

## **National Foods Limited**

### **Annual Report 2000**

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#### **BOARD OF DIRECTORS**

<b>MR. A. MAJEED</b>	Chairman
<b>MR. WAQAR HASAN</b>	Managing Director / Chief Executive
<b>MR. KHAWAR M. BUTT</b>	Director
<b>MR. ABRAR HASAN</b>	Director
<b>MR. ZAHID MAJEED</b>	Director
<b>MR. M. AFZAL-ULLAH SIDDIQUI</b>	Director (N.I.T. Nominee)
<b>MR. MOHAMMED SHAFI</b>	Director (N.I.T. Nominee)
<b>MR. HABIB A. ISMAIL KHAIRANI</b>	Company Secretary

<b>REGISTERED OFFICE</b>	12/CL-6, Claremont Road, Civil Lines, Karachi-75530. P.O. Box No. 15509 Phones: 5662687, 5670540, 5670585, 5670646, 5670793, & 5672268 Fax No: 5684870 & 5671225
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<b>AUDITORS</b>	RIAZ AHMAD, SAQIB, GOHAR & COMPANY, Chartered Accountants, 5-Nasim Co-operative Housing Society Ltd., Major Nazir Bhatti Road, Off Shaheed-e-Millat Road, Karachi. Phones: 4945427 - 4946112 Fax: 4932629
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<b>REGISTRAR</b>	NOBLE COMPUTER SERVICES (PVT.) LIMITED 14-Banglore Town Housing Society, Sharea-e-Faisal, Karachi-75350. Phones: 4546978-4520121 Fax: (92-21) 4314962
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<b>BANKERS</b>	BANK AL-HABIB LIMITED Mackinnons Building, I. I, Chundrigar Road, Karachi. Phones: 2412986 (10 lines) Fax: 2419752
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S.I.T.E. Branch,  
Plot # B/76 S.S. Chambers S.I.T.E., Karachi,  
Phones: 2571710-11 (92-21) 2571522

Garden Town Branch  
Lahore City.

CITI BANK NA,  
State Life Building No, 1, I. I. Chundrigar Road, Karachi.

Phones: 2412641-50 Fax: 2426773

MUSLIM COMMERCIAL BANK LIMITED,  
Clifton Corporate Branch, Kulsom Court, Clifton, Karachi.  
Phones: 5872286- 5831835 Fax: 5872058

Wahdat Road Branch, Lahore.  
Phone: 7235737

HABIB BANK LIMITED  
Hub River Road Branch, Karachi.  
Phone: 2572197

## CHAIRMAN'S REVIEW

The Corporate Policies, Procedures and Systems laid down last year have resulted in achieving the GOALS set by the Management. The realisation of RUPEES ONE BILLION SALES TARGET is not a meager achievement, my congratulations to the entire Management, Work force and Business Associates. This is also a MILLENNIUM PRIZE to the Share Holders.

It is evident that the Company's products are enjoying better market share, but there is still a long way to go. the team building efforts will continue, till we have broadly multi disciplinary Executives and educated as well as disciplined Work Force

This one Billion Gross Sale when bifurcated into local and export, shows:

Local Sales	907,304,014
Growth Over Last Year	26.71%
Export Sales	119,717,657
Growth Over Last Year	14.31%
Corporate Growth Over Last Year	25.13%

The Company's bottom line has also grown from 14.593 m to 25.578 m, reflecting healthy position.

The expenses as depicted in the Chaffs remain under control:

All four Pillars of Management, i.e. Procurement/Inventory, Production, Marketing and Finance performed well, remained within control limits generally but the INTERNAL AUDIT is not yet in place. This resulted in weak monitoring in many areas. We are hoping to re-inforce Internal Audit and critical analysis of future risks to maintain the progress. In other words, future risk management will become part of Internal Audit. Hopefully the solid foundation being laid will give your Company a head start against any competition.

By nature of our business, we are in consumer industry, where like other areas, we face revolution, driven by technology. At the same time, globally connected economies are creating new challenges and opportunities. So it is very important that we bring new innovative products in local and export markets. Therefore, the Company needs to strengthen the R&D, Quality Control and Quality Assurance. This is an urgent need because your Company is introducing products in Super Markets of developed countries where STRICT QUALITY regulations are enforced. To increase our business in this value added area, our products must conform to the regulations of each country, we export to. The Management is fully aware of the needs and this area is being addressed.

In the end I assure the Share holders, Staff, Workforce and our Trade partners that your Company is capable to meet the challenges of New Millennium and ready to cash the opportunities resulting from globalisation.

**A. Majeed**  
**Chairman**

## CHIEF EXECUTIVE'S ANNUAL REPORT TO THE SHAREHOLDERS 1999-2000

### HIGHLIGHTS

National Foods Limited has lived up to its commitment of delivering results as promised in my previous year report. The highlights of last year are as follows:

Corporate Gross Sales Growth of 25% was achieved of which the local sales grew by 27% and the exports registered a 14% increase. The overall cost of sales has come down substantially due to better procurement, and logistical management. Also as indicated previously, due to consolidation and modernization the manufacturing cost as a percentage to sales has also decreased.

All these cost control measures have led the company to finish with a pre-tax profit figure of Rs. 25 million, a growth off 66% over last year. Due to major savings in variable costs, the gross profit has also increased by 41%.

All this good performance has somewhat been overshadowed by the historical landmark achievement of becoming a Billion Rupee Sales company.

I take pleasure in announcing that due to better performance compared to previous year, the Board of Directors of National Foods Limited have declared the following appropriation.

<b>APPROPRIATION</b>	<b>2000 Rupees</b>	<b>1999 Rupees</b>
<b>Profit after taxation</b>	18,503,157	11,443,422
Add: Unappropriated profit brought forward	32,654,293	27,161,624
	-----	-----
Profit available for appropriation	51,157,450	38,605,046
	-----	-----
Interim dividend @ 10% (1999: Nil)	4,250,538	--
Proposed final dividend @ 11.5% (1999: 14%)	4,888,119	5,950,753
	-----	-----
	9,138,657	5,950,753
	-----	-----
Unappropriated profit carried forward	42,018,793	32,654,293
	=====	=====

### OPERATIONAL REPORT

As mentioned in the previous year's Chairman's Report, the formation and implementation of an Operational Manual has helped to bring the operations of the company in focus. All departments have contributed towards the success of this manual. Formal Business Performance Indicators have been identified and documented in the manual. These indicators are reviewed monthly and timely action is taken to keep the business operations in tune.

On 21st June 2000 the company crossed the Billion Rupee Sales mark. This achievement was actually forecasted in the year 1993 and I am proud to state that the whole organization was committed in delivering this objective on time as per the forecast.

As indicated earlier, the exports have contributed with a positive growth of 14% as well. Steps have also been taken to formalize a new International Marketing division. A detailed export policy has also been framed and made part of the operational manual.

Another proud achievement for National Foods Ltd., is the recognition of being one of the 10 best Human Resource Managed companies in Pakistan. This award was presented at a formal ceremony hosted by the Employer's Federation of Pakistan. National Foods was perhaps the only local company to receive this award among other Multinational companies. We are committed to a very strong Human Resource Management and development program. Innovative HR

principles are being adopted and deployed as per changing global trends.

As the company is going through a consolidation phase, major re-branding and re-imaging exercise is being carried out at present. This has also meant new and progressive packaging designs in light of the major market research, which was carried out. As the company performed well, a major portion of the profit was diverted in promoting and building the new Image and Brand Equity. The advertisement expenditure has shown an increase as compared to previous years, but it was deemed necessary to re-invest in the brand to retain our brand leadership.

All this has been possible by controlling material costs. Favourable prices of chillies and mango have led to increased leverage. This trend is expected to continue for next year as well.

NFL has also entered into a contract with an Australian Food Company to develop, manufacture and package innovative and advanced food products for the multiple segments in the mainstream market. These products have been launched in Australian market by this company and are registering a good response from the native consumers.

#### **OBJECTIVES**

The company will continue with its present strategy of consolidation. The objectives are to maximize market shares of its existing categories. A favourable Chilli crop this year has also presented the opportunity to sustain good operational results.

Continuous investments in packaging and processing machines in line with the modernization policy of the company will continue to see declining manufacturing costs.

It is expected that the pattern of Gross Profit will continue to rise based on these factors and company can redeploy its profits faster to further its goals and objectives.

The company is also focused in terms of delivering a good return to its shareholders. This is the first time that the Retained Earnings would have crossed the Paid Up Capital mark of the company. This is a good sign in terms of achieving a good payout for the future for our shareholders. It is expected that the company will modestly increase its Earnings Per Share over the next couple of years.

#### **AUDITORS**

The present Auditors Messrs, Riaz Ahmad, Saqib, Gohar & Company, Chartered Accountants, retire, being eligible for re-appointment, have offered themselves, for re-appointment as auditors for the year 2000-2001.

#### **PATTERN OF SHARE HOLDING**

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

On behalf of the Board of Directors, I congratulate the management, distributors, suppliers and all our business associates for making this a successful year. I would also like to take this opportunity to thank all the people who have kept us motivated in achieving our Billion Rs. Sales target.

**WAQAR HASAN**  
**Chief Executive**

#### **NOTICE OF MEETING**

Notice is hereby given that the 29th 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 Saturday the 25th November 2000, at 11.30 a.m., to transact the following business:

1. To read and confirm the minutes of the last Annual General Meeting held on 21st December 1999.
2. To receive, consider and approve the Audited Accounts for the year ended 30th June 2000.
3. To approve payment of Final Cash Dividend @ 11.5% (Rs. 1.15 per share of Rs. 10 each) as

recommended by the Directors. An Interim Cash Dividend @ 10% has already been paid to the shareholders.

4. To elect Directors for a period of 3 years. The Board of Directors have fixed number of Directors to be elected as 7 excluding any director(s) nominated by Development Financial Institutions. Following are the retiring directors who are also eligible to offer themselves for re-election:

1. Mr. A Majeed
2. Mr. Waqar Hasan
3. Mr. Khawar M. Butt
4. Mr. Abrar Hasan
5. Mr. Zahid Majeed
6. Mr. Muhammed Shafi (N.I.T. Nominee)
7. Mr. M. Afzalullah Siddiqui (N.I.T. Nominee)

Any person who seeks to contest the election of directors may file his (her) consent to the company in accordance with the Companies Ordinance, 1984.

5. To appoint Auditors for the year 2000-2001 and to fix their remuneration. The present auditors Messrs. Riaz Ahmad, Saqib, Gohar & Company, Chartered Accountants retire, being eligible, have offered themselves for re-appointment as Auditors.

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

**By order of the Chairman**

**(HABIB A. ISMAIL KHAIRANI)**  
**Company Secretary**

Karachi: October 26, 2000.

#### **NOTES:**

1. The share transfer books of the Company will remain closed from 17th November, 2000 to 25th November, 2000. (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 of 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.

#### **RATIO ANALYSIS**

	<i>1996</i>	<i>1997</i>	<i>1998</i>	<i>1999</i>	<i>2000</i>
<b>LIQUIDITY RATIOS</b>					
Current Ratio	1.02	1.01	1.04	1.06	1.08
Acid Test Ratio	0.25	0.28	0.26	0.22	0.19
<b>GEARING RATIOS</b>					
Debt / Equity Ratio	5.39%	4.61%	7.91%	9.33%	15.68%
Interest Cover	2.28	2.28	2.94	2.14	3.03

#### **OPERATING RATIOS**

Return on Shareholder's Equity	13.48%	12.77%	12.54%	14.08%	20.42%
Gross Profit Margin	20.15%	20.20%	22.48%	20.34%	24.45%
Operating Profit	6.27%	6.15%	7.65%	5.70%	8.40%
Net Profit Margin	2.31%	2.14%	1.89%	1.78%	2.42%

**TURNOVER RATIOS**

Asset Turnover	2.07	2.31	2.47	2.52	2.51
Equity Turnover	5.83	5.96	6.65	7.93	8.45
Debtor's Turnover	17.75	23.79	27.02	34.13	35.29
Receivable Days	20.56	15.34	13.51	1,069	10.34
Inventory Turnover	3.95	4.16	4.65	438	3.65
Days Inventory	92.33	87.82	78.55	83.35	100.10

**OPERATING EXPENSES**

Administrative Expenses	3.49%	3.49%	3.38%	2.75%	2.67%
Selling Expenses	11.54%	12.20%	14.37%	13.39%	16.70%
Financial Expenses	2.37%	2.07%	1.60%	1.98%	1.64%

**COST OF SALES**

Materials	84.80%	84.94%	83.24%	85.01%	83.80%
Direct Labor	4.93%	4.59%	4.61%	4.09%	4.27%
Overheads	10.27%	10.47%	12.15%	10.90%	11.93%

**OPERATING EXPENSES (% OF GP)**

Administrative Expenses	17.33%	17.25%	15.05%	13.52%	10.93%
Selling Expenses	57.29%	60.42%	63.95%	65.85%	68.31%
Financial Expenses	11.74%	10.27%	7.10%	9.75%	6.74%

**STOCK MARKET RATIOS**

Earnings Per Share	2.61	2.58	2.57	2.69	4.35
Dividend Per Share	2.00	1.25	1.50	1.40	2.15
Dividend Cover	1.20	2.06	1.71	1.92	2.02

**AUDITORS' REPORT TO THE MEMBERS**

We have audited the annexed balance sheet of National Foods Limited as at June 30, 2000 and the related profit & 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 state that;

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

(b) in our opinion:

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

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

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

(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit & 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 June 30, 2000 and of the profit its cash flows and changes in equity for the year then ended; and

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

Karachi: 9th October 2000.

**RIAZ AHMAD, SAQIB. GOHAR & CO.**  
Chartered Accountants

## BALANCE SHEET AS AT 30 JUNE, 2000

	<i>Note</i>	<i>2000</i> <i>Rupees</i>	<i>1999</i> <i>Rupees</i>
<b>CAPITAL AND RESERVES</b>			
<b>Capital</b>			
Authorized Capital 5,000,000 (1999: 5,000,000) ordinary Shares of Rs. 10 each		50,000,000	50,000,000
Issued subscribed & paid-up capital	3	42,505,380	42,505,380
<b>Reserves</b>			
Capital- share premium		6,102,100	6,102,100
Unappropriated profit		42,018,793	32,654,293
		48,120,893	38,756,393
		90,626,273	81,261,773
<b>LONG TERM LIABILITIES - SECURED</b>			
Liabilities against assets subject to finance lease	4	8,808,729	3,582,869
Deferred tax		5,399,798	4,000,000
		14,208,527	7,582,869
<b>CURRENT LIABILITIES</b>			
Current portion of liabilities against assets subject to finance lease	4	4,762,199	1,208,383
Finances utilized under mark-up arrangements - secured	5	110,934,296	96,342,005
Creditors, accrued expenses & other liabilities	6	79,129,962	63,632,975
Proposed dividend		4,888,119	5,950,753

		-----	-----
Contingencies & commitments	7	199,714,576	167,134,116
		--	--
		-----	-----
		304,549,376	255,978,758
		=====	=====
<b>PROPERTY AND ASSETS</b>			
<b>Fixed Capital Expenditure</b>			
Fixed assets	8	84,479,673	78,012,026
Capital work-in progress	9	457,969	286,983
		-----	-----
		84,937,642	78,299,009
Long term deposits		1,410,981	1,265,981
Deferred expenditure	10	2,100,000	--
<b>CURRENT ASSETS</b>			
Stock-in-trade		177,412,663	139,868,430
Trade debts - unsecured - considered good	11	23,847,224	19,540,444
Advances, deposits, prepayments and other receivables	12	14,033,628	15,930,649
Cash and bank balances	13	807,238	1,074,245
		-----	-----
		216,100,753	176,413,768
		-----	-----
		304,549,376	255,978,758
		=====	=====

N.B. The annexed notes form an integral part of these accounts.

Auditors report annexed.

**WAQAR HASAN**  
Chief Executive

**ZAHID MAJEED**  
Director

**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 30 JUNE, 2000**

	<i>Note</i>	<i>2000 Rupees</i>	<i>1999 Rupees</i>
Sales	14	765,675,135	644,351,806
Less: Cost of sales	15	578,471,953	513,322,658
		-----	-----
Gross profit		187,203,182	131,029,148
<b>Operating Expenses</b>			
Less: Administrative expenses	16	20,458,873	17,714,111
Selling and distribution expenses	17	127,879,179	86,284,092
		-----	-----
		148,338,052	103,998,203
		-----	-----
Operating profit		38,865,130	27,030,945
Add: Other income	18	993,604	1,277,971
		-----	-----
		39,858,734	28,308,916
Less :Financial and other charges	19	(14,280,790)	(13,715,494)
		-----	-----
Profit before taxation		25,577,944	14,593,422
Less: Taxation	20	(7,074,787)	(3,150,000)
		-----	-----

Profit after taxation		18,503,157	11,443,422
Add: Unappropriated profit brought forward		32,654,293	27,161,624
		-----	-----
Profit available for appropriation		51,157,450	38,605,046
<b>APPROPRIATIONS:</b>			
Interim dividend @ 10% (1999: Nil)		4,250,538	--
Proposed final dividend @11.5% (1999: 14%)		4,888,119	5,950,753
		-----	-----
		9,138,657	5,950,753
		-----	-----
Unappropriated profit carried forward		42,018,793	32,654,293
		=====	=====
Basic earnings per share	21	4.35	2.69
		=====	=====

The annexed notes form an integral part of these accounts.

**WAQAR HASAN**  
Chief Executive

**ZAHID MAJEED**  
Director

**CASH FLOW STATEMENT  
FOR THE YEAR ENDED 30 JUNE, 2000**

	<i>Note</i>	<i>2000</i> <i>Rupees</i>	<i>1999</i> <i>Rupees</i>
<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>			
Profit before taxation		25,577,944	14,593,422
Adjustments for non cash charges and other items			
Depreciation		11,962,515	10,920,724
Amortization of Deferred expenses		--	900,000
Profit on sale of fixed assets		(402,838)	(984,405)
Financial and other charges		12,613,790	12,559,967
		-----	-----
		24,173,468	23,396,286
		-----	-----
Operating profit before working capital changes		49,751,412	37,989,708
<b>(Increase)/decrease in current assets</b>			
Stock in trade		(37,544,233)	(45,288,462)
Trade debts		(4,306,780)	(1,321,929)
Advances, deposits, prepayments and other receivables		4,791,746	(951,722)
		-----	-----
		(37,059,267)	(47,562,113)
<b>Increases in current liabilities</b>			
Creditors, accrued and other liabilities		14,290,891	14,339,693
		-----	-----
		26,983,036	4,767,288
		-----	-----
Financial charges paid		(15,117,431)	(9,405,920)
Taxes paid		(5,436,435)	5,594,637
		-----	-----
		(20,553,866)	(15,000,557)
		-----	-----
<b>Net cash from operating activities</b>		6,429,170	(10, 233,269)
<b>CASH FLOW FROM INVESTING ACTIVITIES:</b>			
Capital expenditure		(8,053,080)	(15,344,965)

Sale proceeds of fixed assets	1,641,270	6,437,430
Long term deposits	(145,000)	(340,523)
Deferred expenditure	(2,100,000)	--
Finance leased assets	(11,786,500)	(4,200,000)
	-----	-----
Net cash used in Investing activities	(20,443,310)	(13,448,058)
	-----	-----
	(14,014,140)	(23,681,327)

**CASH FLOW FROM FINANCING ACTIVITIES:**

Repayment of long term loan	(3,006,824)	(2,633,398)
Dividend paid	(9,624,834)	(23)
Proceed from finance lease	11,786,500	4,200,000
	-----	-----
Net cash used in financing activities	(845,158)	1,566,579
	-----	-----
Net decrease in cash & Cash equivalent	(14,859,298)	(22,114,748)
Cash & Cash equivalent at the beginning of the year	(95,267,760)	(73,153,012)
	-----	-----
Cash & Cash equivalent at the end of the year	(110,127,058)	(95,267,760)
	=====	=====

**CASH & CASH EQUIVALENTS:**

Cash & bank balance	807,238	1,074,245
Finance utilized under mark-up arrangements	(110,934,296)	(96,342,005)
	-----	-----
	(110,127,058)	(95,267,760)
	=====	=====

**WAQAR HASAN**  
Chief Executive

**ZAHID MAJEED**  
Director

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE, 2000**

	<i>Issued, Subscribed &amp; paid-up Capital</i>	<i>Capital Reserve- Shares premium</i>	<i>Reserve for Issue of Bonus Shares</i>	<i>Unappropriated Profit</i>	<i>Total</i>
As on June 30, 1998	36,961,200	6,102,100	5,544,180	27,161,624	75,769,104
Shares issued during the year	5,544,180	--	(5,544,180)	--	--
Profit for the year	--	--	--	11,443,422	11,443,422
Proposed dividend	--	--	--	(5,950,753)	(5,950,753)
	-----	-----	-----	-----	-----
As on 30 June, 1999	42,505,380	6,102,100	--	32,654,293	81,261,773
Profit for the year	--	--	--	18,503,157	18,503,157
Interim dividend	--	--	--	(4,250,538)	(4,250,538)
Proposed final dividend	--	--	--	(4,888,119)	(4,888,119)
	-----	-----	-----	-----	-----
As on 30 June, 2000	42,505,380	6,102,100	--	42,018,793	90,626,273
	=====	=====	=====	=====	=====

**WAQAR HASAN**  
Chief Executive

**ZAHID MAJEED**  
Director

**NOTES TO THE ACCOUNTS  
FOR THE YEAR ENDED 30 JUNE, 2000**

## **1. Status and nature of business**

The company was incorporated in Pakistan as a private limited company on 19 February, 1970 and subsequently converted into public limited company by special resolution passed in extra-ordinary general meeting held on 30 March, 1988. The Company is listed on the Karachi, Lahore and Islamabad stock exchanges. The company is principally engaged in the manufacture and sale of spices, pickles, pastes/ketchup and iodized salt.

## **2. ACCOUNTING POLICIES**

### **2.1 Accounting Convention**

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

### **2.2 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.

### **2.3 Staff Retirement Benefits**

The company operates a funded gratuity scheme covering all permanent employees and is calculated on the basis of 30 days of the 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 fund scheme, covering all permanent employees. Monthly contribution is made at the rate of 5 percent of the pay of employees to the fund.

### **2.4 Fixed Assets and Depreciation**

All fixed assets except lease hold lands and capital work-in-progress are stated at written down value which is arrived at by deducting accumulated depreciation from cost. Lease hold 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.

Deprecation is charged on reducing balance method whereby the cost of an asset is written off over its expected useful life. Maintenance and normal repairs are charged to income. Major renewals and replacements 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.

### **2.5 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 under the lease are accounted for as liabilities. Assets acquired under finance lease are amortised over the useful life of the assets on a reducing balance method at the rates given in the relevant note. Amortisation of leased assets is charged to current year's income.

### **2.6 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 realizable value. Appropriate manufacturing overheads are included in the cost of finished goods. Goods in transit are stated at cost.

### **2.7 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.

## 2.8 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.

<i>Note</i>	<i>2000 Rupees</i>	<i>1999 Rupees</i>
<b>3. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL</b>		
1,255,990(1999: 1,255,990) Ordinary Shares of Rs. 10 each fully paid in cash	12,559,900	12,559,900
2,994,548(1999: 2,994,548) Ordinary Shares of Rs. 10 each issued as fully paid Bonus shares	29,945,480	29,945,480
	-----	-----
	42,505,380	42,505,380
	=====	=====

## 4. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

The amount of future lease payments and the period in which these payments will become due are.

### Year ending June 30

2000	--	1,866,820
2001	6,762,534	1,773,175
2002	6,134,000	1,144,640
2003	4,141,038	1,564,640
	-----	-----
	17,037,572	6,349,275
Less: Financial charges allocated to future periods	3,466,644	1,558,023
	-----	-----
	13,570,928	4,791,252
Less: Current portion shown under current obligation	4,762,199	1,208,383
	-----	-----
	8,808,729	3,582,869
	=====	=====

The implicit rate used as the discounting factor is in range between 19% -21% per annum, Rentals are payable in equal monthly/quarterly installments.

At the end of lease period the ownership of assets will be transferred to the company on payment of residual value.

These are secured by demand promissory notes and security deposits.

<i>Note</i>	<i>2000 Rupees</i>	<i>1999 Rupees</i>
<b>5. FINANCE UTILIZED UNDER MARK-UP ARRANGEMENTS - SECURED</b>		
<b>CitiBank</b>		
Running finance	--	14,986,129
<b>Bank Al-Habib Limited</b>		
Export refinance	5.1	47,603,000
Running finance	5.2	60,331,296
Advance against trust receipt	5.3	3,000,000
	-----	-----

110,934,296	81,355,876
-----	-----
110,934,296	96,342,005
=====	=====

	<b>LIMIT</b>	<b>EXPIRY</b>	<b>RATE OF</b>	<b>SECURITY</b>
	<b>Rupees</b>		<b>MARK-UP</b>	
5.1	Rs. 47,603,000 (1999: Rs. 40,273,000)	31 Oct 2000	8% per annum	The facility mentioned in note 5.1, 5.2 and 5.3 are secured by:
				i) Registered hypothecation over movables to the extent of Rs. 117.40 millions
5.2	Rs.71,770,000 (1999: Rs. 59,100,000)	31 Oct 2000	14% to 17.5% per annum	ii) Registered equitable mortgage over immovable to the extent of Rs. 117 million.
5.3	Rs. 3,000, 000 (1999: Rs. 2,500,000)	31 Oct 2000	17.5% per annum	iii) Personal guarantees of directors amounting to Rs. 200.40 million

	<b>2000</b>	<b>1999</b>
<b>Note</b>	<b>Rupees</b>	<b>Rupees</b>

## 6. CREDITORS, ACCRUED AND OTHER LIABILITIES

Creditors		30,174,301	27,049,818
Accrued expenses		8,242,514	6,876,510
Advance from customers		9,913,146	4,356,714
Security deposits		159,700	362,700
Mark-up accrued on secured loans		2,317,406	3,154,047
Unclaimed dividend		803,732	227,275
Due to associated undertakings		37,440	131,553
Due to directors		52,365	29,028
Due to gratuity trust		6,247,357	2,316,913
Payable to employees provident fund trust		984,784	519,673
Sales tax payable		3,912,652	2,675,361
Workers welfare fund		1,051,568	592,568
Workers profit participation fund	6.1	1,268,000	826,628
Other liabilities		13,964,997	14,514,187
		-----	-----
		79,129,962	63,632,975
		=====	=====

### 6.1 Workers Profit Participation Fund

Opening balance		826,628	882,057
Allocation for the year		1,208,000	776,628
		-----	-----
		2,034,628	1,658,685
Interest on funds utilized in company's business		60,000	50,000
Payment to beneficiaries		(826,628)	(882,057)
		-----	-----
		1,268,000	826,628
		=====	=====

## 7. CONTINGENCIES AND COMMITMENTS

7.1 Company commitment to pay against discounting of export bills was Rs. Nil as on 30-06-2000 (1999: Rs. 8,653,325).

7.2 Company has commitments against outstanding letters of credit established for import of goods amounting to Rs. 6,840,000 as on 30-06-2000 (1999: Rs. 7,797,200).

7.3 Company's commitment with bank for payment against documents mounting Rs. Nil as on 30-06-2000 (1999: Rs. 3,775,470).

7.4 Sales tax amounting to Rs. 87.8 million (principal Rs. 24.5 million & additional tax Rs. 63.3 million) was levied by Additional Collector-II, Collectorate of Sales Tax (West), Karachi on table salt and other spices which was reduced by Additional Collector-III, Sales Tax (West), Karachi to Rs. 30.7 million (principal Rs. 11.2 million & additional tax Rs. 19.5 million). The company has filed an appeal before the Customs, Excise and Sales Tax Appellate Tribunal, Karachi against the above levies. Pending outcome of the appeal and since the management is confident that the decision will be in favour of the company no provision has been made in these accounts for the aforesaid sales tax and additional sales tax levies if any, on delayed payment.

## 8. FIXED ASSETS

Particulars	As on	Additions/	As on	R	As on	Additions/	Charge	As on	Written
	1 July	(Disposals)/	30 June	A	1 July	(Disposals)/	for the	30 June	down value
	1999	Transfers	2000	T	1999	Transfers	year	2000	as on
		During the		E		During the			30 June 2000
		year				year			
Owned assets	Rupees	Rupees	Rupees	%	Rupees	Rupees	Rupees	Rupees	Rupees
Leasehold Land	1,450,235	--	1,450,235	--	--	--	--	--	1,450,235
Building on leas	32,009,091	1,595,561	33,604,652	10	13,836,469	--	1,976,811	15,813,280	17,791,372
Plant, Machinery, Equipments & G	45,434,828	1,726,388 (1,456,816)	45,704,400	10	20,026,928	(1,079,968)	2,675,726	21,622,686	24,081,714
Office & Other E	19,615,550	1,297,767 (911,898)	20,001,419	15	9,578,371	(662,664)	1,662,832	10,578,539	9,422,880
Laboratory Equi	1,494,421	-- (75,233)	1,419,188	10	547,151	(66,646)	93,977	574,482	844,706
Motor Vehicles	20,238,637	2,603,980 (1,242,100)	21,600,517	20	8,694,835	(655,620)	2,712,261	10,751,476	10,849,041
Furniture & Fixt	8,504,154	658,398 (139,472)	9,023,080	10	2,943,456	(122,189)	620,144	3,441,411	5,581,669
	-----	-----	-----		-----	-----	-----	-----	-----
	128,746,916	7,882,094 (3,825,519)	132,803,491		55,627,210	(2,587,087)	9,741,751	62,781,874	70,021,617
<b>Leased assets</b>									
Machinery	4,200,000	7,370,000	11,570,000	10	420,000	--	1,115,000	1,535,000	10,035,000
Motor vehicles	1,738,000	4,416,500	6,154,500	20	625,680	--	1,105,764	1,731,444	4,423,056
	-----	-----	-----		-----	-----	-----	-----	-----
	5,938,000	11,786,500	17,724,500		1,045,680	--	2,220,764	3,256,444	14,458,056
	-----	-----	-----		-----	-----	-----	-----	-----
TOTAL 2000:	134,684,916	19,668,594 (3,825,519)	150,527,991		56,672,890	(2,587,087)	11,962,515	66,048,318	84,479,673
	=====	=====	=====		=====	=====	=====	=====	=====
TOTAL 1999:	123,159,456	24,747,467 (13,222,007)	134,684,916		48,031,563	(2,279,497)	10,920,724	56,672,890	78,012,026
	=====	=====	=====		=====	=====	=====	=====	=====

2000

1999

	<i>Rupees</i>	<i>Rupees</i>
<b>8.1 Depreciation has been allocated as follows</b>		
Cost of Sales	7,343,464	6,671,231
Administrative expenses	2,273,363	2,055,226
Selling and distribution expenses	2,345,688	2,194,267
	-----	-----
	11,962,515	10,920,724
	=====	=====

**8.2 Disposal of Fixed Assets**

<i>Particulars</i>	<i>Cost</i>	<i>Accumulated Depreciation</i>	<i>Book Value</i>	<i>Sold for</i>	<i>Profit/ (Loss)</i>	<i>Mode of Disposal</i>
	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>	
<b>PLANT, MACHINERY EQUIPMENT &amp; GENERATORS</b>						
<b>Alpine Pin Mill - Stone Mill</b>	991,216	776,712	214,504	251,532	37,028	Negotiation
Mr. Saeed Noor C/o M/s. Yasir & Co, L-25/1, Block 21, F.B. Area, Karachi						
<b>Generator Wise Power</b>	465,600	303,256	162,344	250,000	87,656	Negotiation
M/s. Khurram Enterprise C-128/10 F.B. Area Karachi						
<b>Sub Total - A</b>	----- 1,456,816 -----	----- 1,079,968 -----	----- 376,848 -----	----- 501,532 -----	----- 124,684 -----	

**OFFICE AND OTHER EQUIPMENTS**

<b>FAX Machine</b>	20,000	14,550	5,450	3,500	-1,950	Negotiation
Mr. Mohammad Khan Kabari Rashidabad, S.I.T.E., Karachi						
<b>Gas Oven</b>	5,000	3,115	1,885	1,000	-885	Negotiation
Mr. Mohammad Khan Kabari Rashidabad, S.I.T.E., Karachi						
<b>Various Office Equipments</b>	95,997	90,608	5,389	10,000	4,611	Negotiation
Mr. Mohammad Iqbal, 548/13, Rehmat Chowk, Sector No. 11.5, Orangi Town, Karachi						
<b>Citizen Printer</b>	14,500	12,073	2,427	2,500	73	Negotiation
Mr. Rahim Razzak Ali G-4, Prince Plaza, F.B. Area, Karachi						
<b>Computers</b>	153,890	116,272	37,618	32,000	-5,618	Negotiation
Mr. Saleem H. Abdullah G-342, Sultanabad, Gulbahar, Karachi						
<b>Electronic Digital Scale</b>	133,908	110,410	23,498	20,000	-3,498	Negotiation
M/s. The Orientals House # 14, Row # 1 Block-C,						

National Cement Society,  
Gulshan-e-Iqbal, Block 10-A  
Karachi

<b>Fans &amp; Air Conditioners</b>	282,251	246,410	35,841	37,690	1,849	Negotiation
Mr. Hamid C/o. M/s. Thermotech 416-17, Bhayani Shopping Center Block M. Nazimabad, Karachi						

<b>Various Tools</b>	63,457	47,792	15,665	25,000	9,335	Negotiation
Mr. Mumtaz Khalil DT-83/12, Gulberg, F.B. Area, Karachi						

#### GAS INSTALLATION

<b>Gas Connection &amp; Installation</b>	142,895	21,434	121,461	121,461	0	Refund
Sui Northern Gas Pipelines Ltd. Lahore						

<b>Sub Total - B</b>	<b>911,898</b>	<b>662,664</b>	<b>249,234</b>	<b>253,151</b>	<b>3,917</b>	
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#### LABORATORY EQUIPMENTS

Various Laboratory Equipment	75,233	66,646	8,587	10,000	1,413	Negotiation
Mr. Mohammad Khan Kabari Rashidabad, S.I.T.E., Karachi						

<b>Sub Total - C</b>	<b>75,233</b>	<b>66,646</b>	<b>8,587</b>	<b>10,000</b>	<b>1,413</b>	
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#### MOTOR VEHICLES

Honda CD 70-CC	29,500	24,551	4,949	35,000	30,051	Insurance Claim
Reg No. KCI-2823 E.F.U. General Insurance Limited						

Honda CD 70-CC	40,500	29,883	10,617	28,250	17,633	Company Scheme
Reg. No. LOU-7551 Syed Mohammad Rizwan B- 403, Sector A-II, North Karachi						

Honda CD 70-CC	46,300	31,128	15,172	22,900	7,728	Company Scheme
Reg No. KCK-139 Mr. Shaikh Moosa Hub River Road Bus Stop No. 3 Arab Mohallah Baldia Colony, Karachi						

Honda CD 70-CC	46,300	31,128	15,172	24,700	9,528	Company Scheme
Reg No. QAG-6729 Mr. Syed Saleemuddin Quarter No. 120, Labour Colony Satellite Town Rawalpindi						

Honda CD 70-CC	46,000	30,926	15,074	25,150	10,076	Negotiation
Reg. No. LOW-2281 Mr. Atif Anwar H # CA-313 A Block - F Satellite Town Rawalpindi						

Diahtshu Charade Reg. No, S-1535 Mr. Israr Ahmed A-656, Hasrat Mohani Colony Mangopir Road, Karachi	140,000	103,300	36,700	67,700	31,000	Negotiation
Suzuki Swift Reg. No, G-6584 Mr. Naeem Siraj House # 6, Block-A All Square Nishtar Road, Shoe Market Karachi.	158,000	106,226	51,774	104,887	53,113	Negotiation
Suzuki Khyber Reg, No. Z-8618 Mr. Mohammad Altaf 174/3, C.P. Berar Cooperative Housing Society Bahadurabad Karachi.	320,500	215,478	105,022	125,000	19,978	Negotiation
Suzuki Khyber Reg, No, ACE-812 E.F.U. General Insurance Limited	415,000	83,000	332,000	418,000	86,000	Insurance Claim
<b>Sub Total - D</b>	<b>1,242,100</b>	<b>655,620</b>	<b>586,480</b>	<b>851,587</b>	<b>265,107</b>	
<b>FURNITURE &amp; FIXTURES</b>						
Various Furniture & Fixtures Mr. Mohammed Shafi, F-216-A, S.I.T.E., Karachi	139,472	122,189	17,283	25,000	7,717	Negotiation
<b>Sub Total - E</b>	<b>139,472</b>	<b>122,189</b>	<b>17,283</b>	<b>25,000</b>	<b>7,717</b>	
<b>Grand Total</b>	<b>3,825,519</b>	<b>2,587,087</b>	<b>1,238,432</b>	<b>1,641,270</b>	<b>402,838</b>	

*Note*

**2000**                      **1999**  
**Rupees**                      **Rupees**

**9. CAPITAL WORK-IN-PROGRESS**

Building	457,969	137,393
Plant and machinery	--	149,590
	457,969	286,983

**10. DEFERRED EXPENDITURE**

Advertisement	2,100,000	--
---------------	-----------	----

**11. STOCK-IN-TRADE**

Raw material	49,757,528	40,746,910
Work-in-process	56,686,745	46,398,396
Finished goods	33,688,638	22,001,275
Packing material	31,205,468	28,180,984
Goods in transit	5,027,606	2,164,822
General material	1,046,678	376,043
	177,412,663	139,868,430

**12. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES**

Advances			
Staff - considered good		1,485,361	1,831,730
Income tax		4,505,763	4,744,317
Profit accrued on DSC Gratuity		6,070,993	3,133,279
Other - considered good		343,988	4,682,210
		-----	-----
		12,406,105	14,391,536
Prepayments		150,185	736,673
Deposits		114,400	114,400
Export rebate receivable		494,842	103,096
Due from associated undertakings	12.1	868,096	584,944
		-----	-----
		14,033,628	15,930,649
		=====	=====

12.1 Maximum aggregate balance due from associated undertaking at the end of any month during the year was Rs. 1,126,019 (1999: 1,115,675)

**13. CASH AND BANK BALANCES**

In hand		233,844	220,500
With banks in current accounts		573,394	853,745
		-----	-----
		807,238	1,074,245
		=====	=====

13.1 Balance on current accounts include a separate account for deposits from dealers amounting to Rs. 165,604 (1999: Rs. 362,700)

**14. SALES**

Local sales			
Gross sales		907,304,014	716,064,755
		-----	-----
Less: Discount		116,839,000	85,872,833
Cartage/freight		15,319,960	14,481,174
Sales tax		99,226,296	52,192,102
Sales returns		19,388,655	8,877,770
		-----	-----
		250,773,911	161,423,879
		-----	-----
		656,530,103	554,640,876
		=====	=====
<b>Export sales</b>			
Gross sales		119,717,657	104,731,020
Less: Freight		7,765,350	5,887,788
Forwarding charges		2,382,854	2,409,367
Discount/commission		424,421	6,722,935
		-----	-----
		10,572,625	15,020,090
		-----	-----
		109,145,032	89,710,930
		-----	-----
		765,675,135	644,351,806
		=====	=====

**15. COST OF SALES**

Opening stock of work in process		46,398,396	28,383,250
Add: material consumed	15.1	506,734,580	465,271,548
Direct wages		24,673,573	20,990,389

Factory overheads	15.2	69,039,512	55,971,120
		-----	-----
		600,447,665	542,233,057
		-----	-----
		646,846,061	570,616,307
Less: Closing stock of work in process		(56,686,745)	(46,398,396)
		-----	-----
Cost of goods manufactured		590,159,316	524,217,911
Add: Opening stock of finished goods		22,001,275	11,106,022
		-----	-----
Cost of goods available for sale		612,160,591	535,323,933
Less: Closing stock of finished goods		(33,688,638)	(22,001,275)
		-----	-----
		578,471,953	513,322,658
		=====	=====

**15.1 Material Consumed**

Opening stock		68,927,894	52,472,506
Purchases during the year		518,769,682	481,726,936
Less: Closing stock		(80,962,996)	(68,927,894)
		-----	-----
		506,734,580	465,271,548
		=====	=====

**15.2 Factory Overheads**

Salaries, allowances and benefits		29,355,681	22,199,599
Professional services		1,224,600	755,000
Bonus		4,611,778	3,854,405
Gratuity	15.2.1	1,208,760	704,281
Rent, rates and taxes		2,131,244	1,820,758
Insurance		964,808	918,176
Power, electricity, gas and water		11,499,063	10,086,678
Depreciation		7,343,464	6,671,231
Repairs, maintenance, cartage and conveyance		9,702,542	8,107,481
Laboratory expenses, research & development		997,572	853,511
		-----	-----
		69,039,512	55,971,120
		=====	=====

15.2.1 The Company operates a funded gratuity scheme for its permanent employees. The company has not made actuarial valuation for this purpose. Gratuity has been provided on the basis of last drawn salary and lengths of services of employees calculated on 30 days per annum basis.

**16. ADMINISTRATIVE EXPENSES**

Salaries, allowances and benefits		8,422,258	7,120,667
Bonus		2,139,280	1,795,033
Gratuity	15.2. 1	510,861	1,028,438
Scholarship and donations	16. I	75,000	48,000
Travelling		940,907	376,176
Rent, rates and taxes		260,075	130,000
Insurance		684,842	480,608
Depreciation		2,273,363	2,055,226
Entertainment		228,837	79,338
Legal and professional		391,417	710,200
Printing stationery, books & periodicals		958,383	849,723
Postage, telephone & telegraph		728,471	396,819
Repairs and maintenance		634,978	534,526
Motor vehicles running		1,312,564	1,107,535

Electricity		304,673	363,672
Auditors remuneration	16.2	78,750	70,000
Fee & subscriptions		183,610	191,387
Registrar services		212,900	111,400
Others		117,704	265,363
		-----	-----
		20,458,873	17,714,111
		=====	=====

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

#### 16.2 Auditors Remuneration

Audit fee		50,000	45,000
Out of pocket expenses		28,750	25,000
		-----	-----
		78,750	70,000
		=====	=====

#### 17. SELLING AND DISTRIBUTION EXPENSES

Salaries, allowances and benefits		12,269,210	10,002,046
Bonus		2,382,252	1,966,875
Gratuity	15.2.1	596,325	965,858
Travelling & daily allowances		5,561,516	5,794,797
Rent, rates and taxes		1,000	48,916
Insurance		1,055,440	846,013
Depreciation		2,345,688	2,194,267
Entertainment		295,204	185,202
Postage, telephone & telegraph		1,722,523	1,757,742
Printing stationery, books & periodicals		861,280	1,295,407
Repairs and maintenance		600,592	474,245
Motor vehicles running		2,161,503	1,540,570
Sales promotion, meetings & conferences		3,773,900	2,374,596
Legal, professional, trademark and registration		1,064,465	917,602
Scholarship and course fee		--	75,250
		-----	-----
		34,690,898	30,439,386
Advertisement and artwork		93,188,281	55,844,706
		-----	-----
		127,879,179	86,284,092
		=====	=====

#### 18. OTHER INCOME

Export rebate		590,766	139,561
profit on sale of fixed assets		402,838	984,405
Insurance claim		--	154,005
		-----	-----
		993,604	1,277,971
		=====	=====

#### 19. FINANCIAL AND OTHER CHARGES

Mark-up and interest on long term loans		1,442,258	1,021,429
Mark-up and interest on short term loans		11,045,289	11,475,032
Bank charges		126,243	279,905
Workers' profit participation fund		1,208,000	776,628
Workers' welfare fund		459,000	162,500
		-----	-----
		14,280,790	13,715,494
		=====	=====

#### 20. TAXATION

Current year	20.1	5,674,989	3,500,000
--------------	------	-----------	-----------

Prior year	20.1	--	500,000
Deferred	20.2	1,399,798	(850,000)
		-----	-----
		7,074,787	3,150,000
		=====	=====

20.1 Income tax assessments of the company upto assessment year 1997-98 have been finalized. Assessment for the assessment year 1998-99 and 1999-2000 are pending for finalization. Appeals relating to assessment year 1989-90 to 1997-98 are pending for hearing before the Income Tax Appellate Tribunal.

20.2 Deferred tax liability as at 30 June, 2000 works out to be Rs. 5,399,798 arising mainly due to accelerated tax depreciation allowance.

## 21. BASIC EARNINGS PER SHARE

Profit after taxation	18,503,157	11,443,422
	-----	-----
Number of ordinary shares	4,250,538	4,250,538
	-----	-----
Basic earnings per share	4.35	2.69
	=====	=====

There were no diluted potential shares as at the balance sheet date.

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

	<i>CHIEF EXECUTIVE</i>		<i>DIRECTORS</i>		<i>EXECUTIVES</i>	
	<i>2000</i>	<i>1999</i>	<i>2000</i>	<i>1999</i>	<i>2000</i>	<i>1999</i>
	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>
Basic salary	462,840	385,680	1,470,900	1,225,740	5,743,153	4,969,805
House rent	208,200	173,520	661,620	551,460	2,586,132	2,238,221
Utilities	46,080	38,400	146,760	122,160	574,343	497,131
Bonus	229,130	149,430	728,252	474,940	2,758,293	1,920,780
Others	--	--	--	--	678,688	590,064
	-----	-----	-----	-----	-----	-----
	946,250	747,030	3,007,532	2,374,300	12,340,609	10,216,001
	=====	=====	=====	=====	=====	=====
No. of persons	1	1	3	3	33	28
	=====	=====	=====	=====	=====	=====

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

22.2 Aggregate amount charged in these accounts in respect of non executive director's fee is Rs. 2,500 (1999: 3000)

## 23. PLANT CAPACITY AND ACTUAL PRODUCTION (IN METRIC TONS)

	<i>2000</i>		<i>1999</i>	
	<i>Installed</i>	<i>Utilized</i>	<i>Installed</i>	<i>Utilized</i>
Spices	3,900	3,150	3,900	2,910
Pickles	1,800	2,800	1,800	2,540
Pastes	1,000	1,630	1,000	1,070
Salt	15,000	15,720	15,000	13,350

Under utilization of Spices capacity was due to mainly low sales of products like Chilli, turmeric and ginger where 15% sales tax has been imposed w.e.f. August 1999.

Excess utilization of capacity in salt, pickles and paste has been achieved with extra working hours.

## 24. FINANCIAL ASSETS & LIABILITIES

### 24.1 Interest/markup rate risk exposure

The company's exposure to interest / markup rate risk and the effective rates on its financial assets and liabilities as of 30 June, 2000 are summarized as follows:

<b>Financial assets</b>	<i>Interest/ mark-up bearing</i>	<i>Non interest/ mark-up bearing</i>	<i>Total</i>
Long term deposits	--	1,410,981	1,410,981
Trade debts	--	23,847,224	23,847,224
Advances, deposits, prepayments & other receivables	--	14,033,628	14,033,628
Cash and bank balances	--	807,238	807,238
	-----	-----	-----
	--	40,099,071	40,099,071
	=====	=====	=====
<b>Financial liabilities</b>			
Liabilities against assets subject to finance lease	13,570,928	--	13,570,928
Finance utilized under mark-up arrangements	110,934,296	--	110,934,296
Creditors, accrued expenses & other liabilities	--	79,129,962	79,129,962
	-----	-----	-----
	124,505,224	79,129,962	203,635,186
	=====	=====	=====
Effective rate of interest		8 - 21%	

### 24.2 Concentration of credit risk

The substantial sales of the company are made on cash basis. The company attempts to control credit risk associated with the carrying amount of its receivable by monitoring credit exposures, limiting transactions with specific customers and continuing assessment of credit worthiness of customers.

### 24.3 Fair value of financial instruments

The carrying values of all financial assets and liabilities reflected in the financial statements approximate to their fair values.

**2000**

**1999**

## 25. NUMBER OF EMPLOYEES

Total number of employees at June 30.	358	322
---------------------------------------	-----	-----

## 26. GENERAL

26.1 Previous year's figures have been rearranged and regrouped where deemed necessary for the purpose of comparison.

26.2 Figures have been rounded off to the nearest rupee.

**WAQAR HASAN**  
Chief Executive

**ZAHID MAJEED**  
Director

## COMBINED PATTERN OF CDC & NORMAL

**SHARE HOLDING AS AT 30 JUNE 2000**

<i>Number of Shareholders</i>	<i>Share Holding</i>		<i>Total Shares Held</i>
	<i>From</i>	<i>To</i>	
1,226	1	100	22,290
323	101	500	72,695
56	501	1,000	41,897
106	1,001	5,000	227,629
10	5,001	10,000	79,340
5	10,001	15,000	65,739
2	15,001	20,000	33,287
3	25,001	30,000	83,542
1	40,001	45,000	41,053
1	70,001	75,000	72,724
1	85,001	90,000	85,379
1	120,001	125,000	122,322
1	135,001	140,000	139,210
1	175,001	180,000	175,568
1	205,001	210,000	206,510
1	270,001	275,000	271,886
1	320,001	325,000	322,872
1	775,001	780,000	777,047
1	1,405,001	1,410,000	1,409,548
-----			-----
1,742			4,250,538
=====			=====

<i>CATEGORIES OF SHAREHOLDERS</i>	<i>NUMBER OF SHARE HOLDERS</i>	<i>SHARES HELD</i>	<i>PERCENTAGE</i>
1. Individuals	1,727	1,846,372	43.439
2. Investment companies	2	16,448	.387
3. Insurance companies	1	175,568	4.130
4. Joint stock companies	6	1,415,542	33.303
5. Financial institutions	2	791,189	18.614
6. Modarabas	3	1,558	.037
7. Foreign investors			
8. Co-operative societies			
9. Charitable trusts	1	3,861	.090
10. Others			
Totals	----- 1,742 =====	----- 4,250,538 =====	----- 100.000 =====