash and bank balances	7,884	414
Cash and bank balances at beginning of the year	2,595	2,181
	-----	-----
Cash and bank balances at end of the year	10,479	2,595
	=====	=====

NOTES TO THE ACCOUNTS**FOR THE YEAR ENDED 30 JUNE 1997****1. STATUS AND NATURE OF BUSINESS**

1.1 Wazir All Industries Limited was incorporated as a public limited company under the Companies Act, 1913 (now the Companies Ordinance, 1984) and its shares are listed on the Karachi and Lahore stock exchanges. The principal activity of the company is the manufacture and sale of vanaspati ghee and cooking oils. The company remained under the administrative control of Ghee Corporation of Pakistan (Private) Limited upto 19 December 1992, the date of its privatisation under the policy of the Government, through the Privatisation Commission (Ministry of Finance), Government of Pakistan. The new management has acquired the control of Wazir Ali Industries Limited under a sale agreement with "Privatisation Commission" dated 28 October 1992,

1.2 These accounts have been prepared on the assumption that the company would continue as a going concern although its accumulated losses as of 30 June 1997, exceeded shareholders' equity by Rs. 38.647 million (1996: Rs. 35.218 million) while current liabilities exceeded current assets by Rs. 36.208 million (1996: Rs. 48.974 million). The assumption is based on the following facts:

- Undertaking of continued support of the sponsoring directors.
- Advance against equity has been received by the company from sponsoring directors and an associated company against future issue of right shares. The company subsequent to 30 June 1997 has also offered one right share for every one share held by the shareholders. Although the date of subscription was 14 October 1997, the company has applied for further extension.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**2.1 Accounting Convention**

The accounts are prepared under the historical cost convention except to the extent that certain fixed assets as stated in note 10, are shown at revalued amounts.

2.2 Retirement Benefits

Gratuity fund

The company has instituted an approved defined contributory scheme for its employees. The scheme is operated by trustees and annual contributions on the basis of the benefits accruing to the employees are transferred to the trust. The company, as per the trust deed has the authority to reduce and regulate its annual contribution to the fund depending upon the income accruing to the fund. Further, the company's annual contribution in respect of any member does not exceed the salary of the member for the last month of the financial year.

Provident fund

A recognized provident fund scheme is in operation which covers all permanent employees who have completed six months service and have been issued confirmation letters, Equal contributions are made by the company and the employees.

2.3 Taxation

Current

The charge for current taxation is based on taxable income at the current rates of taxation after taking into account available tax credit and tax rebates.

Deferred

The company accounts for deferred taxation using the liability method on all major timing differences. However, deferred tax debits are not accounted for in the financial statements.

2.4 Fixed Assets

Owned

(a) Fixed assets including all additions are stated at cost or valuation less accumulated depreciation except freehold land which is stated at revalued amount.

Depreciation is provided on the straight line method at the rates indicated in note 10.

(b) A full year's depreciation is charged on fixed assets capitalized during the year, but no depreciation is charged in the year of disposal.

(c) Gain or loss on disposal of fixed assets if any, are taken to profit and loss account currently.

(d) Normal repairs and maintenance are charged to expenses as and when incurred.

Leased

(a) Assets subject to finance lease are stated at lower of present value of minimum of lease payments under the lease agreement and the fair value of the assets.

The related obligation under the lease are accounted for as liabilities.

Depreciation is charged on the straight line method at rates indicated in note 10.

(b) The financial charge is calculated at the rate implicit in the lease.

2.5 Capital work-in-progress

Capital work-in-progress is stated at cost and transferred to fixed assets as and when the assets are ready for the intended use.

2.6 Stores and spares

These are valued at cost determined on a first-in-first-out basis.

2.7 Stock-in-trade

Stock of raw materials, packing material, work-in-process and finished goods are valued at lower of cost and net realizable value.

Cost is determined on first in first out (FIFO) basis except for labour and overheads relating to finished goods which are determined on weighted average basis.

Net realizable value signifies the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

In respect of finished goods and work-in-process, cost includes prime costs and appropriate production overheads.

2.8 Goods in Transit

These are stated at invoice value plus other charges incurred thereon.

2.9 Trade Debtors

Known bad debts, if any are written off, while provisions are made against debts considered doubtful.

2.10 Revenue Recognition

Sales are recorded on despatch of goods to the customers.

2.11 Foreign Currencies Translation

Foreign currency transactions during the year are translated into Pak Rupees at the exchange rates prevailing on the date of transaction. Assets and liabilities in foreign currencies at the balance sheet date are translated into Pak rupees at the rates of exchange prevailing on the balance sheet date except for balances covered under the forward exchange contracts, which are converted at the contracted rates.

Exchange differences are included in income currently.

3. ISSUED, SUBSCRIBED AND PAID-UP

(Rupees in '000)

1997 1996

1,801,250	Ordinary shares of Rs. 10/- each fully paid in cash	18,012	18,012
797,500	Ordinary shares of Rs. 10/- each issued as fully paid bonus shares	7,975	7,975
-----		-----	-----
2,598,750		25,987	25,987
=====		=====	=====

4. ADVANCE AGAINST ISSUE OF RIGHT SHARES

This represents advances received from the sponsoring directors and an associated company against future issue of right shares. The company has also offered one right share for every one held by the shareholders. Although the date of subscription of right shares was 14 October 1997, the company has applied for further extension.

5. SURPLUS ON REVALUATION OF FIXED ASSETS

The fixed assets i.e. land, building and plant & machinery have been revalued as of 30 June 1993 and 28 May 1997 by an independent valuer M/s. Iqbal A. Nanjee & Co. on the basis of depreciated replacement values. Revaluation surplus has been credited to surplus on revaluation of fixed assets account. Refer note 10.1 to these accounts.

6. SHORT TERM BANK FINANCING - SECURED

The company has short term financing facilities under mark-up arrangement in aggregate of Rs. 70 million (1996: Rs. 106.1 million) from Muslim Commercial Bank Limited and National Development Finance Corporation at mark-up ranging from 50 to 55 paisas per Rs. 1,000 per day, net of prompt payment rebate. The excess over facility represents temporary financing from a bank for payment against letters of credit. These arrangements are generally for a period of one year and are renewable subject to the payment of re-purchase price by Specified dates.

The arrangements are secured against a preferential charge by way of registered joint hypothecation of stock-in-trade, stores, spares and book debts and guarantees from associated companies.

The facilities for opening letter of credit and guarantees amounted to Rs. 175.293 million (1996: Rs. 112.137 million) out of these facilities the amount utilized at 30 June 1997 aggregated to Rs. 117.446 million.

7. CREDITORS, ACCRUED EXPENSES AND OTHER LIABILITIES

	(Rupees in '000)	
	1997	1996
Trade Creditors:		
- For goods	148,711	105,228
- For expenses	7,697	4,738
	-----	-----
	156,408	109,966
Accrued expenses:	-----	-----
- Mark-up on short term financing	-	2,988
-Others	6,637	6,964
	-----	-----
	6,637	9,952
Advances from customers	6,096	5,017

(Rupees in '000)

		1997	1996
Sales tax		916	1,557
Workers' profit participation fund	Note 7.1	8	-
Other liabilities		381	1,123
		-----	-----
		170,446	127,615
		=====	=====
7.1 Workers' Profit Participation Fund:			
As at 01 July		-	449
Contribution for the year		8	-
		-----	-----
		8	449
Less: Payments made during the year		-	449
		8	-
		=====	=====

8. PROVISION FOR TAXATION

8.1 Provision for taxation is not required in view of the tax loss for the year and brought forward assessed losses. However, minimum tax @ 0.5 percent of the turnover has been provided in these accounts.

8.2 The income tax assessments of the company have been finalised upto and including assessment year 1994-95. The tax department has filed reference with a judicial authority in respect of assessment year 1971-72. In case of adverse decision, an additional tax liability of Rs. 1.320 million would arise which has not been provided in these accounts.

9. CONTINGENCIES AND COMMITMENTS

Contingencies:			
- Bank guarantees		15,293	12,549
		=====	=====
Commitments in respect of capital expenditure		263	1,759
		=====	=====

10. TANGIBLE FIXED ASSETS

At cost/valuation less accumulated depreciation

(Rupees in '000)

	COST/VALUATION			AS AT 30 JUNE 1997	RATE PERCENT	DEPRECIATION			WRITTEN DOWN VALUE	
	AS AT 01 JULY 1996	ADDITIONS	(DISPOSALS) *ADJUSTMENTS			AS AT 01 JULY 1996	FOR THE YEAR	(DISPOSALS) ADJUSTMENTS	AS AT 30 JUNE 1997	AS AT 30 JUNE 1997
Free hold land	16,170	8,092	-	24,262	-	-	-	-	-	24,262
Building on free- hold land	9,106	-	-	9,106	5.10	2,143	728	-	2,871	6,235

Plant and Machinery	21,100	4,099	-	25,199	10	6,330	2,520	-	8,850	16,349
Factory equipments	1,064	1,327	-	2,391	10	411	213	-	624	1,767
Furniture	380	-	-	380	10	235	29	-	264	116
Fittings	2,185	-	-	2,185	10	1,821	61	-	1,882	303
Office/residential equipment	51371	347	(33)	5,685	10	2,781	442	(33)	3,190	2,495
Vehicle	3,462	901	960*	4,945	20	1,673	884	576	3,133	1,812
			(378)							
	-----	-----	-----	-----		-----	-----	-----	-----	-----
	58,838	14,766	960	74,153		15,394	4,877	543	20,814	53,339
			(411)							
Leased vehicles	960	-	(960)*	-	20	576	-	(576)	-	-
	-----	-----	-----	-----		-----	-----	-----	-----	-----
1997	59,798	14,766	(411)	74,153		15,970	4,877	(33)	20,814	53,339
	=====	=====	=====	=====		=====	=====	=====	=====	=====
1996	57,578	2,929	(709)	59,798		12,051	4,226	(307)	15,970	43,828
	=====	=====	=====	=====		=====	=====	=====	=====	=====

10.1 Surplus on revaluation undertaken as at 30 June 1993 and 28 May 1997 on land, building and plant & machinery has been arrived at as follows -

(Rupees in '000)

	Land	Building	Plant & Machinery	Total
Cost as at 01 July 1992	127	8,771	37,878	46,776
Less: Accumulated depreciation as at 30 June 1993	-	5,846	34,355	40,201
	-----	-----	-----	-----
	127	2,925	3,523	6,575
Depreciated replacement value on 30 June 1993	(16,170)	(8,703)	(20,410)	(45,283)
Depreciated replacement value on 28 May 1997	(8,092)	-	-	(8,092)
	-----	-----	-----	-----
Surplus on revaluation	(24,135)	(5,778)	(16,887)	(46,800)
	=====	=====	=====	=====

10.2 Had there been no revaluation, the related figures of land, building and plant & machinery would have been as follows:-

(Rupees in '000)

	Cost	Accumulated depreciation	Written down value
Land	127		127
Building	8,771	6,931	1,840

Plant and Machinery	37,878	37,877	1
	-----	-----	-----
1997	46,776	44,808	1,968
	=====	=====	=====
1996	46,776	43,707	3,069
	=====	=====	=====

10.3 Depreciation has been allocated as follows:-

	1997	1996
Cost of goods manufactured	3,497	2,986
Administrative expenses	721	692
Selling and distribution expenses	659	548
	-----	-----
	4,877	4,226
	=====	=====

10.4 Disposal of fixed assets

Details of fixed assets sold during the year are as follows:

(Rupees in '000)							
Description	Cost	Accumulated depreciation	Book value	Sale proceeds	Gain on disposal	Mode of disposal	Sold to
Air conditio	33	33	-	17	17	Negotiation	M/s Rauf and Company Nursery Market P.E.O.H.S. Block-6 Karachi.
	-----	-----	-----	-----	-----	-----	-----
1997	33	33	-	17	17		
	=====	=====	=====	=====	=====	=====	=====
1996	709	307	402	600	198		
	=====	=====	=====	=====	=====	=====	=====

11. CAPITAL WORK IN PROGRESS

(Rupees in '000)		
	1997	1996
Chilled water tank, Laboratory equipments, etc.	254	1,659
Conveyor belt	369	368
Cooling tower ponds	306	-
	-----	-----
	929	2,027
	=====	=====

12. LONG TERM LOANS - Secured

Due from employees, considered good

- Executives	5	12
- Others	155	110
	-----	-----
	160	122
	=====	=====

12.1 This represents markup free motorcycle loans to workers under CBA Agreement and other loans given to employees in accordance with the company's policy and are secured against the retirement benefits of the respective employees. These are recoverable in 16-40 monthly installments.

Maximum aggregate balances due at the end of any month during the year were as follows:

Executives	91	35
	=====	=====
Others	164	121
	=====	=====

Age analysis of long term loans are as follows:

Outstanding for period exceeding three years	-	20
	-----	-----
Less than three years	160	102
	=====	=====

13. DEFERRED COST

Balance as on 01 July	7,832	18,425
Less: Amortised during the year	7,832	10,593
	-----	-----
	-	7,832
	=====	=====

14. STORES AND SPARES

	(Rupees in '000)	
	1997	1996
Stores	1,029	1,132
Spares	4,561	4,519
	-----	-----
	5,590	5,651
	=====	=====

14.1 Due to multiple use of stores and spares items, the management considers it impracticable to segregate items of stores and spares held for capital expenditure.

15. STOCK IN TRADE

Raw material	9,797	42,249
Packing materials	560	1,426
Work-in-process	16,036	18,054
	-----	-----

Finished goods	26,393	61,729
Vanaspati (Ghee and Cooking Oil)	21,923	29,924
Washing soap	8,023	1,306
By-product	332	359
	30,278	31,589
	56,671	93,318
	=====	=====
16. TRADE DEBTS - unsecured		
Considered good	50,517	27,259
Considered doubtful	2,697	1,197
	53,214	28,456
Less: Provision for doubtful debts	2,697	1,197
	50,517	27,259
	=====	=====

17. LOANS AND ADVANCES - Secured, considered good

	(Rupees in '000)	
	1997	1996
Loans due from:		
- Executives	158	155
- Employees	17.1 210	575
	368	730
	-----	-----
Advances to:		
- Executives	47	88
- Employees	3,091	2,236
	3,138	2,324
	-----	-----
- Contractors and suppliers - unsecured	3,564	3,670
Provision against doubtful advances	(3,211)	(3,211)
	353	459
Advance tax	12,844	14,593
	16,703	18,106
	=====	=====

17.1 Maximum aggregate balances of advances due at the end of any month during the year were as follow:

Executives	2,226	1,480
	=====	=====

Employees		163	178
		=====	=====
18. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
Deposits and prepayments		1,999	559
Margin against bank guarantee		1,858	9,649
Excise duty and sales tax receivable		33	90
		-----	-----
		3,890	10,296
Other receivables:		-----	-----
Due from associated companies	18.1	1,788	827
Others - considered good		2,129	2,620
		-----	-----
		3,917	3,447
		-----	-----
		7,807	13,745
		=====	=====

18.1 Represents trade credits to the associated companies in the normal course of business. Mark-up is charged @ 19% per annum on these accounts on year end balances.

The maximum aggregate amount due from associated companies at the end of any month during the year was Rs. 2.069 million (1996: Rs. 2.466 million).

19. CASH AND BANKBALANCES

		(Rupees in '000)	
		1997	1996
Cash in hand		-	500
With banks on:			
- Current accounts		5,990	2,095
- PLS accounts	19.1	4,489	-
		-----	-----
		10,479	2,595
		=====	=====

19.1 Includes an account being a balance of Rs. 2.857 million charged by a bank against future payments of import purchases by the company.

20. SALES - Net

		(Rupees in '000)		
	Vanaspati (Ghee and Cooking Oil)	Washing Soap	Total 1997	Total 1996
Sales	1,156,120	21,062	1,177,182	1,046,885
	-----	-----	-----	-----
Less: Rebates	13,746	4	13,750	10,420

- Sales Tax on Soap	-	1,538	1,538	-
	-----	-----	-----	-----
	13,746	1,542	15,288	10,420
	-----	-----	-----	-----
	1,142,374	19,520	1,161,894	1,036,465
	=====	=====	=====	=====

21. COST OF GOODS SOLD

(Rupees in '000)

		Vanaspati (Ghee and Cooking Oil)	Washing Soap	Total 1997	Total 1996
Opening Stock of finished goods		29,924	1,306	31,230	25,068
Add: Cost of goods manufactured	21.1	1,036,090	28,444	1,064,534	957,728
		-----	-----	-----	-----
		1,066,014	29,750	1,095,764	982,796
Less: Closing stock of finished goods		21,923	8,023	29,946	31,230
		-----	-----	-----	-----
		1,044,091	21,727	1,065,818	951,566
		=====	=====	=====	=====

21.1 Cost of goods manufactured

Opening Stock of work-in-process		16,990	1,064	18,054	11,563
Raw material consumed	21.2	806,018	11,122	817,140	730,942
Packing material consumed	21.3	156,137	-	156,137	137,107
Stock and spares consumed		8,275	-	8,275	6,559
Salaries, wages and other benefits		31,348	197	31,545	29,539
Fuel and power		27,306	-	27,306	27,163
Repair and maintenance		373	-	373	221
Rent, rates and taxes		546	-	546	652
Insurance		1,006	-	1,006	887
Depreciation		3,497	-	3,497	2,986
		-----	-----	-----	-----
		1,051,496	12,383	1,063,879	947,619
Add: Purchases		-	16,691	16,691	28,163
		-----	-----	-----	-----
		1,051,496	29,074	1,080,570	975,782
Less: Closing stock of work-in-process		15,406	630	16,036	18,054
		-----	-----	-----	-----
		1,036,090	28,444	1,064,534	957,728

=====

21.2 Raw materials consumed - Vanaspati and Cooking Oil

	(Rupees in '000)	
	1997	1996
Opening stock	42,249	36,907
Add: Purchases	788,620	749,979
	-----	-----
	830,869	786,886
Less:	-----	-----
Closing stock	9,797	42,249
Cost allocated to by-product	15,054	15,181
	-----	-----
	24,851	57,430
	-----	-----
	806,018	729,456
	=====	=====

21.3 Packing materials consumed - Vanaspati and Cooking Oil

Opening stock	1,426	821
Add: Purchases	155,271	137,712
	-----	-----
	156,697	138,533
Less: Closing stock	560	1,426
	-----	-----
	156,137	137,107
	=====	=====

22. ADMINISTRATIVE EXPENSES

Salaries, wages and other benefits	12,703	13,938
Director's remuneration	-----	-----
Fee	5	2
Salaries and other benefits	1,237	1,229
	-----	-----
	27	1,231
	-----	-----
Repair and maintenance	810	761
Electricity and gas	299	283
Rent, rates and taxes	707	599
Insurance	450	409
Travelling and conveyance	917	1,188
Entertainment	140	235
Postage, telegrams and telephone	1,224	1,058
Printing and stationery	489	409
Legal and professional	520	916

(Rupees in '000)

	1997	1996
Auditors' remuneration	22.1	61
Advertising		291
Charity and donation	22.2	21
Meeting and conferences		35
Subscription		172
Other expenses		1
Depreciation		721
Provision for doubtful debts		1,500
Provision for doubtful advances Advances written off		1,536
	-----	-----
	23,839	25,216
	=====	=====

22.1 Auditors' remuneration

Audit fee	55	50
Out of pocket expenses	6	12
	-----	-----
	61	62
	=====	=====

22.2 The directors and their spouses did not have any interest in donee fund.

23. SELLING AND DISTRIBUTION EXPENSES

Salaries and other benefits	7,172	5,696
Advertising	12,368	12,716
Sales promotion	4,653	6,742
Repair and maintenance - Vehicles and other	714	618
Rent, rate and taxes	430	291
Freight and octroi	18,328	18,166
Traveling and conveyance	3,032	2,610
Research and development	197	119
Entertainment	152	118
Insurance	486	181
Postage, telegram and telephone	1,759	1,698
Subscription	171	127
Printing and stationery	647	459
Gas / Electric	89	62
Depreciation	659	548
Meeting and Conferences	184	208
Service Charges	1,264	-
Others	38	4
	-----	-----
	52,343	50,363
	=====	=====

24. FINANCIAL EXPENSES

(Rupees in '000)

	1997	1996
Markup on bank financing	15,006	22,172
Excise duty	876	1,224
Bank charges and commission	497	1,042
Financial charges on finance lease	12	79
	-----	-----
	16,391	24,517
	=====	=====
25. OTHER INCOME		
Refund of export tax	-	12,030
Gain on sale of fixed assets	17	198
Markup/return from:	-----	-----
- Associated undertakings	21	65
- Employees' loans	20	7
	-----	-----
	41	72
Sale of oxygen gas	1,290	313
Rent	148	167
Exchange gain	1,609	1,142
Miscellaneous	1,379	1,079
	-----	-----
	4,484	15,001
	=====	=====

26. TRANSACTIONS WITH ASSOCIATED COMPANIES

Purchases	16,691	7,179
Sales	10,322	4,100
Markup received	66	2
Premium paid	1,276	236
Claims received	402	-
Payments made on account of associated companies	2,654	6,780

**27. REMUNERATION OF CHIEF EXECUTIVE,
DIRECTORS AND EXECUTIVES**

The aggregate amount charged in the accounts for the year for remuneration and benefits to the Executives and Directors of the Company are as follows:

	(Rupees in '000)			
	1997		1996	
	Directors	Executives	Directors	Executives
Fee	5	-	2	-
Remuneration	240	6,370	240	4,885
Rent and utilities	775	4,990	548	4,513
Medical expenses	29	1,054	165	721

Entertainment	52	317	47	34
Cost contribution to				
Provident Fund	24	549	24	488
Other perquisites	117	276	205	573
	-----	-----	-----	-----
	1,242	13,556	1,231	11,214
	=====	=====	=====	=====
No. of persons	7	52	7	53
	=====	=====	=====	=====

In addition executives are also provided with free use of company maintained cars.

27.1 The Chief Executive of the company is not drawing any remuneration from the company.

28. PLANT CAPACITY, PRODUCTION AND SALES

(Quantity in Metric Tones)
1997 1996

Vanaspati - (Ghee and Cooking Oil)

Assessed capacity	30,000	30,000
Production	23,275	22,752
Sales	23,491	22,604

Intense competition, coupled with inflationary pressure and shortage of funds with trade, offered by in expensive brands extending liberal credit and huge inducements to trade lead to company's selling less and thus producing less.

29. GENERAL

29.1 Figures have been rounded off to nearest thousand rupee.

29.2 Previous year's figure have been re-arranged, wherever necessary, for the purposes of comparison.

PATTERN OF SHARE HOLDINGS AS AT JUNE 30, 1997

NUMBER OF SHAREHOLDERS	SHARE-HOLDING		TOTAL SHARES HELD	PERCENTAGE
	From	To		
2498	1	100	39676	1.53
367	101	500	84481	3.25
80	501	1000	54213	2.09
69	1001	5000	143954	5.54
12	5001	10000	77935	3.00
10	10001	20000	118954	4.58
1	20001	30000	21375	0.82
4	30001	40000	147262	5.67
1	40001	50000	48100	1.85

6	50001	100000	340306	13.09
1	100001	200000	100432	3.86
3	200001	500000	833012	32.05
1	500001	1000000	589050	22.67

3053			2598750	100.00
=====				

CATEGORIES OF SHAREHOLDERS	NUMBERS	SHARES	PERCENTAGE
1. Individuals (General Public)	3025	920644	35.43
2. Investment Companies	3	379846	14.62
3. Insurance Companies	4	327238	12.59
4. Financial Institutions	8	307153	11.82
5. Joint Stock Companies	1	589050	22.67
6. Corporate Law Authority	1	1	0.00
7. Abandoned Properties Organisation	1	3198	0.12
8. Bibojee Services Ltd.	1	234	0.01
9. Babar All Foundation	1	2400	0.09
10. S.M. Ishaq Holding Ltd.	1	42	0.00
11. Adamjee Sons Ltd.	1	62	0.00
12. Amin Estates Ltd.	1	475	0.02
13. Sind Engineering Ltd.	1	65992	2.54
14. Mutual Trading Co, Ltd.	1	526	0.02
15. National Indtl. Coop. Fin. Corp.	1	1775	0.07
16. N. H. Holding Ltd.	1	101	0.00
17. Sarfraz Mahmood (Pvt) Ltd.	1	13	0.00
	-----	-----	-----
	3053	2598750	100.00
	=====	=====	=====