

Wazir Ali Industries Limited

Annual Report 2000

COMPANY INFORMATION

BOARD OF DIRECTORS

Syed Yawar Ali
Dr. Abdul Raouf M. Mannaa
Dr. Mohamed H. Ikhwan
Syed Tariq Ali
Syed Shahid Ali
Syeda Feriel Riffat Ali
Mr. Zainul Abidin Memon

Chief Executive
Managing Director
(Alternate Director
Mr. Karam Ellahi Shaikh)

COMPANY SECRETARY

Mr. A. Jabbar Ghori

AUDITORS

Taseer Hadi Khalid & Co.
Chartered Accountants
Karachi

BANKERS

Habib Bank Limited
Prime Commercial Bank Limited
ABN-AMRO Bank

REGISTERED HEAD OFFICE

Kandawala Building
M.A. Jinnah Road
Karachi

FACTORY

Hali Road
Hyderabad

REGISTRAR & SHARE TRANSFER OFFICE

THK Associates (Pvt) Limited
Ground Floor
Shaikh Sultan Trust Building No.2
Beaumont Road
Karachi

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NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the 48th Annual General Meeting of the shareholders of Wazir Ali Industries Limited will be held on Wednesday, 15th November 2000 at 10.00 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 shareholders held on 12th June 2000.
2. To receive and adopt the audited Balance Sheet and Profit and Loss Account of tile Company for the year ended 30th June 2000 together with the directors' and auditors' reports thereon.
3. To appoint auditors for the year ending 30th June 2001 and fix their remuneration.
4. To transact any other business with the permission of the Chair.

B. SPECIAL BUSINESS

5. To approve issue of shares to Savola Edible Oil Company, Jeddah, Saudi Arabia in pursuance of proviso of sub section 1 of section 86 of Companies Ordinance, 1984 and pass the following resolution with or without modification.

"Resolved that in pursuance of proviso of sub section 1 of section 86 of the Companies Ordinance, 1984, the Company agrees to issue 2, 408, 175 shares of Rs. 10/- each at Rs. 16/- per share amounting to Rs. 38,530.800/- to Savola Edible Oil Company Limited, Jeddah, Saudi Arabia, after obtaining the permission of the Federal Government."

"Further resolved that Mr. Karam Ellahi Shaikh, Executive Director, be and is hereby authorised to execute and complete all the necessary corporate and legal formalities in respect of issue of shares to Savola Edible Oil Company Limited, Jeddah, Saudi Arabia."

6. To approve the number of directors from seven to eight on the board of directors of tile Company and pass the following resolution as a special resolution:

"Resolved that the number of directors on the board of directors of the Company be and is hereby increased from Seven to Eight in pursuance of section 178 (1) of the Companies Ordinance, 1984."

7. To approve the remuneration of Managing Director/Chief Executive who is also a director on Board.
8. To approve tile appointment and remuneration of Director Commercial who is also a director on Board.

Statements under section 160 of the Companies Ordinance, 1984 pertaining to the Special Resolutions are being sent to the members with this notice.

By Order of the Board

**A. Jabbar Ghori
Company Secretary**

Karachi: 3rd October 2000

NOTES:

1. The Share Transfer Books of the Company will remain closed from 8th November 2000 to

15th November 2000 (both days inclusive).

2. A member entitled to attend and vote at the annual general meeting is entitled to appoint another member as a proxy to attend and vote instead of him. The instrument appointing a proxy must be received at the registered office of the Company not less than forty eight hours before the time of the meeting.
3. Members are requested not to bring children along with them as they will not be allowed in the meeting hall.
4. Members are requested to notify the change in their addressees, if any, immediately to the Registrar of the Company.

STATEMENT U/S 160 OF THE COMPANIES ORDINANCE, 1984 IN RESPECT OF SPECIAL BUSINESS:

ITEM NO. 5

To approve issue of shares to Savola Edible Oil Company, Jeddah, Saudi Arabia in pursuance of proviso of sub section 1 of section 86 of Companies Ordinance, 1984 and pass the following resolution with or without modification.

Savola Edible Oil Company Limited (SEO) is incorporated in the Kingdom of Saudi Arabia and is a leading Importer, Exporter and Manufacturer of edible oil. Presently, SEO holds 634,095 shares of Rs. 10/- each of Wazir Ali Industries Limited constituting 12.2%, of the total paid up capital of the Company and intends to acquire further 2,408,175 shares of Rs. 10/- each which would constitute 27.8% of total paid up capital of the Company. Thus after the acquisition of these additional shares the total shareholding of SEO would become 40% of the total paid up capital of Wazir Ali Industries Limited. The value at which SEO would subscribe the further issue of shares would be Rs. 16/- per share amounting to Rupees 38,530, 800.

So far as the benefits arising as a result of this investment are concerned. these would include inflow of foreign direct investment and improvement of Company's cash flow.

Further, being a substantial shareholder, SEO may transfer technical and operational know-how to the Company which would, over the period, contribute towards improvement in the existing products and introduction of new products. Such collaboration could broaden the market of the Company's products and improve the operational results, which would consequently enhance the profitability of the Company.

Accordingly the Board of Directors of the company recommends the general body to pass, with or without modification as a special business, the following resolution as a Special Resolution:

"Resolved that in pursuance of proviso of sub section 1 of section 86 of the Companies Ordinance, 1984, the Company agrees to issue 2,408, 175 shares of Rs. 10/- each at Rs. 16/- per share amounting to Rs. 38,530,800/- to Savola Edible Oil Company Limited, Jeddah, Saudi Arabia, after obtaining the permission of the Federal Government."

"Further resolved that Mr. Karam Ellahi Shaikh, Executive Director, be and is hereby authorised to execute and complete all the necessary, corporate and legal formalities in respect of issue of shares to Savola Edible Oil Company limited, Jeddah, Saudi Arabia."

ITEM NO. 6

Due to increase in the shareholding of Savola Edible Oil Company Limited, Jeddah, Saudi Arabia from 12.2% to 40% the board of directors of Wazir Ali Industries Limited agrees to induct a new director, being the representative of Savola Edible Oil Company Limited, Jeddah, Saudi Arabia.

In this respect the board of directors of the Company recommends the general body to pass, with or without modification as a special business, the following resolution as a special resolution:

"Resolved that the number of directors on the board of directors of the Company be and is hereby increased from Seven to Eight in pursuance of section 178 (1) of the Companies Ordinance, 1984."

ITEM NO. 7

Consequent upon the election of director in the Extra Ordinary General Meeting held on 12th June 2000, Syed Yawar Ali was elected a director of the Company for a period of three years and also appointed Chief Executive/Managing Director with effect from 12th June 2000.

The members are requested to approve his remuneration as a special resolution.

"Resolved that consent be and is hereby given for the payment as remuneration to Syed Yawar Ali, the Chief Executive/Managing Director of the sum not exceeding Rs. 950,000/- per year and for the provision of housing, transport, leave fare facilities and other benefits incidental or relating to his office in accordance with the Company rules enforced from time to time."

ITEM NO. 8

Syed Tariq Ali has been elected as a director of the Company at the Extra Ordinary General Meeting held on 12th June 2000. As per Clause 14 of the agreement dated 7th March 1995, his appointment as Director Commercial of the Company has been renewed with mutual consent for another period of one year from 12th June 2000 to 11th June 2001 on the same terms and conditions.

The members are requested to approve his appointment and remuneration as a special resolution.

"Resolved that as per Clause 14 of the agreement dated 7th March 1995, appointment of Syed Tariq Ali as Director Commercial of the company be and is hereby renewed with effect from 12th June 2000 to 11th June 2001 on the same terms and conditions."

"Further resolved that the remuneration of the sum of Rs. 600,000/- per year effective from 12th June 2000 and the provision of transport, utilities, telephone, leave fare facilities and other benefits incidental or relating to his office in accordance with the Company's rules enforced from time to time pertaining to Syed Tariq Ali, Director Commercial of the Company who is a director on Board, be and is hereby approved."

None of the directors have any special interest in the above business except in their capacity as directors and shareholders in the Company.

Director's Report to the Members

The members of the Board of Directors feel pleasure in presenting to you the Company's Audited Accounts for the year ended on June 30, 2000, together with the Auditors' Report thereon.

Overview

The year under review commenced with the prevailing depressed economic conditions in the country, encountering an unhealthy environment for the industry in general and the edible oil industry in particular, being the most affected industry of Pakistan for the past few years.

The performance for the year under review incorporates in it, the impact of an upward revision in the regulatory duty in May/June 1999, an increase from 2% to 3% in the non refundable tax on the imported raw oil in the government budget year 2000-2001, enormously higher increase in the utilities cost, volatility of prices in the world edible oil market and last but not the least an extremely fierce competition amongst the premium and non premium edible oil producers.

The tax survey initiated by the new regime in March 2000, further deteriorated the situation in affecting adversely the edible oil industry due to trade negative response, continuous calling of strike, reduction in investment resulting in an overall chaotic situation in the trade/industry.

Operating Results

Consequent upon the above changes/uncertainties coupled with the most aggressive competition from the non-premium sector, the Company achieved a slightly lower sales volume and profitability. However, the Operating Results for the year under review, if compared with the previous year shows a tremendous improvement, as a result of many corrective actions taken, such as building of the Tullo brand quality image, restructuring of the organization and a reduction in operating cost.

The gross profit at 16.4% as compared to the gross profit at 9.9% of last year, confirms an overall excellent performance with ownership and as a team in achieving these excellent results. The net profit before tax of Rs. 15.6 million as compared to the net loss before tax of Rs. 16.9 million last year, further proves a turn around of Rs. 32.5 million, due to the concerted efforts of the management and the staff.

In order to improve the "Tullo Brand Quality Image" in the edible oil market, which is flooded with the substandard quality brands, your company had carried out intensive marketing activities within its limited resources. Consequently, the marketing, selling and distribution expenses this year have recorded an enormously higher increase of Rs. 33.3 million (year 2000 Rs. 98.3 million - year 1999 Rs. 65.0 million) as compared to last year. Further, the financial expenses remained as high as in the previous year, due to the full utilization of available facilities from the local banks at comparatively much higher markup rate.

Future Prospects

The Company within its mandate, the required business/professional ethics and legal boundaries, is making all efforts to achieve its lost leadership through various corrective measures. These include the rectification of identified structural weaknesses through restructuring of organization, combining of services of WIL & ZIL, induction of an effective and efficient management team and an adjustment in the distribution network. On successful implementation of above, the overall performance of the Company will improve further, together with a favourable improvement on the profitability of the Company. The members of the Board of Directors look forward a much better and prosperous future of the Company due to a clear articulation of management vision and mission.

The company warmly welcomes their Joint Venture partner, Savola Edible Oil Company Limited - Jeddah, Kingdom of Saudi Arabia, who under the terms of the Joint Venture agreement have confirmed to exercise their option by increasing their shareholding upto 40%. No doubt, the joining of Savola Edible Oil Company Limited as a Joint Venture partner will further strengthen the company and the product image, due to their core competency in the edible oil business.

In the light of many positives as discussed above, together with a better leverage and the most aggressive business and marketing plans, that your Company had developed for the faster promotion/growth of 47 years old nationally known Tullo brand, will improve considerably the situation this year. INSHALLAH.

Development and Diversification

The improvement in the existing products and the development of the new products remained apace.

The performance of the newly developed and launched "Tullo Gold Cooking Oil" being the first blended oil of Pakistan, had been excellent, in taking care of the health and in providing the best taste and nourishment to foods.

Further, the management of you company has also considered it advisable to diversify in some related food products business, based on the strength and with the consent of its Joint Venture partner.

Change in the Board of Directors

In the year under review, the following directors were retired, to whom the members of the Board of Directors place on record their appreciation and recognition for their services rendered in the development and growth of the Company.

Mr. Mushtaq ul Haq Khwaja
Mr. Shamshad Abroad
Mr. Behram Hasan

A new Board of Directors was elected on June 12, 2000, for another period of three years.

Auditors

The present auditors, Messrs Taseer Hadi Khalid and Company, Chartered Accountants, are due to retire and being eligible, offer themselves for reappointment for the year ending June 30, 2001.

Pattern of Shareholding

The Statement of pattern of shareholding is given on Page No. 30

Karachi: 3rd October 2000

Syed Yawar Ali
Chief Executive

Auditors' Report to the Members

We have audited the annexed balance sheet of Wazir Ali Industries Limited as at 30 June 2000 and the related profit and loss account, cash flow statement and statement of changes in equity 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.

It is the responsibility of the company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

a) In our opinion, proper books of accounts 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 except for the change explained in note 2.3;

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, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, 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 2000 and of the profit, its cash flows and changes in equity for the year then ended; and

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

Karachi: 3rd October 2000

Taseer Hadi Khalid & Co.
Chartered Accountants

BALANCE SHEET AS AT 30 JUNE 2000

	<i>Note</i>	<i>2000</i>	<i>1999</i>
		<i>(Rupees in '000)</i>	
SHARE CAPITAL AND RESERVES			
Share Capital			
Authorised			
8,000,000 ordinary shares of Rs. 10/- each		80,000	80,000
		=====	=====
Issued, subscribed and paid-up	3	51,975	51,975
RESERVES			
Revenue reserve		66,067	66,067
Accumulated loss		(136,807)	(144,169)
		-----	-----
		(70,740)	(78,102)
		-----	-----
		(18,765)	(26,127)
SURPLUS ON REVALUATION OF OPERATING FIXED ASSETS			
	4 & 12.2	46,085	46,800
LONG TERM DEMAND FINANCE			
	5	13,000	--
LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE			
	6	3,961	--
LONG TERM DEPOSITS			
		1,210	1,260
CURRENT LIABILITIES			
Current maturities of long term demand			

finance and liabilities against assets subject to finance lease	7	11,083	--
Short term borrowings-secured	8	178,879	190,428
Creditors, accrued expenses and other liabilities	9	54,319	60,792
Provision for taxation	10	9,449	5,142
		-----	-----
		253,730	256,362
CONTINGENCIES AND COMMITMENTS	11	-----	-----
		299,221	278,295
		=====	=====
FIXED CAPITAL EXPENDITURE			
Operating fixed assets - at cost / valuation less accumulated depreciation	12	56,309	53,058
Capital work in progress	13	1,513	737
Intangible assets - trade marks		1	1
		-----	-----
		57,823	53,796
LONG TERM LOANS - secured, considered good	14	336	139
LONG TERM SECURITY DEPOSITS		565	35
CURRENT ASSETS			
Stock in trade	15	90,163	151,373
Goods in transit		32,196	14,395
Stores and spares	16	6,098	5,952
Trade debts - unsecured, considered good		44,237	21,343
Loans and advances - considered good	17	23,311	10,200
Deposits, prepayments and other receivables	18	18,572	8,664
Cash and bank balances	19	25,920	12398
		-----	-----
		240,497	224,325
		=====	=====

Annexed notes form an integral part of these accounts.

Syed Yawar Ali
Chief Executive

S. Ferial Riffat Ali
Director

Karachi: 3rd October 2000

299,221

278,295

Profit and Loss Account
For the year ended 30 June 2000

Note

2000

1999

*(Rupees in '000)***INCOME**

Sales - net	20	1,017,833	1,028,102
Cost of goods sold	21	850,620	926,487

Gross profit		167,213	101,615
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EXPENSES

Administrative expenses	22	30,251	28,713
Selling and distribution expenses	23	98,290	65,008
Financial expenses	24	28,628	27,136
Workers' profit participation	9.1	823	--

		157,992	120,857
--	--	---------	---------

		9,221	(19,242)
--	--	-------	----------

Other income		6,407	2,376
--------------	--	-------	-------

Profit before taxation		15,628	(16,866)
-------------------------------	--	--------	----------

Provision for taxation - Current	10	(9,449)	(5,142)
- Prior year		1,183	300

		(8,266)	(4,842)
--	--	---------	---------

Profit/(loss) after taxation		7,362	(21,708)
------------------------------	--	-------	----------

Accumulated loss brought forward		(144,169)	(122,461)
---	--	-----------	-----------

Accumulated loss carried forward		(136,807)	(144,169)
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Earning/(loss) per share-basic and diluted	26	1.42	(4.18)
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Annexed notes form an integral part of these accounts.

Syed Yawar Ali
Chief Executive

S. Ferial Riffat Ali
Director

Karachi: 3rd October 2000

Cash Flow Statement
For the year ended 30 June 2000

2000 1999
(Rupees in '000)

CASH FLOWS FROM OPERATING ACTIVITIES

Profit/(Loss) before taxation		15,628	(16,866)
-------------------------------	--	--------	----------

Adjustments for:		
Depreciation	8,006	6,327
Gain on disposal of fixed assets	(4,187)	(509)
Financial charges	28,628	27,136
	-----	-----
	48,075	16,088
Changes in operating assets/liabilities		
Increase in stores and spares	(146)	(175)
Decrease/(increase) in stock in trade	61,210	(36,072)
(Increase)/decrease in goods in transit	(17,801)	80,784
(Increase)/decrease in trade debts	(22,894)	18,042
Payments of long term deposits	(580)	(14)
(Increase)/decrease in advances, deposits, prepayments and other receivables	(12,507)	3,288
Decrease in creditors, accrued expenses and other liabilities	(7,942)	(93,467)
	-----	-----
	(660)	(27,614)
Payments to Workers Profit Participation Fund	--	(862)
Financial charges paid	(27,076)	(23,369)
Income Tax paid	(14,668)	(2,860)
	-----	-----
Net cash flows from operating activities	5,671	(38,617)
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(7,589)	(7,764)
Proceeds from disposal of fixed assets	4,330	335
Insurance claim receipts on fixed assets	--	1,195
	-----	-----
Net cash flows from investing activities	(3,259)	(6,234)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of dividend	(83)	(2,498)
Lease rentals payment	(458)	--
(Decrease)/increase in short term borrowings	(11,549)	54,930
Long term demand finance	23,200	--
	-----	-----
Net cash flows from financing activities	11,110	52,432
Net increase in cash and bank balances	13,522	7,581
Cash and bank balances at beginning of the year	12,398	4,817
	-----	-----
Cash and bank balances at end of the year	25,920	12,398
	=====	=====

Syed Yawar Ali
Chief Executive

S. Ferial Riffat Ali
Director

**Statement of Changes in Equity
for the year ended 30 June 2000**

(Rupees in '000)

	<i>Ordinary shares paid in cash</i>	<i>Ordinary shares issued as bonus shares</i>	<i>Revenue reserve</i>	<i>Accumulated loss</i>	<i>Total</i>
Balance as on 1 July 1998	44,000	7,975	66,067	(122,461)	(4,419)
Loss for the year	--	--	--	(21,708)	(21,708)
	-----	-----	-----	-----	-----
Balance as at 30 June 1999	44,000	7,975	66,067	(144,169)	(26,127)
Profit for the year	--	--	--	7,362	7,362
	-----	-----	-----	-----	-----
Balance as at 30 June 2000	44,000	7,975	66,067	(136,807)	(18,765)
	=====	=====	=====	=====	=====

Syed Yawar Ali
Chief Executive

S. Feriel Riffat Ali
Director

Karachi: 3rd October 2000

Notes to the Accounts For the year ended 30 June 2000

1. STATUS AND NATURE OF BUSINESS

1.1 Wazir Ali 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. 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 privatization under the policy of the Government through the Privatization Commission (Ministry of Finance), Government of Pakistan. The new management has acquired the control of Wazir Ali Industries Limited under a sale agreement with "Privatization Commission" dated 28 October 1992.

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 2000, exceeded shareholders' equity by Rs. 18.77 million (1999: Rs. 26.13 million) while current liabilities exceeded current assets by 13.23 million (1999: Rs. 32.04 million).

The assumption is based on following matters, namely:

* undertaking of continued support of the sponsoring directors.

* the company has entered into an agreement with Savola Edible Oil Company (SEO), a limited liability company registered in Saudi Arabia, salient features of which are as follows:

* SEO has purchased 634,095 shares (12.2%) of the company.

* SEO has an option to acquire on or before 15 October 2000, such number of additional shares of the company as becomes necessary to increase SEO's total holding from 12.2% to 40% of the company's total issued capital as at the date of the exercise of such option.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of Compliance

These accounts have been prepared in accordance with accounting standards issued by the International Accounting Standards Committee (IASC), interpretations issued by the Standing Interpretations Committee of the IASC as applicable in Pakistan and the requirements of the Companies Ordinance, 1984.

2.2 Accounting Convention

These accounts have been prepared under the historical cost convention except to the extent that certain fixed assets, stated in note 12, are shown at revalued amounts.

2.3 Retirement Benefits

Gratuity fund

The company has instituted an approved defined benefit plan for all its permanent 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's annual contribution in respect of any member does not exceed the salary of the member for the last month of the financial year.

Until the last year "Entry Age Normal Method" was being used for the valuation of the gratuity scheme. From the current year, company has decided to follow the "Projected Unit Credit Method", keeping in view the recommendations of the revised International Accounting Standard 19, Employee Benefits. Significant assumptions used in the valuation of the scheme are as follows:

* Expected rate of increase in salary level	* 12% for management employees
	* 10% for non-management employees

* Expected rate of return oil funds invested	* 12% per annum
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Latest valuation of the gratuity scheme was carried out as at 30 June 2000 under the Projected Unit Credit Method, based on which, fair value of the fund's assets and liabilities as on that date was Rs. 33.87 million and Rs. 15.763 million respectively. In view of surplus funds with the gratuity scheme, no contribution for the current year has been made by the company. Actuaries of the fund have also concluded that the company may keep the surplus as a buffer for future uncertainty that may arise.

Provident fund

A recognized provident fund scheme is in operation, which covers all permanent employees. Equal contributions are made by the company and the employees.

2.4 Taxation

Current

The charge for current taxation is based on taxable income at 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.

2.5 Operating 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 under straight-line basis at rates indicated in note 12 to these accounts. In the current year, rate of depreciation on computers was changed from

10% per annum to 33% per annum. Had there been no change, profit for the year would have been higher by Rs. 0.9 million.

b) A full year's depreciation is charged on assets acquired during the year, while no depreciation is charged in the year of disposal.

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

d) Normal repairs and maintenance are taken to profit and loss account currently.

Leased

a) Assets subject to finance lease, if any, are stated at lower of present value of minimum of lease payments under the lease agreement and the fair value of the assets. Related obligations under the lease are accounted for as liabilities.

Depreciation is charged under straight-line method at rates indicated in note 12 whereby the cost of an asset is written off over its useful life.

2.6 Capital Work-in-progress

Capital work-in-progress is stated at cost. Assets are transferred to operating fixed assets as and when they are available for intended use.

2.7 Stores and spares

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

2.8 Stock-in-trade

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

Cost is determined on a first in first out (FIFO) method except for labour and overheads included in finished goods and work in process items, which are determined on a weighted average basis.

Net realizable value signifies the estimated selling price in the ordinary course of business less 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.

2.9 Goods in Transit

These are stated at cost, which includes invoice value and other charges incurred thereon.

2.10 Trade Debtors

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

2.11 Revenue Recognition

Sales are recorded on despatch of goods to the customers.

2.12 Allocation of common expenses

The company, under an agreement, is allocating certain common selling and distribution expenses to M/s Zulfeqar Industries Limited (an associated company).

2.13 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 translated at the contracted rates.

Exchange differences, if any, are included in income currently.

3. ISSUED, SUBSCRIBED AND PAID-UP

<i>2000</i> <i>(Number of Shares)</i>	<i>1999</i>	<i>2000</i> <i>(Rupees in '000)</i>	<i>1999</i> <i>(Rupees in '000)</i>
4,400,000	4,400,000	44,000	44,000
	Ordinary shares of Rs. 1 0/- each full paid in cash.		
797,500	797,500	7,975	7,975
	Ordinary shares of Rs. 1 0/- each issued as fully paid bonus shares		
----- 5,197,500 =====	----- 5,197,500 =====	----- 51,975 =====	----- 51,975 =====

4. SURPLUS ON REVALUATION OF OPERATING FIXED ASSETS

Freehold land, building and plant & machinery of the company were revalued on 30, June 1993 and 28 May 1997 by an independent valuer M/s. Iqbal A. Nanjee & Co. on the basis of market, replacement and depreciated/present values respectively. Revaluation surplus has been credited to surplus on revaluation of fixed assets account. Refer note 12.2 to these accounts.

5. LONG TERM DEMAND FINANCE

Balance as on 30 June	23,200	--
Current maturity	(10,200)	--
	----- 13,000 =====	----- -- =====

This represent a term finance facility from a bank repayable by 31 October 2003 in monthly installments of Rs. 0.85 million. The facility carries mark-up rate of 46 paisas per thousand on daily product basis and is secured against present and future assets of the company. including freehold land, building, machinery.

6. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

Present value of minimum lease payments	5,302	--
Payments during the year	(458)	--
	----- 4,844	----- --
Current maturity	(833)	--
	----- 3,961 =====	----- -- =====

The lease payment are due as under:

Not later than one year	2,173	--
Later than one year and not later than five years	4,121	--
	----- 6,294	----- --
Financial Charges allocated to future periods	(1,450)	--
	----- -----	----- -----

4,844	--
=====	=====

Present value of minimum lease payment has been discounted by using financing rate of 19.34% per annum (1999: Nil). Deposit of Rs. 0.53 million (1999: Rs. Nil) has been made against these liabilities.

7. CURRENT MATURITIES OF LONG TERM DEMAND FINANCE AND LIABILITIES AGAINST ASSETS SUBJECT TO FINANCIAL LEASE

Long term demand finance	5	10,200	--
Liabilities against assets subject finance lease	6	883	--
		-----	-----
		11,083	--
		=====	=====

8. SHORT TERM BORROWINGS - secured

The company has short term financing facilities under mark-up arrangements in aggregate of Rs.134.9 million (1999: Rs. 190 million) from certain banks and a development finance institution at mark-up rates ranging from 46 to 55 paisas per Rs. 1,000 per day (1999:50 to 60 paisas per Rs. 1,000 per day), net of prompt payment rebate. These arrangements are valid upto varying periods between 30 September 2000 to 30 June 2001. These arrangements are secured against first pari passu charge on present and future assets of the company including freehold land, building, machinery etc.

Facilities for opening letter of credit and guarantees as at 30 June 2000 amounted to Rs. 214.70 million (1999: Rs. 360 million). Out of these facilities, balance utilised (both funded and unfunded) as at the year end aggregated to Rs. 110.63 million (1999: Rs. 72.86 million).

9. CREDITORS, ACCRUED EXPENSES AND OTHER LIABILITIES

Trade Creditors			
For goods		21,610	19,977
For expenses		4,522	2,914
		-----	-----
		26,132	22,891
Accrued expenses			
- Mark-up on short term borrowing and liabilities against assets subject to finance lease		6,949	5,397
- Others		12,336	15,122
		-----	-----
		19,285	20,519
Advance from customers		5,515	16,039
Other liabilities		1,508	725
Unclaimed dividends		535	618
Sales tax		521	--
Workers' profit participation	9.1	823	--
		-----	-----
		54,319	60,792
		=====	=====

9.1 Workers' Profit Participation

Balance as on 1 July	--	862
----------------------	----	-----

Contribution for the year	823	--
	-----	-----
	823	862
Payments made during the year	--	(862)
	-----	-----
	823	--
	=====	=====

10. PROVISION FOR TAXATION

Provision for taxation is not required in view of brought forward tax losses. However, minimum tax payable under section 80 DD of the Income Tax Ordinance 1979, has been provided in these accounts.

The income tax assessments of the company have been finalised upto and including the assessment year 1998-99. Income tax assessing officer, while determining the income for the assessment year 1997-98 and 1998-99 had applied provisions of presumptive tax under section 80C and had taxed certain sales of the company under that section. The company has filed an appeal before the Commissioner of Income Tax (Appeals) against the above decision and is confident of a favourable decision as an earlier appellate order has already been decided in its favour. Based on this decision, no provision has been made against a tax shortfall of Rs. 2.77 million.

Further, for assessment years 1971-72, 1984-85 and 1986-87, reference applications have been filed by Income Tax Department before the Honourable Sindh High Court. In case of adverse decisions in these reference applications, additional tax liability of 1.982 million may arise, which has not been provided in these accounts as the company is confident of a decision in its layout.

11. CONTINGENCIES AND COMMITMENTS

Claims not acknowledged as debt	10,536	3,480
	=====	=====
Bank Guarantees	4,707	4,707
	=====	=====
Capital commitments	1,019	1,040
	=====	=====

12. OPERATING FIXED ASSETS - At cost/valuation less accumulated depreciation

	COST/VALUATION					DEPRECIATION				Written down value as at 30 June 2000
	As at 1 July 1999	Additions	Disposals	As at 30 June 2000	Rate %	As at 1 July 1999	For the year	On disposals	As at 30 June 2000	
Owned										
Freehold land	24,262	4,018	(719)	27,561	--	--	--	--	--	27,561
Building on freehold land	9,359	--	--	9,359	5-10	4,377	753	--	5,130	4,229
Plant and machinery	26,812	1,559	--	28,371	10	14,124	2,837	--	16,961	11,410
Factory equipments	2,391	544	--	2,935	10	1,049	256	--	1,305	1,630
Furniture	458	--	--	458	10	328	25	--	353	105
Fittings	2,231	--	--	2,231	10	1,995	53	--	2,048	183
Office/residential equipment	8,101	1,942	(115)	9,928	10 & 33.33	4,178	1,677	(115)	5,740	4,188
Vehicles	11,318	--	(957)	10,361	20	5,823	1,595	(818)	6,600	3,761
	-----	-----	-----	-----		-----	-----	-----	-----	-----

	84,932	8,063	(1,791)	(91,204)		31,874	7,196	(933)	38,137	53,067
Leased										
Vehicles	--	4,052	--	4,052	20	--	810	--	810	3,242
	--	4,052	--	4,052		--	810	--	810	3,242
2000	84,932	12,115	(1,791)	95,256		31,874	8,006	(933)	38,947	56,309
1999	79,511	7,287	(1,866)	84,932		26,392	6,327	(845)	31,874	53,058

12.1 During the year freehold of Rs 4018 million and Rs. 0.719 million were respectively purchased and sold by the company. Title to the land so purchased/sold has not yet been transferred in the name of the company/purchasing company. Arrangements however, are being made with the lending institutions with whom the said land has been mortgaged, for the transfer of title.

12.2 Surplus on revaluation undertaken as at 30 June 1993 and 28 May 1997 on freehold land, building and plant and machinery has been arrived at as follows:

	<i>(Rupees in '000)</i>			
	<i>Freehold Land</i>	<i>Building on Freehold Land</i>	<i>Plant and Machinery</i>	<i>Total</i>
Revalued amount as on 30 June 19	16,170	8,703	20,410	45,283
Additional valuation on 28 May 19	8,092	--	--	8,092
	24,262	8,703	20,410	53,375
Cost as at 1 July 1992	127	8,771	37,878	46,776
Accumulated depreciation as at 30	--	(5,846)	(34,355)	(40,201)
	127	2,925	3,523	6,575
Surplus on revaluation	24,135	5,778	16,887	46,800
Surplus realized on disposal of free	(715)	--	--	(715)
	23,420	5,778	16,887	46,085

Of the revaluation surplus, Rs 34 356 million remains un-depreciated and is included in the book value of fixed assets.

12.3 Had there been no revaluation, related figures of freehold land, building and plant and machinery would have been as follows:

	<i>(Rupees in '000)</i>		
	<i>Cost</i>	<i>Accumulated depreciation</i>	<i>Written down value</i>
Freehold land	127	--	127
Building	8,771	7,783	988
Plant and machinery	37,878	37,877	1

2000	46,776	45,660	1,116
1999	46,776	44,927	1,849

2000 **1999**
(Rupees in '000)

12.4 Depreciation has been allocated as follows:

Cost of goods manufactured	4,156	3,877
Administrative expenses	1,732	1,042
Selling and distribution expenses	2,118	1,408
	-----	-----
	8,006	6,327
	=====	=====

12.5 Details of fixed assets disposed off during the year are as follows:

Description	Cost	Accumulated depreciation	Book value	(Rupees in '000)		Sale proceeds	Gain %	
				Sale proceeds	Gain %			
Freehold land	719	--	719	3,730	3,011	Negotiation	Treet Corporation Limited (associated company)	
Vehicles - Suzuki Khyber	263	263	--	125	125	Negotiation	Mr. Mehmood Hussain, Karachi (Employee)	
- Honda Civic	694	555	139	425	286	Negotiation	Col. Idrees, Lahore	
Photo copy machine	115	115	--	50	50	Exchange	M/s. General Trading (Pvt.) Limited, Karachi	
	-----	-----	-----	-----	-----			
2000	1,791	933	858	4,330	3,472			
	=====	=====	=====	=====	=====			
1999	1,866	845	1,021	1,530	509			
	=====	=====	=====	=====	=====			

13. CAPITAL WORK IN PROGRESS

This mostly represent expenses incurred on purchase and installation of a pouch machine.

14. LONG TERM LOANS - secured, considered good

Loans due from:

- Executives		212	208
- Employees		513	296
		-----	-----
	14.1	725	504
Receivable within one year		(389)	(365)
		-----	-----
		336	139
		=====	=====

Age analysis of long term loans are as follows:

Outstanding for periods exceeding three years	--	--
Others	336	139
	-----	-----
	336	139
	=====	=====

14.1 This represent markup-free motorcycle loans to employees under a Collective Bargaining Agreement and loans given to executives/employees which are secured against the retirement benefits of respective employees. These are recoverable within 36 monthly installments.

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

Executives	1,100	680
	=====	=====
Others	290	203
	=====	=====

15. STOCK IN TRADE

Raw materials	39,348	83,209
Packing materials	10,961	8,970
Work-in-process	15,585	26,099
	-----	-----
	65,894	118,278

Finished goods

Vanaspati (Ghee and Cooking Oil)	23,487	32,126
Washing soap	633	782
By-product	149	187
	-----	-----
	24,269	33,095
	-----	-----
	90,163	151,373
	=====	=====

16. STORES AND SPARES

Stores	1,636	1,323
Spares	4,462	4,629
	-----	-----
	6,098	5,952
	=====	=====

17. LOANS AND ADVANCES - considered good

Loans (secured) - receivable within one year		
Executives	208	202
Employees	181	163
	-----	-----
	389	365

Advances - secured

- Executives	195	50
- Employees	1,821	12
	-----	-----
	2,016	1,312
	-----	-----
17.1 & 17.2	2,405	1,677

Advance payments to contractors and suppliers - unsecured	2,541	867
Advance tax	18,365	7,656
	-----	-----

23.31	10,200
=====	=====

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

Executives	1,159	1,050
	=====	=====
Employees	1,168	1,733
	=====	=====

17.2 These are markup-free advances and are secured in the same manner as given in note 14.1 to these accounts.

18. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Deposits and prepayments	4,092	1,074
Margin against bank guarantees	2,167	1,868
Excise duty and sales tax receivable	119	230
	-----	-----
	6,378	3,172

Others receivables - unsecured, considered good:

Due from associated companies	18.1 & 18.2	10,121	5,077
Others		2,073	415
		-----	-----
		12,194	5,492
		-----	-----
		18,572	8,664
		=====	=====

18.1 This represents normal trade credit to associated companies and amounts receivable for common expenses shared with them (net of recoveries).

18.2 The maximum aggregate amount due from associated companies at the end of any month during the year was Rs. 14.80 million (1999: Rs. 12.518 million).

19. CASH AND BANK BALANCES

Cash with banks on:

- Current accounts	25,920	9,422
- Profit and loss sharing account	--	587
	-----	-----
	25,920	10,009
Cash in hand	--	2,389
	-----	-----
	25,920	12,398
	=====	=====

20. SALES - net

<i>Vanaspati</i>	<i>Washing</i>	<i>Total</i>	<i>Total</i>
<i>(Ghee and</i>	<i>Soap</i>	<i>2000</i>	<i>1999</i>
<i>Cooking Oil)</i>			

Sales	1,004,992	21,572	1,026,564	1,041,234
Rebates	(6,260)	(40)	(6,300)	(10,519)
Sales Tax	--	(2,431)	(2,431)	(2,613)
	-----	-----	-----	-----
	(6,260)	(2,471)	(8,731)	(13,132)
	-----	-----	-----	-----
	998,732	19,101	1,017,833	1,028,102
	=====	=====	=====	=====

21. COST OF GOODS SOLD

		<i>Vanaspati (Ghee and Cooking Oil)</i>		<i>Washing Soap</i>		<i>Total 2000</i>	<i>Total 1999</i>
		<i>Manufactured</i>	<i>Manufactured</i>	<i>Traded</i>			
Balance of finished goods as on 1 July		32,126	314	468	32,908	33,500	
Cost of goods manufactured/ available for sale	21.1	824,521	2,332	14,979	841,832	925,895	
		-----	-----	-----	-----	-----	
		856,647	2,646	15,447	874,740	959,395	
Balance of finished goods as on 30 June		(23,487)	(212)	(421)	(24,120)	(32,908)	
		-----	-----	-----	-----	-----	
		833,160	2,434	15,026	850,620	926,487	
		=====	=====	=====	=====	=====	
2.1 Cost of goods manufactured/available for sale							
Work in process as on 1 July		25,717	382	--	26,099	16,835	
Raw materials consumed	21.2	643,034	1,730	--	644,764	742,474	
Packing materials consumed	21.3	100,482	--	--	100,482	107,758	
Purchase of washing soap		--	--	14,979	14,979	16,956	
Stores and spares consumed		6,994	3	--	6,997	7,155	
Salaries, wages and other benefits		36,283	71	--	36,354	31,443	
Fuel and power		21,311	417	--	21,728	23,544	
Repair and maintenance		306	--	--	306	369	
Rent, rates and taxes		850	--	--	850	820	
Insurance		702	--	--	702	762	
Depreciation	12.4	4,156	--	--	4,156	3,877	
		-----	-----	-----	-----	-----	
		839,835	2,603	14,979	857,417	951,993	
Work in process as on 30 June		(15,314)	(271)	--	(15,585)	(26,098)	
		-----	-----	-----	-----	-----	
		824,521	2,332	14,979	841,832	925,895	
		=====	=====	=====	=====	=====	

2000 **1999**
(Rupees in '000)

21.2 Raw materials consumed - Vanaspati and Cooking Oil

Balance as on 1 July	83,209	64,005
Purchases	605,513	763,627

		688,722	827,632
Cost allocated to by-products		(6,340)	(6,288)
		682,382	821,344
Balance as on 30 June		(39,348)	(83,209)
		643,034	738,135
		=====	=====
21.3 packing materials consumed - Vanaspati and Cooking Oil			
Balance as on 1 July		8,970	834
Purchases		102,473	115,894
		111,443	116,728
Balance as on 30 June		(10,961)	(8,970)
		100,482	107,758
		=====	=====
22. ADMINISTRATIVE EXPENSES			
Salaries, wages and other benefits		16,318	16,077
Directors' remuneration			
- Fee		1	1
- Salaries and other benefits	28	1,738	1,583
		1,739	1,584
		=====	=====
Repair and maintenance		1,833	1,509
Electricity and gas		1,316	1,731
Rent, rates and taxes		924	821
Insurance		432	421
Traveling and conveyance		1,289	1,290
Entertainment		247	227
Postage, telegrams and telephone		1,362	1,275
Printing and stationery		554	596
Legal and professional		1,385	1,007
Auditors' remuneration	22.1	88	88
Advertisement		283	229
Charity and donation	22.2	7	9
Meeting and conference		32	26
Subscription		226	748
Other expenses		51	33
Depreciation	12.4	1,732	1,042
Bad debts		433	--
		30,251	28,713
		=====	=====

22.1 Auditors' remuneration

Audit fees		80	80
Out of pocket expenses		8	8
		=====	=====

	88	88
	=====	=====

22.2 Directors or their spouses did not had any interest in donee fund.

23. SELLING AND DISTRIBUTION EXPENSES

Salaries and other benefits		14,058	16,815
Advertisement		32,856	13,377
Sales promotion		30,448	13,875
Repair and maintenance - vehicles and others		1,960	1,998
Rent, rate and taxes		951	654
Freight and octroi		17,352	18,316
Traveling and conveyance		3,728	4,471
Research and development		587	504
Entertainment		118	195
Insurance		1,193	1,143
Postage, telegrams and telephone		1,980	2,446
Subscription		44	188
Printing and stationery		1,169	896
Gas and electricity charges		258	264
Depreciation	12.4	2,118	1,408
Meeting and conferences		463	326
Others		265	462
		-----	-----
		109,548	77,338

Common expenses allocated to Zulfeqar Industries Limited (as associated company)		(11,258)	(12,330)
		-----	-----
		98,290	65,008
		=====	=====

24. FINANCIAL EXPENSES

Markup on bank borrowings		27,400	26,531
Bank charges		832	605
Finance charges on liabilities against assets subject to finance lease		396	--
		-----	-----
		28,628	27,136
		=====	=====

25. OTHER INCOME

Gain on sale of fixed assets	25.1	4,187	509
Compensation on income tax refund orders		1,057	--
Markup income		237	--
Sale of oxygen gas		231	556
Rent		50	116
Miscellaneous		645	1,195
		-----	-----
		6,407	2,376
		=====	=====

25.1 Includes surplus on revaluation of fixed assets amounting to Rs. 0.715 million realised on disposal of freehold land (1999: Nil).

26. EARNING PER SHARE - Basic and Diluted

Net profit/(loss) for the year	Rupees	7,362,000	(21,708,294)
		=====	=====
Weighted average number of ordinary shares		5,197,500	5,197,500
		=====	=====
Earning per share	Rupees	1.42	(4.18)
		=====	=====

27. TRANSACTIONS WITH ASSOCIATED COMPANIES*(Rupees in '000)*

Purchases	18,984	16,956
Sales	11,919	8,757
Insurance premium paid	1,061	1,211
Insurance Claims received	315	1,195
Common expenses allocated to Zulfeqar Industries Limited	11,258	12,330
Purchase of freehold land	4,019	--
Proceeds from disposal of freehold land	3,730	--

28. 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)

	2000			1999		
	<i>Chief Executive</i>	<i>Director</i>	<i>Executives</i>	<i>Chief Executive</i>	<i>Director</i>	<i>Executives</i>
Fee	--	1	--	--	1	--
Remuneration	--	300	10,102	--	301	10,125
Rent and utilities	531	505	6,682	493	409	7,631
Medical expenses	69	33	1,741	14	18	2,203
Entertainment	55	30	297	33	29	324
Company's contribution to Provident Fund	--	30	699	--	30	733
Other perquisites	65	120	495	52	204	531
	-----	-----	-----	-----	-----	-----
	720	1,019	20,016	592	992	21,547
	=====	=====	=====	=====	=====	=====
No. of persons	1	2	58	1	3	55
	=====	=====	=====	=====	=====	=====

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

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

29. PLANT CAPACITY, PRODUCTION AND SALES**2000** **1999***(Rupees in '000)*

Vanaspati -Ghee and Cooking Oil		
Assessed capacity	30,000	30,000
	=====	=====

Production	16,567	16,136
	=====	=====
Sales	16,710	16,003
	=====	=====

The under-utilization of capacity is mostly attributable to lack of orders due to overall economic recession in the country.

30. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value of all the financial assets and financial liabilities are estimated to approximate their respective carrying values.

31. INTEREST/MARK-UP RATE RISK EXPOSURE

Information about the company's exposure to interest/mark-up rate risk based on contractual refinancing and maturity dates, whichever is earlier, is as follows:

	2000			<i>(Rupees in '000)</i>	
	<i>Interest/mark-up bearing</i>				
	<i>Less than one month</i>	<i>One month to one year</i>	<i>More than one year</i>	<i>Non-Interest/ mark-up bearing</i>	<i>Total</i>
Financial Assets					
Loans and advances	--	--	--	2,741	2,741
Long term security receivables	--	--	--	565	565
Deposits and other receivables	--	--	--	14,873	14,873
Trade debts - unsecured, consider	--	--	--	44,200	44,200
Cash and bank balances	--	--	--	25,920	25,920
	-----	-----	-----	-----	-----
	--	--	--	88,299	88,299
	=====	=====	=====	=====	=====
Financial Liabilities					
Long term demand finance	--	10,200	13,000	--	23,200
Liabilities against assets subject to	--	883	3,961	--	4,844
Long term deposits	--	--	--	1,210	1,210
Short term borrowings	--	178,879	--	--	178,879
Creditors, accrued expenses and ot	--	--	--	47,748	47,748
	-----	-----	-----	-----	-----
	--	189,962	16,961	48,958	255,881
	-----	-----	-----	-----	-----
On-balance sheet gap (a)	--	(189,962)	(16,961)	39,341	(167,582)
	=====	=====	=====	=====	=====

	1999				
	<i>Interest/mark-up bearing</i>				
	<i>Less than one month</i>	<i>One month to one year</i>	<i>More than one year</i>	<i>Non-Interest/ mark-up bearing</i>	<i>Total</i>
Financial Assets					
Long term security deposits	--	--	--	35	35
Loans and advances	--	--	--	1,816	1,816
Deposits and other receivables	--	--	--	7,714	7,714

Trade debts - unsecured, consider	--	--	--	21,343	21,343
Cash and bank balances	587	--	--	11,811	12,398
	-----	-----	-----	-----	-----
	587	--	--	42,719	43,306
	=====	=====	=====	=====	=====
Financial Liabilities					
Long term deposits	--	--	--	1,260	1,260
Short term borrowings	--	190,428	--	--	190,428
Creditors, accrued expenses and ot	--	--	--	44,135	44,135
	-----	-----	-----	-----	-----
	--	190,428	--	45,395	235,823
	-----	-----	-----	-----	-----
On-balance sheet gap (a)	587	(190,428)	--	(2,676)	(192,517)
	=====	=====	=====	=====	=====

(a) The on balance sheet gap represents the net amounts of on-balance sheet items.

(b) Effective rates of mark-up for financial assets and liabilities are as follows:

	2000	1999
	(%)	(%)
Financial Assets		
Batik balances	--	7.00
Financial Liabilities		
Long term demand finance	16.79	--
Short term borrowings	17.24	19.78
Liabilities against assets subject to finance lease	19.34	--

32. CONCENTRATION OF CREDIT RISK

The company attempts to control credit risks by monitoring credit exposures, limiting transactions with specific customers and continuing assessment of credit worthiness of customers.

33. GENERAL

33.1 Total number of employees as at 30 June 2000 was 389 (1999: 380).

33.2 Figures have been rounded off to nearest thousand rupee.

Pattern of Share Holding as on 30 June 2000

<i>No. of Shareholders</i>	<i>Having Shares</i>		<i>Shares Held</i>	<i>Percentage</i>
	<i>From</i>	<i>To</i>		
2,770	1	100	42,121	0.8104
385	101	500	89,241	1.7169
98	501	1,000	67,606	1.3007
79	1,001	5,000	164,303	3.1611
12	5,001	10,000	80,446	1.5477
8	10,001	15,000	89,058	1.7134

1	15,001	20,000	16,000	0.3078
2	20,001	25,000	44,368	0.8536
1	30,001	35,000	34,596	0.6656
1	35,001	40,000	36,816	0.7083
1	40,001	45,000	42,750	0.8225
1	45,001	50,000	48,100	0.9254
1	55,001	60,000	55,224	1.0625
2	70,001	75,000	147,264	2.8333
1	85,001	90,000	87,464	1.6828
2	105,001	110,000	217,288	4.1806
1	130,001	135,000	131,984	2.5393
1	135,001	140,000	139,816	2.6900
1	150,001	155,000	150,517	2.8959
1	165,001	170,000	168,095	3.2341
2	225,001	230,000	458,213	8.8160
2	300,001	305,000	602,175	11.5858
1	470,001	475,000	471,860	9.0785
1	630,001	635,000	634,095	12.2000
1	1,175,001	1,180,000	1,178,100	22.6666

	3,376		5,197,500	100.0000
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CATEGORIES OF SHAREHOLDERS

	NUMBERS	SHARES	PERCENTAGE
1. Individuals	3,344	2,040,326	39.2559
2. Insurance Companies	4	344,613	6.6303
3. Joint Stock Companies	11	1,363,545	26.2346
4. Financial Institutions	13	809,374	15.5723
5. Foreign Companies	1	634,095	12.2000
6. Others	3	5,547	0.1067

	3,376	5,197,500	100.0000
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