

National Foods Limited

(Annual Report 1996)

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Board of Directors

MR. A. MAJEED	Chairman
MR. WAQAR HASAN	Managing Director Chief Executive
MR. KHAWAR M. BUTT	Director
MR. ABRAR HASAN	Director
MR. SIRAJUDDIN AHMAD	Director (I.C.P. Nominee)
MR. ZAHID MAJEED	Director
MS. JAMILA WAQAR	Director
MS. M. E. MAJEED	Director
MR. HABIB A. ISMAIL	Company Secretary

REGISTERED OFFICE:

12/CL-6, Claremont Road, Civil Lines, Karachi-75530.

Phones: 515564, 515740, 515981, 5662687

P.O. Box No. 15509 Fax No. 5684870

Tlx: 20191 CATEL PK.

AUDITORS:

Riaz Ahmad, Saqib, Gohar & Company

Chartered Accountants,

5-Nasim Cooperative Housing Society Ltd,

Major Nazir Bhatti Road,

Off Shahid-e-Millat Road,

Karachi.

Phones: 4945427 - 4932629

REGISTRAR

Noble Computer Services (Pvt.) Limited

1st Floor, AI-Manzoor Building,

Dr. Ziauddin Ahmad Road, Karachi.

Phones: 2635511-14

BANKERS

Muslim Commercial Bank Limited,

Clifton Corporate Branch,

Kulsom Court, Clifton,

Karachi.

Bank Al-Habib Limited
Mackvolk Building,
I. I. Chundrigar Road, Karachi.

Notice of Meeting

Notice is hereby given that the 25th Annual General Meeting of National Foods Limited will be held at the Registered Office situated at 12/CL-6, Claremont Road, Civil Lines, Karachi on Sunday the 22nd December 1996, at 10.00 a.m. to transact the following business:-

1. To read and confirm the minutes of last Annual General Meeting held on 26th December 1995.
2. To receive consider and approve the Audited Accounts of the Company for the year ended 30th June 1996.
3. To approve payment of Cash Dividend at 10% (Re. 1 per share of Rs. 10 each) as recommended by the Directors.
4. To approve issue of Bonus Shares @ 10% to such shareholders, whose names appear on the members book on 22nd December 1996.
5. To appoint Auditors for the year 1996-97 and to fix their remunerations. The present auditors Messrs Riaz Ahmed, Saqib, Gohar & Co., Chartered Accountants retire, being eligible for re-appointment.

(Consent received from Messrs Riaz Ahmad, Saqib, Gohar & Company for appointment as Auditors).

6. To transact any other business with the permission of the Chairman.

By Order of the Board

Karachi; 30th November, 1996.

(HABIB A. ISMAIL)
Company Secretary

NOTES:

1. The share transfer books of the Company will remain closed from 15th. December 1996 to 26th December, 1996 (Both days inclusive).
2. All members are entitled to attend and vote at the meeting.
3. A member entitled to attend and vote at the Meeting may appoint a proxy to attend, speak and vote for him/her. A proxy needs to be a member of the Company.
4. In order to be valid, an instrument of proxy and the Power of Attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, must be deposited at the Registered Office of the Company not less than 48 hours before the time of the meeting.
5. Shareholders are requested to notify immediately, any change in their Registered address.

Chairman's Review

FOCUS ON THE FUTURE

National Food Ltd., is passing through a difficult period. The year in review brought out a strange scenario, sales increased by 63% in the first half of the year but then stagnated with an increase

of only 10% in the second half. The excellent performance in the first six months boosted over all sales, yet the gap between the first and second halves is so great that it cannot be blamed on external factors only.

This has prompted the management to look into each and every Department critically keeping our focus on the future. We are on record as makin9 the commitment that employees are our assets; business is not machines and buildings only - without competent staff at all levels, no Organisation's future can be bright. The management is, therefore, busy in evaluating the present Organisation structure, re-writing the assignments of staff, reducing the management layers and simplifying the information procedures.

I am also pleased to report that brought, new educated young talent has been inducted in costing, marketing and purchase sections. The main objective, apart from repairing the Organisation for the future, is to further reduce the cost of production which will result in the increase of profits.

On the process development side, the new salt plant at Lahore is in production and after teethin9 problems is producing quality products.

A new pickle plant is almost ready to go into production which will improve the quality and will result in cost reduction. A new project for wet processing is being planned for Karachi in technical collaboration with CEREBOS FOODS, a reputed Multinational food Company based in Australia. This new venture will increase our range of value-added products for local sales and export marketing.

These steps will certainly diversify the Company product wise and geographically.

A new initiative, has also been taken to reorganise agencies in exporting Countries, which has already started yielding results. Hopefully the export sales will grow significantly this year and in future. Moreover this business is on strictly L/C at sight basis, thus enhancing the liquidity of the Company.

The present process of evaluation will give us an opportunity to improve Company's performance for future and enhancing our corporate image locally as well as in export. When this evaluation process is completed, all the members of the Company at higher as well as lower level will clearly have description of the goal which will be specific, measurable, attainable and realistic. This process is time related and will be completed within this calendar year.

Lastly it is my pleasant duty to congratulate National Foods' Management for their achievement in the present difficult circumstances of stagflation and I sincerely hope that they will continue to work on the professional lines defined so that the future of your Company is secured.

A. MAJEED
Chairman

Chairman's Review

RESULT AND PERFORMANCE

The audited accounts for the financial year ending 1995-96 are presented herewith. A summary of the key financial indicators along with the profit and appropriations are presented below:-

PROFIT AND APPROPRIATIONS

	1996	1995
Profit after taxation	7,790,939	9,933,708
Un-appropriated profit	17,027,728	12,524,500
	-----	-----
	24,818,667	22,458,208

Appropriations:

Proposed Cash Dividend	2,986,764	2,715,240
Reserve for issue of Bonus Shares	2,986,764	2,715,240
	-----	-----
	5,973,528	5,430,480
	-----	-----
	18,845,139	17,027,728
	=====	=====

CASH DIVIDEND / BONUS

The company has generated a profit of Rs.7,790,939, after tax and after adding to the Un-appropriated Profit of Rs.17,027,728 brought forward from last year, the Board of Directors have announced 10% Cash Dividend & 10% Bonus Shares to be issued in the ratios of 1:10; i.e. one Bonus Share for every ten Ordinary Shares held by the members whose names appear in the members register on 22-12-1996.

PERFORMANCE REPORT

This year we have had a moderate growth of 20.9% compared to the previous years. One of the poor performers was export which finished with reduced growth of 25.7%. On the other hand the local sales had a tremendous growth of 31.7%. Needless to say this growth has been achieved under tremendous inflationary pressures and the entire marketing and sales staff needs to be congratulated. Operating profit on the other hand is lower by 15.3% in monetary terms compared to last year.

Despite an overall growth, the profit has reduced primarily due to change in contribution of the local and export sales. This year we finished with an approximate ratio of 90:10 whereas last year the ratio was 80:20.

The reduction of profitable export sales by 25.7% has led to reduced earnings this year. Primary reasons are:

1. Ban on export of Red Chillies continues. It is three years now and the government has not moved towards purging this prohibition.
- ii. Change of our Saudi Arabian distributors and appointment of new USA distributor.

It was realised that our past distributor in Saudi Arabia was operating with a huge credit margin with us and our receivables were unnecessarily high. Also sales being managed by them were static and no positive growth was being accomplished. We have appointed a better and bigger distributor for that territory and all sales are being transacted on L/C at site basis.

The same move was realised in USA and we have managed to increase our sales to this region alongwith payments realising on L/C at site basis.

All our export distributors are now operating with us on L/C at site basis. The effect of reduction in our financial expenditure will be tremendous and will be realised next year. The effect can however be seen this Fear in the reduction in the number of receivables in days compared to previous years in the financial charts presented below.

Salt market on the other hand has levelled out and the boom that was seen in the last two years has somewhat diminished.

INFLATIONARY TRENDS

The growth of last year has been nullified by increased inflation in the raw and packaging materials. The chilli crop, despite the ban this year is very good but the local prices prevailing in the market are still very high.

Increase import costs of various packaging material suppliers has been passed on to us with a minimum effect of 18%. Imposition of sales tax on all inputs has also caused our cost of goods sold to rise.

All this increased costs have prompted us to increase our prices as well and they have been effected more then twice in a year. However, with very increased competition in the local market, the entire increase in cost can not be passed on to the consumer due to choice and availability of other brands. This has resulted in tremendous inflationary pressures and have forced us to reduce our expenditures and operate with minimal costs.

We have also reduced our inventory levels at the plant so as to reduce our financial cost of carrying stock. This effect can also be seen in the various charts presented below.

The effect of taking these measures will inshallah be realised in the next financial year.

FUTURE

Seeing the current economic trends it was predicted couple of years back by our Board of Directors that such an inflationary period will become part of our lives and this trap would eventually become unavoidable.

This thinking promulgated us to change our strategy and start concentrating on developing our expert markets. The very first step was to identify the kinds of food markets available outside and then work out a positioning strategy for our present range of products in that market.

Also new range of products need to be developed for the mainstream markets and work on them has already started.

One of the main needs for improving our export performance was to develop a proper and reliable export distribution system. This was one of our main reasons for changing the distribution Saudi Arabia and USA.

The outlook for the future has already been realised and work is underway. Export marketing is the key to the survival of NFL in this inflationary trend.

AUDITORS

The present auditors M/s. Riaz Abroad, Saqib, Gohar & Company, Chartered Accountants retire, being eligible for re-appointment.

Consent has received from M/s. Riaz Ahmad, Saqib, Gohar & Company, Chartered Accountants for re-appointment as auditors for the year 1996-97, on the same remuneration.

PATTERN OF SHARE HOLDING

The pattern of Share Holding as referred by Section 236 of the Companies Ordinance 1984 is enclosed.

RECOGNITION

In the end I am very grateful to the entire team of National Foods for their very good performance last year.

Though times are tough and general outlook on economic conditions are not very conducive the team has been working with highly motivated spirits and has transacted their jobs timely and efficiently.

I congratulate them all and hope that performances would be improved further enabling us to reach new pinnacles.

On behalf of the Board of Directors of National Foods Limited.

Auditors' Report to the Members

We have audited the annexed balance sheet of National Foods Limited as at 30 June, 1996 and the related profit and loss account and the cash flow statement, 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, investment 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 cash flow statement, 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 1996 and of the profit for the year then ended; and

(d) In our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980, was deducted by the company and deposited in the Central Zakat Fund established under section 7 of that ordinance.

Karachi: 19th November, 1996.

RIAZ AHMAD, SAQIB, GOHAR & CO.
Chartered Accountants

Balance Sheet as on 30th June 1996,

	NOTE	1996 Rupees	1995 Rupees
CAPITAL AND LIABILITIES			
Capital and Reserve			
Authorised Capital 5,000,000 (1995: 5,000,000) Ordinary Shares of Rs.10/- each		50,000,000	50,000,000
Issued, Subscribed and Paid-up Capital	2	29,867,640	27,152,400
Capital Reserve - Share Premium		6,102,100	6,102,100
Reserve for Issue of Bonus shares		2,986,764	2,715,240
Unappropriated Profit		18,845,139	17,027,728
		-----	-----
Long Term loans - Secured		57,801,643	52,997,468
Long term loans	3	333,268	625,268
Liabilities against assets subject finance lease	4	1,330,141	-
		-----	-----
		1,663,409	625,268

Deferred Liabilities

Deferred Taxation		1,450,000	1,450,000
Current Liabilities and Provision			
Current portion of long term loans	5	1,558,580	132,000
Finances utilized under mark-up arrangements - Secured	6	61,674,985	45,902,791
Creditors, accrued & other liabilities	7	35,412,368	36,237,670
Proposed cash dividend		2,986,764	2,715,240
		-----	-----
		101,632,697	84,987,701
Contingencies and Commitments	8	--	--
		-----	-----
		162,547,749	140,060,437
		=====	=====

The annexed notes form an integral part of these accounts.

PROPERTY AND ASSETS

Fixed Capital Expenditure			
Fixed assets	9	44,007,001	41,075,385
Assets subject to finance lease	10	2,873,428	--
Capital work-in-progress	11	10,970,239	7,342,816
		-----	-----
		57,850,668	48,418,201
Long Term Deposits		718,851	365,731
Current Assets			
Stock-in-trade	12	78,251,712	57,968,521
Trade debts - Unsecured - Considered good		14,154,820	23,830,045
Advances, deposits, prepayments, and other receivables	13	10,507,876	8,897,266
Cash and bank balances	14	1,063,822	580,673
		-----	-----
		103,978,230	91,276,505
		-----	-----
		162,547,749	140,060,437
		=====	=====

Profit and Loss Account

For the year ended 30th June 1996

	NOTE	1996 Rupees	1995 Rupees
Sales	15	337,202,404	278,950,463
Less: Cost of sales	16	269,257,624	222,566,535
Gross profit		67,944,780	56,383,928
Less: Administrative expenses	17	11,772,599	10,118,247
Selling and distribution expenses	18	38,923,752	31,089,036

Financial expenses	19	7,976,678	5,169,701
Workers' profit participation Fund		551,000	632,000
		-----	-----
		59,224,029	47,008,984
		-----	-----
Operating Profit		8,720,751	9,374,944
Add: Other income	20	1,470,188	2,658,764
		-----	-----
Profit before taxation		10,190,939	12,033,708
Taxation	21	2,400,000	2,100,000
		-----	-----
Profit after taxation		7,790,939	9,933,708
Add: Unappropriated profit brought forward from pervious year		17,027,728	12,524,500
		-----	-----
Profit available for appropriation		24,818,667	22,458,208
APPROPRIATION:			
Proposed cash dividend 10% (1995: 10%)		2,986,764	2,715,240
Reserve for Issue of Bonus Share (1995: 10%)		2,986,764	2,715,240
		-----	-----
		5,973,528	5,430,480
Unappropriated profit carried forward to balance sheet		-----	-----
		18,845,139	17,027,728
		=====	=====

The annexed notes form an integral part of these accounts.

WAQAR HASAN	KHAWAR M. BUTT
CHIEF EXECUTIVE	DIRECTOR

**Statement of Changes in Financial Position
(Cash Flow Statement)**

For the year ended 30th June 1996

	NOTE	1996 Rupees	1995 Rupees
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		10,190,939	12,033,708
Adjustments for non cash charges and other items			
Depreciation		5,838,804	5,615,272
Amortisation of leased assets		528,982	-
Profit on sale of fixed assets		(333,689)	(282,740)
Financial charges		7,976,678	5,169,701
		-----	-----
		14,010,775	10,502,233
		-----	-----
Operating profit before working capital changes		24,201,714	22,535,941
(Increase)/decrease in current assets			
Stock in trade		(20,283,191)	(20,983,618)
Trade debts		9,675,225	1,998,835
Advances, deposits, prepayments and other receivable		(1,382,644)	(408,382)
		-----	-----
		(11,990,610)	(19,393,165)
Increase/(decrease) in current liabilities			

Creditors accrued and other liabilities	(1,938,945)	8,409,273
	-----	-----
	10,272,159	11,552,049
Financial charge paid	(6,944,625)	(5,020,748)
Taxation paid	(2,627,966)	(2,268,917)
	-----	-----
Net cash from operating activities	699,568	4,262,384
CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure	(13,278,893)	(21,141,981)
Sale proceeds of fixed assets	1,214,739	1,272,936
Long term deposit	(353,120)	(38,845)
Finance lease assets	(3,402,410)	--
	-----	-----
Net cash used in Investing activities	(15,819,684)	(19,907,890)
CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of long term loan	(273,000)	(1,729,551)
Dividend paid	(2,633,650)	(4,965)
Proceed from finance lease	2,737,721	--
	-----	-----
Net cash used in financing activities	(168,929)	(1,734,516)
Net decrease in cash & cash equivalent	(15,289,045)	(17,380,022)
Cash & cash equivalent at the beginning of the year	(45,322,118)	(27,942,096)
	-----	-----
Cash & cash equivalent at the end of the year	(60,611,163)	(45,322,118)
	=====	=====
CASH & CASH EQUIVALENTS		
Cash & bank balance	1,063,822	580,673
Finance utilized under mark-up arrangements	(61,674,985)	(45,902,791)
	-----	-----
	(60,611,163)	(45,322,118)
	=====	=====

The annexed notes form an integral part of these accounts.

WAQAR HASAN
CHIEF EXECUTIVE

KHAWAR M. BUTT
DIRECTOR

Notes to the Accounts

For the year ended 30th June 1996

1. ACCOUNTING POLICIES

1.1 Accounting Convention

These accounts have been prepared on historical cost convention without taking into account the effect of inflation or current cost.

1.2 Taxation

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

The company provides for deferred taxation, if any, using the liability method.

However, no provision is made if it is estimated that this would not reverse in the foreseeable future.

1.3 Staff Retirement Benefits

The company operates a funded gratuity scheme covering all permanent employees

and is calculated on the basis of last drawn salary and length of service of the employees. Provision to cover this obligation is made annually.

The company also operates a funded provident scheme, covering all permanent employees. Monthly contribution is made at the rate of 5 percent of the pay of employees to the fund.

1.4 Fixed Assets and Depreciation

All fixed assets except leasehold lands and capital work-in-progress are stated at written down value which is arrived at by deducting accumulated depreciation from cost. Leasehold lands and capital work-in-progress are stated at cost. Cost in relation to certain fixed assets signifies historical cost and cost of borrowing during construction period in respect of loans taken for specific project.

Depreciation is charged on reducing balance method whereby the cost of asset is written off over its expected useful life. Maintenance and normal repairs are charged to income. Major renewals and replacement are capitalised and the assets so replaced, if any, are retired. Full year's depreciation is charged on assets acquired during the year whereas no depreciation is charged on assets deleted. Gains and losses on disposal of assets are included in income currently.

1.5 Assets subject to finance Lease

Assets subject to finance lease are stated at the lower of present value of minimum lease payments under the lease agreement and the fair value of the assets. The related obligations of the lease are accounted for as liabilities. Assets acquired under a finance lease are amortized over the useful life of the asset on a reducing balance method at the rates given in the relevant note. Amortization of leased assets is charged to current year's income

1.6 Stock-in-Trade

Raw materials, work-in-progress and packing materials are valued at average cost whereas finished goods are valued at lower of cost and net realisable value. Appropriate manufacturing overheads are included in the cost of finished goods. Goods-in-transit are stated at cost.

1.7 Foreign Currency Translation

Assets and liabilities in foreign currencies are translated at the rates of exchange prevailing on the balance sheet date. The resulting gains and losses are charged to current year's income.

1.8 Revenue Recognition

Revenue is recognised on the basis of sales which are recorded at the time of despatch of goods. Returns are booked as and when advised. Goods are sold subject to reservation of title, as is customary in this trade.

	1996	1995
	Rupees	Rupees

2. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

1,255,990 (1995: 1,255,990) Ordinary Shares of Rs.10/- each fully paid in cash	12,559,900	12,559,900
1,730,774 (1995: 1,459,250) Ordinary Shares of Rs. 10/- each issued as fully paid bonus shares	17,307,740	14,592,500
	-----	-----

29,867,640	27,152,400
=====	=====

3. LONG TERM LOANS - SECURED

Pakistan Industrial Credit and
Investment Corporation Limited
Foreign Currency Loan

3.1	484,268	757,268
-----	---------	---------

Less: Installments due within one year
shown under current portion of
long term loans

151,000	132,000
-----	-----
333,268	625,268

3.1 Foreign Currency Loan

Opening Balance

625,268	995,268
---------	---------

Less: Installment paid in advance

141,000	238,000
-----	-----
484,268	757,268
=====	=====

This represents liability in respect of machinery acquired under financing arrangement with PICIC and is repayable in sixteen biannually instalments with mark-up @ 14% per annum including 3% exchange fluctuation coverage fee. It is secured against the hypothecation of plant & machinery and floating charge on other assets of the company and a Demand Promissory Note.

4. LIABILITIES AGAINST ASSETS**SUBJECT TO FINANCE LEASE**

Present value of minimum lease rental payments

2,737,721	--
-----------	----

Less: Current portion shown under current
liabilities

1,407,580	--
-----	-----
1,330,141	--
=====	=====

5. CURRENT PORTION OF**LONG TERM LOANS**

Long term loan

151,000	132,000
---------	---------

Liabilities against assets subject to finance lease

1,407,580	--
-----	-----
1,558,580	132,000
=====	=====

6. FINANCES UTILIZED UNDER MARK-UP**ARRANGEMENTS - SECURED****Muslim Commercial Bank Limited**

Export refinance

6.1	21,400,000	20,286,000
-----	------------	------------

Running finance

6.2	14,201,372	5,593,764
-----	------------	-----------

35,601,372	25,879,764
------------	------------

Habib Bank Limited

Running finance

6.3	--	37,735
-----	----	--------

Bank Al Habib Limited

Running finance

6.4	26,073,613	19,985,292
-----	------------	------------

61,674,985	45,902,791
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	LIMIT Rupees	EXPIRY	RATE OF MARK-UP	S E C U R I T Y
6.1	21,400,000 (1995: 20,286,000)	30 June 1996	12.5% per annum on daily product basis.	(i) Banks lien on export L/Cs contract and hypothecation of stock. (ii) Collaterally secured against property mentioned in note 6.2 below.
6.2	17,720,000 (1995: 19,120,000)	30 June 1996	50 paisa per Rs.1,000 on daily product basis.	(i) Hypothecation of packing & raw materials and finished goods. Equitable mortgage of factory premises valued at Rs.6.140 million. First charge on fixed and current assets for Rs. 4.500 million. Registered charge of Rs. 50 million with Registrar, Joint Stock Companies.
6.3	Nil (1995: 2,400,000)	30 June 1996	51 paisa per Rs,1,000 on daily product basis.	(i) Hypothecation of Raw and Packing materials, pledge of Directors Shares Certificates. (ii) Demand Promissory Note and personal guarantees of the Directors of the company.
6.4	27,000,000 (1995: 22,000,000)	30 dune 1996	in between 13 and 16.425 % on daily product basis.	(i) Hypothecation of movables & book debts. (ii) Demand Promissory Note and personal guarantees of the directors of the company.

	1996 Rupees	1995 Rupees
--	----------------	----------------

7. CREDITORS, ACCRUED AND OTHER LIABILITIES

Creditors		17,444,231	14,938,984
Accrued expenses		1,680,037	2,906,568
Advance from customers		1,630,020	1,829,114
Mark-up accrued on secured loans		2,087,415	1,053,862
Unclaimed dividend		250,044	168,454
Due to associated undertakings		35,048	101,843
Due to directors		39,172	1,383,423
Payable to contractors		215,600	357,272
Due to gratuity trust		7,333,509	5,519,662
Payable to employees provident trust		27,013	62,113
Sales tax payable		320,268	376,969
Workers' welfare fund		250,665	250,665
Workers' profit participation fund	7.1	604,609	687,226
Other liabilities		3,494,737	6,601,515
		-----	-----
		35,412,368	36,237,670

7.1 Workers' Profit Participation Fund

Opening balance	687,226	587,646
Allocation for the year	551,000	632,000
	-----	-----
	1,238,226	1,219,646
Interest on funds utilized in company's business	33,500	35,000
Payment to beneficiaries	(667,117)	(567,420)
	-----	-----
	604,609	687,226
	=====	=====

8. CONTINGENCIES AND COMMITMENTS

There were no capital commitment and contingent liability as at 30 June 1996 (1995: Rs. NIL).

9. FIXED ASSETS

PARTICULARS	C O S T			RATE	DEPRECIATION		As at 30 June 1996	Written Down value as at 30 June 1996
	As on 1 July 1995	Additions/ (Deletions) During the Year	As at 30 June 1996		Charge for the Year	As on 1 July 1995 (Adjustment)		
	Rupees	Rupees	Rupees	%	Rupees	Rupees	Rupees	Rupees
Lease hold Land	1,450,235	-	1,450,235	-	-	-	-	1,450,235
Buildings on Leasehold Land	15,632,793	1,467,346	17,100,139	10	7,105,753	999,439	8,105,192	8,994,947
Plant, Machinery, Equipment's & Generator	27,509,449	3,286,051	30,795,500	10	10,374,662	2,042,084	12,416,746	18,378,754
Office and other Equipment	9,843,986	1,277,240 (86,100)	11,035,126	15	4,221,476 -66,157	1,031,971	5,187,290	5,847,836
Laboratory Equipments	689,391	243,975 (12,000)	921,366	10	193,766 (5,623)	73,322	261,465	659,901
Motor Vehicles	9,645,801	1,323,351 (1,720,135)	9,249,017	20	3,561,856 ' (865,405)	1,310,513	4,006,964	5,242,053
Furniture and Fixtures	2,680,803	2,053,507	4,734,310	10	919,560	381,475	1,301,035	3,433,275
Total 1996:	67,452,458	9,651,470 (1,818,235)	75,285,693		26,377,073 ' (937,185)	5,838,804	31,278,692	44,007,001
Total 1995:	55,745,553	13,900,283 (2,193,378)	67,452,458		21,964,983 ' (1,203,182)	5,615,272	26,377,073	41,075,385
	=====	=====	=====	=====	=====	=====	=====	=====

9.1 Depreciation has been allocated as follows:

	1996 Rupees	1995 Rupees
Cost of sales	3,798,676	3,632,656
Administrative expenses	1,020,064	991,308

Selling and distribution expense	1,020,064	991,308
	-----	-----
	5,838,804	5,615,272

9.2 Disposal of Fixed Assets

Particulars	Cost Rs.	Accumulated Depreciation Rs.	Written Down Value Rs.	Sold for Rs.	Profit (Loss) Rs.	Mode of Disposal Rs.
Motor Vehicles						
Toyota Corolla						
Reg. No. T -- 9149						
Sold to Mr. Husnain Riaz Zaidi						
H. No. B--78, Ist Floor,						
BI. J. N. Nazimabad, Karachi.	450,000	265,680	184,320	250,000	65,680	By Negotiation
Honda Khyber						
Reg. No. T -- 8672						
Sold to Mr. Burhanuddin Darogar						
H. No. 15, Mir Karam Ali Talpur Rd.,						
Salim Wala Build., Saddar Karachi	213,000	125,755	87,245	120,000	32,755	By Negotiation
Honda CD 70 cc						
Reg. No. RIT- 6707						
Sold to Mr. Amjad Niaz						
D, D--87, Gulshan Dadan Khan,						
Muree Road, Rawalpindi.	27,350	18,388	8,962	20,550	11,588	Company Scheme
Suzuki FX						
Reg. No. H -- 1768						
Sold to Mr. Mohammad Akram						
H. No. 380, Block A/2,						
M. Ali Jouhar Town, Karachi.	73,000	43,099	29,901	51,450	21,549	Company Scheme
Honda CD 70 cc						
Reg. No. MNN- 830						
Sold to Mr. Ghulam Dastgir						
H. No. 1217/8--11, Inside						
Bohar Gate, Multan.	24,350	17,967	6,383	15,366	8,983	Company Scheme
Suzuki Swift						
Reg. No. T -- 6064						
Sold to Mr. Ghous Bux Khan						
3rd Floor, Chapal Plaza E,						
Block 302, Karachi.	207,000	122,213	84,787	124,000	39,213	By Negotiation
Honda CD 70 cc						
Reg. No. KCA- 141						
Sold to Mr. Saleem Sultani						
H.No. 55 BI, 3 F.B.Area,						
Karachi.	26,500	17,817	8,683	18,700	10,017	Company Scheme
Honda CD 70 cc						
Reg. No. RIS -- 8762						
Sold to Mr. Akhtar Hussain						
H. No. B -- W -- 1477, Mohallah,						
Faisalabad Muslim Town,						
Rawalpindi.	23,500	17,339	6,161	14,830	8,669	Company Scheme
Yamaha 100 cc						
Reg. No. PRN -- 6879						

Sold to Mr. Fazal---e--Subhan Quarter No. 9, Qayyum Qtr. Nathia Qadeem Peshawar Cantt.	28,000	18,825	9,175	18,587	9,412	Company scheme
Honda CD 70 cc Reg. No. KCG -- 7326 Claim E.F.U. General Insurance Limited.	24,700	16,606	8,094	25,000	16,906	Insurance Claim
Honda CD 70 cc Reg. No. KCK -- 6829 Claim E.F.U. General Insurance Limited	42,000	15,120	26,880	40,000	13,120	Insurance Claim
Honda CD 70 cc Reg. No. KCK- 141 Claim E.F.U. General Insurance Limited	46,300	9,260	37,040	45,000	7,960	Insurance Claim
Honda CD 70 cc Res. No. RIU -- 7674 Sold to Mr. Zaheer Ahmed H. No. 719. Street 30, Amerpura, Rawalpindi.	39,000	14,040	24,960	27,900	2,940	Company scheme
Honda CD 70 cc Reg. No. KCV -- 2551 Claim E.F.U. General Insurance Limited	50,800	10,160	40,640	51,000	10,360	Insurance Claim
Honda CD 70 cc Reg. No. LOW -- 2073 Sold to Mr. Kashff Javed Bangin Road, Muhallah Kot Mohammad Yar Lalian, Teh--Chiniot Dist. Jhang.	46,000	9,200	36,800	45,000	8,200	Company Scheme
Honda CD 70 cc Reg. No. LHZ -- 8978 Sold to Mr. Rana M. Azam Khan Ch. M. Akram St. No.4, Pit Colony Walton Lahore Cantt.	24,350	17,967	6,383	15,366	8,983	Company Scheme
Honda CD 70 cc Reg. No. KCK- 142 Claim E.F.U. General Insurance Limited	46,300	9,260	37,040	45,000	7,960	Insurance Claim
Honda CD 70 cc Reg. No. KCV -- 4124 Claim E.F.U. General Insurance Limited	54,500	--	54,500	55,000	500	Insurance Claim
Honda CD 70 cc Reg. No. KCV- 2534 Claim E.F.U. General Insurance Limited	51,000	10,200	40,800	50,000	9,200	Insurance Claim

Honda CD 70 cc Reg. No. KAK -- 988 Claim E.F.U. General Insurance Limited	34,000	16,592	17,408	34,400	16,992	Insurance Claim
Suzuki Pickup Reg. No. CH -- 6294 Sold to Mr. Syed M. Rizwan H. No. B -- 403, BI, 11-A, North Karachi, Karachi.	98,000	72,310	25,690	40,000	14,310	Company scheme
Yamaha 100 cc Reg. No. KCV-- 7751 Claim E.F.U. General Insurance Limited	55,200	--	55,200	56,000	800	Insurance Claim
Yamaha 100 cc Reg. No. MNO -- 7949 Claim E.F.U. General Insurance Limited	34,000	16,592	17,408	34,000	16,592	Insurance Claim
Bicycle Corporate Office	1,285	1,015	270	300	30	By Negotiation
LABORATORY EQUIPMENTS						
Trade in Auto clare unit Cure medical system F--4, AI--Fazal BI. B North Nazimabad Karachi.	12,000	5,623	6,377	2,800	(3,577)	By Negotiation
OFFICE EQUIPMENTS						
Trade in P.A.BX DCX 4 + 20 Digital Communications (Pvt) Limited 301,302, 3rd Floor, Fayyaz Centre, Shahrah--e--Faisal, Karachi.	86,100	66,157	19,943	14,490	(5,453)	By Negotiation
TOTAL	1,818,235	937,185	881,050	1,214,739	333,689	

10. ASSETS SUBJECT TO FINANCE LEASE

PARTICULARS	C O S T				DEPRECIATION			Written
	As on 1 July 1995 Rupees	Additions/ (Deletions) During the Year Rupees	As at 30 June 1996 Rupees	RATE %	As on 1 July 1995 Rupees	Charge for the Year Rupees	As at 30 June 1996 Rupees	Down value as at 30 June 1996 Rupees
Machinery	-	1,513,000	1,515,000	10	-	151,500	151,500	1,363,500
Motor Vehicles	-	1,887,410	1,887,410	20	-	377,482	377,482	1,509,928
Total 1996:		-3,402,41	3,402,410	30	-	528,982	528,982	2,873,428
Total 1995:		-	-	-	-	-	-	-

10.1 The amortization has been allocated as follow:

1996	1995
Rupees	Rupees

Cost of sales	324,782	--
Administrative expenses	134,200	--
Selling and distribution expense	70,000	--
	-----	-----
	528,982	--
	=====	=====

11. CAPITAL WORK-IN-PROGRESS

Building	9,338,793	7,271,780
Plant & Machinery	1,631,446	71,036
	-----	-----
	10,970,239	7,342,816
	=====	=====

12. STOCK IN TRADE

Raw materials	8,964,390	15,597,912
Work in process	31,701,448	20,802,681
Finished goods	15,085,404	7,262,168
Packing material	18,241,802	12,505,363
Goods in transit	4,258,668	1,800,397
	-----	-----
	78,251,712	57,968,521
	=====	=====

**13. ADVANCES, DEPOSITS, PREPAYMENTS
AND OTHER RECEIVABLES****Advance**

Staff -- Considered good	3,400,756	2,895,796
Income tax	1,543,235	1,315,269
Sales tax	33,132	29,686
Others -- Considered good	2,799,194	1,114,630
	-----	-----
	7,776,317	5,355,381

Prepayments	552,350	320,828
Deposits	139,400	411,510
Export rebate receivable -- considered good	913,511	1,427,350
Due from associated undertakings considered good	13.1	1,060,742
Others considered good	65,556	65,556
	-----	-----
	10,507,876	8,897,266
	=====	=====

13.1 Maximum aggregate balance due from associated undertaking at the end of any month during the year was Rs.1,060,742 (1995: 1,316,641).

14. CASH AND BANK BALANCES

In hand	66,500	110,466
With banks in current accounts	997,322	470,207
	-----	-----
	1,063,822	580,673
	=====	=====

15. SALES

Local Sales		
Gross sales	373,415,936	283,550,815
Less: Discount to distributors	43,982,430	34,763,142

Cartage/Freight		11,569,161	7,847,078
Sales tax		18,889,829	14,731,386
Sales returns		4,393,056	4,930,300
		-----	-----
		78,834,476	62,271,906
		-----	-----
		294,581,460	221,278,909
Export Sales			
Gross Sales		46,073,564	61,995,573
Less:			
Freight		2,348,566	2,821,462
Forwarding charges		1,104,054	1,352,575
Export duty		--	149,982
		-----	-----
		3,452,620	4,324,019
		-----	-----
		42,620,944	57,671,554
		-----	-----
		337,202,404	278,950,463
		=====	=====

16. COST OF SALES

Opening stock of work in process		20,802,681	11,196,181
Add: Material consumed	16.1	247,058,327	202,158,770
Direct wages		13,280,335	10,350,560
Factory overheads	16.2	27,640,965	23,327,077
		-----	-----
		287,979,627	235,836,407
		-----	-----
		308,782,308	247,032,588
Less: Closing stock of work in process		(31,701,448)	(20,802,681)
Cost of goods manufactured		277,080,860	226,229,907
Add: Opening stock of finished goods		7,262,168	3,598,796
		-----	-----
Cost of goods available for sale		284,343,028	229,828,703
Less: Closing stock of finished goods		(15,085,404)	(7,262,168)
		-----	-----
		269,257,624	222,566,535
		=====	=====

16.1 Material Consumed

Opening stock		28,103,275	22,189,926
Purchases during the year		246,161,244	208,072,119
Less: Closing stock		(27,206,192)	(28,103,275)
		-----	-----
		247,058,327	202,158,770
		=====	=====

16.2 Factory Overheads

Salaries		3,986,938	3,688,356
Allowances & benefits		4,754,784	4,268,731
Bonus		1,800,248	2,063,726
Gratuity		1,216,110	937,241
Rent, rates & taxes		783,317	397,415
Insurance		580,672	327,446
Power, electricity, gas and water		5,669,787	3,899,300

Depreciation	3,798,676	3,632,656
Amortisation	324,782	--
Repairs & maintenance	44,015,776	3,577,692
Laboratory expenses, research & development	709,875	534,514
	-----	-----
	27,640,965	23,327,077
	=====	=====

17. ADMINISTRATIVE EXPENSES

Salaries	3,246,729	2,603,714
Allowances & benefits	3,076,863	2,617,215
F-onus	783,825	887,608
Gratuity	564,815	374,441
Scholarship and donations	17.1	40,000
Travelling	199,900	135,242
Rent, rates & taxes	210,800	120,000
Insurance	288,770	297,638
Depreciation	1,020,064	991,308
Amortisation	134,200	--
Entertainment	42,097	91,664
Legal & professional	239,900	238,691
Printing, stationery, books & periodicals	236,049	305,160
Postage, telephone & telegraph	273,083	144,595
Repairs & maintenance	340,079	219,340
Motor vehicles expenses	455,279	356,578
Electricity	272,004	295,797
Auditors' remuneration	17.2	69,398
Annual general meeting expenses	278,744	282,858
	-----	-----
	11,772,599	10,118,247
	=====	=====

17.1 The directors or their spouses did not have any interest in the donee's fund.

17.2 'Auditors' Remuneration

Audit fee	45,000	45,000
Out of pocket expenses	24,398	19,898
Taxation services	--	72,500
	69,398	137,398

18. SELLING AND DISTRIBUTION EXPENSES

Salaries	1,735,983	1,418,822
Allowances & benefits	2,763,880	2,245,687
Bonus	599,466	695,342
Gratuity	361,531	271,733
Travelling & daily allowances	3,108,477	2,464,389
Rent, rates & taxes	98,794	93,404
Insurance	394,936	290,893
Depreciation	1,020,064	991,308
Amortisation	70,000	-
Entertainment	90,054	71,152
Postage, telephone & telegraph	1,137,695	1,259,698
Printing, stationery, books & periodicals	527,514	527,220
Repairs & maintenance	167,278	98,298
Motor vehicles expenses	650,021	633,276
Bank charges	86,260	118,541
Sales promotion, meeting & conferences	1,540,579	1,310,269
Legal & professional	885,211	-

Scholarship and donations	17.1	117,300	45,000
		-----	-----
		15,355,043	12,535,032
Advertisement and artwork		23,568,709	18,554,004
		-----	-----
		38,923,752	31,089,036
		=====	=====

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19. FINANCIAL EXPENSES

Mark-up and interest on long term loans		96,778	131,288
Mark-up and interest on short term loans		7,470,357	4,625,363
Excise duty on loans		387,526	394,365
Bank charges		22,017	18,685
		-----	-----
		7,976,678	5,169,701
		=====	=====

20. OTHER INCOME

Export rebate		1,136,499	2,284,566
Profit on sale of fixed assets		333,689	282,740
Compensation on advance payment of tax- prior year		--	21,763
Insurance Claim		--	69,695
		-----	-----
		1,470,188	2,658,764

21. TAXATION

Current year		1,900,000	1,600,000
Last year	21.1	500,000	500,000
		-----	-----
		2,400,000	2,100,000
		=====	=====

21.1 Appeals are pending for hearing before Income Tax Appellate Tribunal for the assessment years 1989-90 to 1995-96. An amount of Rs.500,000 has been provided in these accounts to cover any liability that may arise after the disposal of appeals.

**22. REMUNERATION OF CHIEF EXECUTIVE,
DIRECTORS AND OTHER EXECUTIVES**

	CHIEF EXECUTIVE		DIRECTORS		EXECUTIVES	
	1996 Rupees	1995 Rupees	1996 Rupees	1995 Rupees	1996 Rupees	1995 Rupees
Basic Salary	267,230	236,160	883,295	722,820	1,163,850	824,130
House rent	120,125	106,260	397,100	325,080	522,455	370,650
Utilities	26,645	23,580	88,085	72,180	125,519	85,670
Bonus	69,015	96,007	228,130	291,298	261,380	300,253
Conveyance	--	--	--	--	65,022	30,618
	-----	-----	-----	-----	-----	-----
	483,015	462,007	1,596,610	1,411,378	2,138,226	1,611,321
	=====	=====	=====	=====	=====	=====
No of person	1	1	4	4	8	7
	=====	=====	=====	=====	=====	=====

22.1 In addition the Chief Executive and one Director are also provided with the free use of the company cars and residential telephones. A few Executives are also provided with free use of motor vehicles.

23. PLANT CAPACITY AND ACTUAL PRODUCTION

(IN METRIC TONS)

	1996		1995	
	Installed	Utilised	Installed	Utilised
On Single Shift Basis				
Spices	3,500	2,940	3,500	2,790
Pickles	1,200	1,180	1,200	1,170
On Three Shift Basis				
Salt	15,000	13,590	15,000	11,030

The reasons for under utilisation of capacity are frequent power break downs, disturbances in the city, etc.

24. GENERAL

24.1 Previous year's figures have been re-arranged and re-grouped where deemed necessary for the purpose of comparison.

24.2 Figures have been rounded off to the nearest rupee.

Pattern of Share Holding

as at 30th June, 1996

FORM 34
THE COMPANIES ORDINANCE 1984
(SECTION 236)

Number of Shareholders	Share Holdings		Total Shares
	From	To	
584	1	100	11,148
251	101	500	56,674
74	501	1,000	51,189
111	1,001	5,000	205,965
7	5,001	10,000	44,293
3	10,001	15,000	35,939
3	15,001	20,000	58,705
1	30,001	35,000	34,321
1	35,001	40,000	36,471
2	50,001	55,000	102,209
2	85,001	90,000	173,815
1	90,001	95,000	90,918
1	120,001	125,000	123,369
1	130,001	135,000	134,324
1	225,001	230,000	225,513
1	690,001	695,000	690,838
1	910,001	915,000	911,073
-----			-----
1,045			2,986,764
=====			=====

CATEGORIES OF SHAREHOLDERS	NUMBER OF SHARE HOLDERS	SHARES HELD	PERCENTAGE
----------------------------	-------------------------	-------------	------------

INDIVIDUALS	1,033	1,202,732	40.269
INVESTMENT COMPANIES	1	14,212	0.476
INSURANCE COMPANIES	1	123,369	4.131
JOINT STOCK COMPANIES	4	691,252	23.144
FINANCIAL INSTITUTIONS	1	911,073	30.504
MODARABA	3	4,941	0.165
FOREIGN INVESTORS	-	-	-
CO-OPERATIVE SOCIETIES	1	36,471	1.221
CHARITABLE TRUSTS	1	2,714	0.091
OTHERS	-	-	-
	-----	-----	-----
	1,045	2,986,764	100.000
	=====	=====	=====