



FATEH INDUSTRIES LIMITED

FINANCIAL STATEMENT - 2018



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NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given to the Members that the 33rd Annual General Meeting of **FATEH INDUSTRIES LIMITED** will be held on Saturday, October 27, 2018 at 9:30 a.m. at the Registered Office of the Company at Mirpurkhas Road, Hyderabad to transact the following business:-

1. To confirm the minutes of the last Annual General Meeting held on 28th October, 2017.
2. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended June 30, 2018 together with the Directors' and Auditors' Reports thereon.
3. To appoint Auditors and fix their remuneration for the year ending June 30, 2019.
4. To transact any other business with the permission of the Chair.

By order of the Board
for **FATEH INDUSTRIES LIMITED**

Hyderabad.
October 4, 2018

Ghous Muhammad Khan
Company Secretary

NOTES :

1. The share transfer books of the Company will remain closed from 21st to 27th October, 2018 (both days inclusive).
2. Any member of the Company who is entitled to attend and vote may appoint any other member of the Company as his/her Proxy to attend and vote in his/her stead.
3. Proxies in order to be effective must be received at the Registered Office of the Company not later than 48 hours before the time of holding the meeting.
4. Members who wish to receive annual accounts via email are requested to submit the consent form available at Company's website duly filled in alongwith copy of her/his CNIC and any change in their address by writing to Registrar of the Company.
5. CDC account holders will further have to follow the guidelines as laid down in Circular No.1, dated January 26, 2000 issued by the Securities & Exchange Commission of Pakistan.



COMPANY PROFILE

BOARD OF DIRECTORS

CHIEF EXECUTIVE

Mr. Saeed Alam

DIRECTORS

Mr. Rauf Alam
Mr. Aftab Alam
Mr. Faraz Alam
Mr. Ashhar Alam
Mr. Jamal Alam
Mr. Aneek Alam

COMPANY SECRETARY

Mr. Ghous Muhammad Khan

CHIEF FINANCIAL OFFICER

Mr. Muhammad Ismail

AUDIT COMMITTEE

Mr. Rauf Alam
Mr. Aftab Alam
Mr. Faraz Alam

HR&R COMMITTEE

Mr. Faraz Alam
Mr. Ashhar Alam
Mr. Jamal Alam

AUDITORS

M/s. Tanwir Arif & Co.
Chartered Accountants

SHARE REGISTRAR

M/s. F.D. Registrar Services (SMC-Pvt) Ltd.
Saima Trade Tower-A, Karachi.

BANKERS

Askari Bank Limited
Bank AL-Habib Limited
Habib Bank Limited

REGISTERED OFFICE / PLANT

442-Mirpurkhas Road,
Hyderabad.

Tel: (92-22) 3886263-67

Fax: (92-22) 3886268

Email: fsw1@fateh1.com

Web: www.fatehindustries.com



DIRECTORS' REPORT

For the year ended June 30, 2018

The Board of Directors present their report and financial statements of the Company alongwith Auditors' Report for the year ended June 30, 2018.

The Company has achieved sales of Rs. 39.71 million during the year as compared to Rs.73.23 million in the preceding year. The Gross Profit is realized at Rs.3.14 million whereas after Administration and Selling Expenses of Rs.5.02 million, Operating Loss is Rs.1.89 million. Company incurred loss in respect of exchange loss of Rs.1.17 million. After Financial and other charges of Rs.0.41 million, Loss before taxation is Rs.3.44 million whereas loss after taxation carried forward to balance sheet is Rs. 3.74 million. Company incurred total comprehensive loss of Rs.4.05 million. Loss per share is Rs. 1.87.

The accounts of the company are prepared on going concern basis as the management of the company is committed to continue its financial support to meet the current expenses incurred by the Company. The management will also continue its efforts for recovery of stuck up funds from the Russian Federation. As per current development in this matter, Government of Pakistan has finalized the draft protocol to be signed by two Government in forthcoming months.

Compliance with Code of Corporate Governance (Rule 5.19 of PSX).

The requirements of Code of Corporate Governance (CCG) contained in Rule 5.19 of the Rule Book of Pakistan Stock Exchange, relevant for the year ended June 30, 2018, have been duly complied with, except for those disclosed in statement of compliance with CCG Regulations. The Directors confirm the compliance of Regulations for Corporate Governance, statement to this effect is annexed.

Statement on Corporate and Financial Reporting Framework

- The financial statements, prepared by the management of the Company, presents fairly its state of affairs, cash flows and changes in equity;
- Proper books of accounts have been maintained by the Company;
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment;
- The International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed;
- The System on internal control is sound in design;
- There are no significant doubts upon the company's ability to continue as a going concern;
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations;
- Operating and financial data for the last six years is as under;

(Rs.000)

Description	2012	2013	2014	2015	2016	2017	2018
Sales	8,490	17,342	70,971	77,664	113,700	73,226	39,706
Gross Profit	1,171	2,531	2,085	1,361	9,502	5,392	3,136
Selling & Administration Expenses	3,624	5,088	7,175	9,618	11,722	5,822	5,018
Profit/(Loss) before Taxation	5,582	(111,848)	84,301	(4,657)	(7,774)	(225)	(3,441)
Profit/(Loss) after Taxation	5,497	(112,089)	82,698	(5,599)	(8,897)	(795)	(3,743)
Authorized Capital	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Paid up Capital	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Shareholder's equity	(192,270)	(304,171)	(221,206)	(226,675)	(235,511)	(236,359)	(240,412)
Fixed Assets	25,395	23,212	22,112	23,805	21,556	19,761	17,998
Total Assets	144,447	42,322	47,237	56,423	53,412	49,997	56,424



- No trading of shares have been carried out by the Chief Executive, Directors, Chief Financial Officer, Company Secretary, their spouses and minor children;
- During the year four (04) meetings of the Board of Directors were held. The attendance of each Director is as follows:

S.NO.	NAME OF DIRECTOR	MEETING ATTENDED
1.	Mr. Rauf Alam	04
2.	Mr. Aftab Alam	04
3.	Mr. Saeed Alam	04
4.	Mr. Faraz Alam	04
5.	Mr. Ashhar Alam	04
6.	Mr. Jamal Alam	04
7.	Mr. Aneek Alam	04

- Pattern of Shareholding required under section 227 of the Companies Act-2017 is annexed;
- Outstanding taxes and levies are given in the relevant notes to the audited financial statements; and
- No material changes and commitments affecting the financial position of the Company have occurred between the end of the financial year to which these financial statements relate and the date of directors' report.

Auditors' Observation

1. The company has sent the letters for balance confirmation and subsequently reminders to its creditors, hence, no reply has been received from their end. Bank confirmation letter were sent directly by the Auditors to the Bank duly authorized by us.
2. The company has not made provision for doubtful balances in other receivables amounting to 3.56 million. The Company will adjust the same immediately after receipt of stuck up funds.

On the issue of going concern, the management of the Company is committed to continue its financial support to meet current expenditures incurred by the Company. On the matter of stuck up funds receivables from Russia, board would like to inform the members of the Company that in the preceding year company has executed a settlement agreement on October 6, 2016 with the Government of Pakistan whereby the Company has agreed to withdraw all pending cases from the court of law after signing and execution of agreement, against payment of USD 1.70 million approximately in respect of Sea Freight Compensation Operations.

Auditors

The retiring Auditors M/s. Tanwir Arif & Co., Chartered Accountants, being eligible offer themselves for re-appointment for the financial year 2019. Based on the recommendation of the Audit Committee, the Directors have also proposed the re-appointment of M/s. Tanwir Arif & Co., Chartered Accountants as statutory Auditors for the year ending June 30, 2019.

Place: Hyderabad
Dated: 24th September, 2018

SAEED ALAM
Chief Executive

RAUF ALAM
Director



STATEMENT OF COMPLIANCE

For the year ended June 30, 2018

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in Rule 5.19 of the Rule Book of Pakistan Stock Exchange for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance. This statement is presented in the format mentioned under the code 2012 as contained in Rule Book.

The company has applied the principles contained in the CCG in the following manner:

1. The company encourages representation of independent non-executive directors and directors representing minority interests on its board of directors. At present the board includes:

Category	Name
Independent Directors	Nil
Executive Directors	M/s. Rauf Alam and Saeed Alam
Non-Executive Directors	M/s. Aftab Alam, Faraz Alam, Ashhar Alam,

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).
3. All the resident directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. No casual vacancy occurred in the Board during the year.
5. The company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
6. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the board/shareholders.
8. The meetings of the board were presided over by the Chief Executive Officer and the board met at least once in every quarter. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. In accordance with the criteria specified on clause (xi) of CCG, three directors of the company are exempted from the requirement of director's training program and rest of the directors to be trained within specified time.
10. The board had already assigned the additional responsibilities of CFO and Company Secretary of Finishers Limited in Group Companies including terms and conditions of employment.
11. The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.



12. The financial statements of the company were duly endorsed by CEO and CFO before approval of the board.
13. The directors, CEO and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.
14. The company has complied with all the corporate and financial reporting requirements of the CCG.
15. The board has formed an Audit Committee. It comprises 03 members at present two of whom are non executive directors and Chairman is an executive director. The condition of clause i (b) of the CCG in relation to independent director will be applicable after election of next board of directors of the company.
16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The board has formed an HR and Remuneration Committee. It comprises three member all non-executive directors and the chairman of the Committee is also a non-executive director.
18. The board has set up an effective internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.
19. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange.
22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange.
23. We confirm that all other material principles enshrined in the CCG have been complied with except for the following, towards which reasonable progress is being made by the Company to seek compliance by the end of next accounting year.

Dated: 24th September, 2018

SAEED ALAM
Chief Executive

RAUF ALAM
Director



AUDITORS' REVIEW REPORT

For the year ended June 30, 2018

REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance ("the Code") prepared by the Board of Directors of M/s. Fateh Industries Limited ("the Company") for the year ended June 30, 2018 to comply with the requirements of Rule 5.19 of the Rule Book of Pakistan Stock Exchange Limited, where the Company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the company's personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board for their review and approval, its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of related party transactions by the board of directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended June 30, 2018.

Further, we highlight below instance of non-compliance with the requirement of the Code as reflected in the note where it is stated in the statement of compliance:

Note/paragraph reference	Description
i. Note No. 1	Independent Director.

Hyderabad: 24th September, 2018

TANWIR ARIF & CO.,
Chartered Accountants
Engagement Partner: Tanwir Arif



INDEPENDENT AUDITORS' REPORT
For the year ended June 30, 2018

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **FATEH INDUSTRIES LIMITED** (the Company), which comprise the statement of financial position as at **June 30, 2018**, and the statement of profit or loss and statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

Except for paragraphs 1 and 2 below, in our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss and statement of other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2018 and of the loss, comprehensive income and the changes in equity and its cash flows for the year then ended:

1. We have not received confirmations for balance appearing in trade creditors under note no. 7 to the accounts. Hence, their balances remained un verified in spite of reminders; and
2. the company has not made provision for doubtful balances in other receivables amounting to Rs. 3.56 million. Had this provision been made, loss for the year would have increased by the said amount.

Basis of qualified opinion

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

Material Uncertainty relating to Going Concern

We draw attention to Note 1.2 in the financial statements, which indicates that the Company incurred total comprehensive loss of Rs. 4.05 million during the year ended June 30, 2018 and, as of that date, the Company's current liabilities exceeded its total assets by Rs. 258.83 million. As stated in Note 1.2, these events or conditions, along with other matters as set forth in Note 1.2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matter described below to be the key audit matter to be communicated in our report:

i)	New Requirements under the Companies Act, 2017: <i>(Refer note 4 to the financial statements)</i>	How the matter is addressed in our audit
	The provisions of the Companies Act, 2017 (Act) became applicable and the company has made disclosures including accounting policies for the first time as per fourth schedule of the Act. The additional disclosures required by the Act are incorporated by the management in preparing the annexed financial statements for the year first time. We, therefore, considered it as a key audit matter.	The fourth schedule to the Companies Act, 2017 was reviewed with reference to the additional disclosure requirements. Our audit procedures included the following: <ul style="list-style-type: none"> • Obtained underlying supports, verified on test basis and assessed appropriateness for sufficient audit evidence relevant to additional disclosures.

Information other than the financial statements and auditor’s report thereon

Management is responsible for the other information. The other information obtained at the date of this auditor’s report is information included in the director’s report, but does not include the financial statements of the company and our auditor’s report thereon.

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

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

If based on the work we have performed, on other information obtained prior to the date of this auditor’s report, we conclude, that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss and other comprehensive income the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is Tanwir Arif.

CHARTERED ACCOUNTANTS

HYDERABAD:

DATED: 24-09-2018



STATEMENT OF FINANCIAL POSITION AS AT 30-JUNE-2018

	NOTE NO	30-06-2018 RUPEES	30-06-2017 RUPEES
CAPITAL AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized Capital 10,000,000 ordinary shares of Rs. 10/- each		100,000,000	100,000,000
Issued, subscribed and paid up share capital	6	20,000,000	20,000,000
Investment revaluation reserve		400,256	710,388
Accumulated loss		(260,812,411)	(257,068,982)
		(240,412,155)	(236,358,594)
CURRENT LIABILITIES			
Trade and other payables	7	195,942,975	185,962,048
Short term borrowings	8	100,622,190	100,219,874
Provision for taxation	9	270,942	174,120
Contingencies and Commitments	10	0	0
		296,836,107	286,356,042
		56,423,952	49,997,448
PROPERTY AND ASSETS			
TANGIBLE FIXED ASSETS			
Property, plant and equipment	11	17,997,639	19,760,695
LONG TERM INVESTMENTS	12	417,823	727,955
CURRENT ASSETS			
Stores, spare parts and loose tools	13	0	0
Stock-in-trade	14	10,964,339	3,384,830
Trade debts	15	20,509,601	17,442,137
Advances, deposits and prepayments	16	2,024,674	1,789,414
Other receivables	17	3,555,524	3,555,524
Cash and bank balances	18	954,352	3,336,893
Contingent assets	19	0	0
		38,008,490	29,508,798
		56,423,952	49,997,448

Notes :

1. The annexed notes form an integral part of these accounts.
2. Auditors' report is attached

Dated: 24th September, 2018

SAEED ALAM
Chief Executive

RAUF ALAM
Director

MUHAMMAD ISMAIL
Chief Financial Officer



STATEMENT PROFIT OR LOSS

For the year ended June 30, 2018

	NOTE NO	30-06-2018 RUPEES	30-06-2017 RUPEES
Sales	20	39,706,077	73,225,932
Cost of Sale	21	36,570,326	67,834,047
Gross Profit		3,135,751	5,391,885
Administration expenses	22	3,545,916	4,636,452
Selling expenses	23	1,472,031	1,185,737
		5,017,947	5,822,189
Operating Loss		(1,882,196)	(430,304)
Dividend Income		22,983	22,575
Exchange (loss)/gain		(1,169,394)	888,580
		(3,028,607)	480,851
Financial Expenses - Bank Charges		101,963	395,608
Other Charges	24	310,000	310,000
		411,963	705,608
Loss before Taxation		(3,440,570)	(224,757)
Taxation			
- Current		267,994	570,095
- Prior		34,865	0
		302,859	570,095
Loss after taxation		(3,743,429)	(794,852)
Loss per share	30	(1.87)	(0.40)

Note: The annexed notes form an integral part of these accounts.

Dated: 24th September, 2018

SAEED ALAM
Chief Executive

RAUF ALAM
Director

MUHAMMAD ISMAIL
Chief Financial Officer



STATEMENT OF COMPREHENSIVE INCOME

For the year ended June 30, 2018

	30-Jun-18 RUPEES	30-Jun-17 RUPEES
Net loss after taxation	(3,743,429)	(794,852)
Other comprehensive (loss)/ income:		
<i>Items that will not be reclassified to statement of profit or loss:</i>	0	0
<i>Items that may be subsequently reclassified to profit or loss:</i>		
Unrealized loss on revaluation of investment	(310,132)	(52,635)
Other comprehensive (loss) for the year	(310,132)	(52,635)
Total comprehensive loss for the year	<u>(4,053,561)</u>	<u>(847,487)</u>

NOTE: The annexed notes form an integral part of these accounts.

Dated: 24th September, 2018

SAEED ALAM
Chief Executive

RAUF ALAM
Director

MUHAMMAD ISMAIL
Chief Financial Officer



STATEMENT OF CASH FLOWS

For the year ended June 30, 2018

	NOTE NO	30-06-2018 RUPEES	30-06-2017 RUPEES
Cash flow from operating activities			
Loss before taxation		(3,440,570)	(224,757)
Depreciation	11	1,763,056	1,999,377
Other income - dividend		(22,983)	(22,575)
Exchange (gain) / loss		1,169,394	(888,580)
		2,909,467	1,088,222
Operating (loss)/profit before working capital changes		(531,103)	863,465
(Increase) / Decrease in current assets			
Stock in trade		(7,579,509)	8,560,318
Trade debtors		(3,067,464)	(11,711,540)
Advances, deposits and pre-payments		21,068	6,270,006
Other receivables		0	606,294
(Decrease) / Increase in current liabilities			
Trade and other payables		9,980,927	(12,572,306)
		(644,978)	(8,847,228)
Cash (used in) / generated from operations		(1,176,081)	(7,983,763)
Income tax paid		(462,365)	(794,105)
Exchange (loss) / gain		(1,169,394)	888,580
		(1,631,759)	94,475
Net cash flow from operating activities		(2,807,840)	(7,889,288)
Cash flow from investing activities			
Fixed Capital Expenditure	11	0	(204,000)
Dividend received		22,983	22,575
Net cash flow from investing activities		22,983	(181,425)
Cash flow from financing activities			
Loan from directors		402,316	9,894,000
Net cash flow from financing activities		402,316	9,894,000
Net (Decrease)/Increase cash and cash equivalents		(2,382,541)	1,823,287
Cash and cash equivalents at the beginning of the year	18	3,336,893	1,513,606
Cash and cash equivalents at the end of the year	18	954,352	3,336,893

Dated: 24th September, 2018

SAEED ALAM
Chief Executive

RAUF ALAM
Director

MUHAMMAD ISMAIL
Chief Financial Officer



STATEMENT OF CHANGES IN EQUITY

For the year ended June 30, 2018

	Share Capital	Investment revaluation reserve	Accumulated (Loss)	Total
Balance as at June 30, 2016	20,000,000	763,023	(256,274,130)	(235,511,107)
Loss for the year	0	0	(794,852)	(794,852)
Unrealized loss on revaluation of investment	0	(52,635)	0	(52,635)
	0	(52,635)	(794,852)	(847,487)
Balance as at June 30, 2017	20,000,000	710,388	(257,068,982)	(236,358,594)
Loss for the year	0	0	(3,743,429)	(3,743,429)
Unrealized loss on revaluation of investment	0	(310,132)	0	(310,132)
	0	(310,132)	(3,743,429)	(4,053,561)
Balance as at June 30, 2018	20,000,000	400,256	(260,812,411)	(240,412,155)

SAEED ALAM
Chief Executive

RAUF ALAM
Director

MUHAMMAD ISMAIL
Chief Financial Officer

Dated: 24th September, 2018



NOTES TO THE FINANCIAL STATEMENT

For the year ended June 30, 2018

1 THE COMPANY AND ITS OPERATIONS

- 1.1 Fateh Industries Limited** is incorporated in Pakistan as a public limited company and is listed on the Pakistan Stock Exchange Limited (Formerly Karachi Stock Exchange).

The Company is engaged mainly in the manufacturing and sale of footwear of all kinds, however, manufacturing was suspended since 1999-2000. The Company had started trading activities from 2011. During the year 2013, manufacturing activities were started partially.

The registered office of the company is situated at 442-Mirpurkhas Road, Hyderabad.

1.2 GOING CONCERN

These financial statements have been prepared on going concern basis, inspite of the uncertainties given here under that may cast significant doubt about the company ability to continue as a going concern, for the reasons discussed below:

- ◆ the operations of the company were closed since the year 2000. The core reason for non-production and losses is due to funds blocked with Russia that rendered the Company in the financial distress. The manufacturing activities could not be profitably carried out with scarce financial resources, hence to mitigate the operational cost and administration expenses, operations were closed upto 2011;
- ◆ there are accumulated losses amounting to Rs. 260.81 million and current liabilities of the company exceed its current assets by Rs. 258.83 million. It is stated that the amount due to related parties are more than the negative equity. Further, old foreign debts were fully provided in the year 2013 due to delinkage of the same from Company's claims from Russia. (Reference Note No. 15 read with Note No. 19). The management has filed appeal before the Honorable Foreign Exchange Regulation Appellate Board, Karachi against the order of Honorable Foreign Exchange Adjudication Court, State Bank of Pakistan, Banking Services Corporation in July, 2014. Foreign Exchange Regulation Appellate Board, Karachi vide order dated 24.04.2017 has annuled and set aside the said order and directed the adjudication officer to pass afresh speaking and final order on all legal and factual grounds and further directed to not to take any coersive measure against the appellant till further direction of this Appellate Board. Further during the year the Company has filed constitutional petition before the honourable High Court of Sindh at Karachi .
(Please refer note no. 10); and
- ◆ the financial ratios are adverse.

The Government of Pakistan and Russian Government are discussing the matter for settlement of the claims of the Pakistani exporters. The Government of Pakistan has frozen the account of the Russian Government maintained with NBP, Karachi till the settlement of the claims of the Pakistani exporters in accordance with the order of Honorable High Court of Sindh. Consequent to the negotiations for recovery of stuck up funds from Russian Government, the Russian Government has offered to the Government of Pakistan funds to the tune of USD 23.8 million. The company has executed settlement agreement on October 6, 2016 with Government of Pakistan whereby the Company has agreed to withdraw all pending cases from the court of law, against payment of USD 1.700 million approximately.

In these circumstances, the management is expecting recovery of stuck up funds and plans to restart its operations viably anew. This shows the genuineness of claims of the company and strong possibility of receipts of funds from abroad.

The management of the company has no plan to liquidate its assets other than under normal course of business. The ability of the company to continue as a going concern currently is based on the followings:

- i) Continued financial support from directors/related parties;
- ii) Revival of the manufacturing activities after receipt of stuck up funds from Russia in full swing;
- iii) There is a need to keep the entity in existence when claims of the Company are expected to be materialized hopefully in next year under the present circumstances as explained herein above.

2 SIGNIFICANT TRANSACTIONS AND EVENTS AFFECTING THE COMPANY'S FINANCIAL POSITION AND PERFORMANCE

The financial position and performance of the Company was affected by the following events and transactions during the year:

2.1 The Company has suffered a net exchange loss of Rs 1.169 million in respect of its liabilities in foreign currencies.

2.2 Other significant transactions and events have been adequately described in these financial statements. For detail performance review of the Company, refer Directors' Report.

3 STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. Accounting and reporting standards comprise of such International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017 (the Act), and provisions of and directives issued under the Companies Act, 2017. Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

4 NEW AND REVISED STANDARDS AND INTERPETATIONS

4.1 The fourth schedule to the Companies Act, 2017 (the Act) became applicable to the Company for the first time for the preparation of these financial statements. The Act (including its fourth schedule) forms an integral part of the statutory financial reporting framework applicable to the Company and amongst other, prescribes the nature and content of disclosures in relation to various elements of the financial statements.

The Act has also brought certain changes with regard to preparation and presentation of annual and interim financial statements of the Company. These changes include change in nomenclature of primary financial statements. Further, the disclosure requirements contained in the Fourth schedule to the Act have been revised, resulting in the:

- elimination of duplicative disclosures with the IFRS disclosure requirements;
- incorporation of significant additional disclosures; and
- Specific additional disclosures and changes to the existing disclosures as a result of this change are stated in notes 2, 8, 9.1, 11.3, 15.1 and 15.2.1.

4.2 New and amended standards and interpretations that are effective in the current year and are not relevant:

New standards, amendments and interpretations that are mandatory for accounting periods beginning on July 1, 2017 are considered not to be relevant for the Company's financial statements and hence have not been detailed in these financial

Standards, Amendments to Approved Accounting Standards and Interpretations that are published and has been considered but not yet effective.

The following new standards and interpretations have been issued by International Accounting Standards Board (IASB), which are yet to be notified by the Securities and Exchange Commission of Pakistan (SECP), for the purpose of their applicability in Pakistan:

Standard or interpretation

IFRS 1	First-time Adoption of International Financial Reporting Standards
IFRS 14	Regulatory Deferral Accounts
IFRS 17	Insurance Contracts

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

5.1 Basis of measurement

These financial statements have been prepared under the "historical cost" convention except as otherwise disclosed in the accounting policies below.

The preparation of financial statements in conformity with the applicable accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 5.20.

5.2 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates. The financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency.

5.3 Property, plant and equipment

These are stated at cost less depreciation. Depreciation is charged on pro- rata basis under reducing balance method at the rates mentioned in note no. 11. Normal repair and maintenance is charged to expense as and when incurred. However, major repair and improvements are capitalized. Gain or loss on disposal of operating fixed assets is recognized in current year's income.

5.4 Long term investment

The management determines the appropriate classification of its investments in accordance with the requirements of International Accounting Standard (IAS) 39; 'Financial Instruments: Recognition and Measurement' at the time of purchase and classify these investments as either available for sale or held for trading.

Investments are initially recorded at cost being the fair value of the consideration given. Investments other than Term Finance Certificates are accounted for on trade date basis, which is the date that an enterprise commits to purchase or sell an asset.

Available for sale

These are investments that do not fall under held for trading and are stated at fair value with, any resultant gain or loss recognized as separate component of equity until investments are sold, disposed off or until the investment is determined to be impaired, at which time the accumulated gain or loss previously reported in equity is included in profit and loss account.

Held for trading

Held for trading investments are those which are either acquired for generating a profit from short term fluctuation in prices or dealers margin. Subsequently held for trading investments are re-measured at fair value with any resultant gain or loss recognized in the profit and loss account.

5.5 Stores, spares and loose tools

These are valued at lower of moving average cost or net realizable value except items in transit which are stated at cost accumulated up to the date of balance sheet.

5.6 Stock in trade

These are valued at lower of cost and net realizable value, cost is calculated on the following basis:

Raw materials	At moving average cost
Goods in transit	At cost accumulated upto balance sheet date
Goods in process	At manufacturing cost
Finished goods	At average manufacturing cost

Net realizable value signifies the estimated selling price prevailing in the market less estimated selling expenses incidental to sales.

5.7 Trade debts

Trade receivables are recognized and carried at original invoice amount. Bad debts are adjusted against provisions for doubtful debts or written off against the profit of the company during the year in which these are deemed to be irrecoverable. Provision is made for debts which are considered doubtful of recovery.

5.8 Foreign currency transactions

Transactions in foreign currencies are accounted for in Pak Rupee at exchange rate approximating those prevailing on the date of transactions. Monetary assets and liabilities denominated in foreign currencies are translated into Pak Rupee at the rates of exchange which approximate those prevalent at the balance sheet date except for liabilities covered under forward exchange contract which are translated at the contracted rates. Exchange gain and losses are included in the income statement currently.

5.9 Borrowing cost

Borrowing cost that are directly attributable to the acquisition, construction or production of a qualifying assets are capitalized as a part of the cost of that asset. All other borrowing costs are charged to income.

5.10 Provision for gratuity

The Company operates an unfunded gratuity scheme for its all eligible employees and provision is made annually to cover the obligations under the scheme. Provision for gratuity has not been made in the accounts as there was no staff employed in the company to whom gratuity is to be paid.

5.11 Taxation

Charge for current taxation is based on taxable income at current tax rates after considering the rebates and tax credits available, if any.

The company records deferred tax liability and assets on all temporary differences. However, the management is of the opinion that timing difference relating to deferred tax will not be materially reverse in foreseeable future, as the company's income is covered under presumptive tax regime.

5.12 Revenue recognition

Sales are recorded on dispatch of goods. Income other than sales are recorded on accrual basis.

5.13 Sales

Sales include rebates on export sales.

5.14 Offsetting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount is reported in the balance sheet if the Company has the legal enforceable right to set off the transaction and also tends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

5.15 Impairment of assets

The company assesses at each balance sheet date whether there is any indication that an asset has been impaired. If any such indication exists, the company estimates the recoverable amount of the asset. If, and only if, the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and is recognized as an expense in the income statement.

5.16 Cash and its Equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement it comprises cash in hand and demand deposits, short term highly liquid investments that are readily convertible to known amount of cash and which are not subject of significant change in value.

5.17 Related Party Transactions

Transactions between the company and related parties are made at arm's length prices determined in accordance with the comparable uncontrolled price method which sets the price by reference to comparable goods sold in an economically comparable market to a buyer unrelated to seller. In case when comparable prices from the market are not available, approval of the Board is obtained.

5.18 Financial Assets and Liabilities

All financial assets and liabilities are initially recognized at cost which is fair value for the consideration received or given. These financial assets and liabilities are subsequently measured at fair value.

5.19 Provisions

Provisions are recognized when the Company has a present (legal or constructive) obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made.

5.20 Critical accounting estimates and judgments

The preparation of financial statements information in conformity with the approved accounting standards requires the use of certain critical accounting estimates. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events.

5.20.1 Critical accounting estimates and assumptions

The company makes estimates and assumptions concerning the future. The estimates and assumptions that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Trade debtors

The company reviews its receivable against provision required there against on an ongoing basis. The provision is made taking into consideration expected recoveries, if any.

Income taxes

In making the estimates for income taxes currently payable by the company the management considers the current income tax law and the decisions of appellate authorities on certain issues in the past.

Impairment of assets

In accordance with the accounting policy, the management carries out an annual assessment to ascertain whether any of the company's assets are impaired. This assessment may change due to technological developments.

Depreciable amount and useful lives of fixed assets

In accordance with the accounting policy, the management carries out an annual assessment of depreciable amount and useful lives of fixed assets.

5.20.2 Critical judgments in applying the company's accounting policies

During preparation of these financial statements, the significant judgments made by the management in applying the company's accounting policies and the key sources of estimation and uncertainty were the same as those that applied in the preceding audited annual published financial statements of the company for the year ended 30 June 2017.



			30-06-2018	30-06-2017
			RUPEES	RUPEES
6. ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL				
	2018	2017		
	Number of Shares	Ordinary shares of Rs.10/- each		
	2,000,000	2,000,000	Fully paid in cash	20,000,000
			20,000,000	20,000,000
7. TRADE AND OTHER PAYABLES				
Creditors			26,644,159	5,957,205
Accrued expenses			723,650	1,525,538
Advances from customers			29,322,538	37,885,529
Due to associated undertakings			51,902,272	53,243,420
Miscellaneous payable		32	4,662,249	4,662,249
Loan from Others (unsecured)		7.1 & 32	82,688,107	82,688,107
			195,942,975	185,962,048

7.1 Consequent to the settlement agreement with petitioners who had filed petition for liquidation of the company under section 305 of the Companies Ordinance, 1984 in the Honorable High Court of Sindh which stand dismissed as withdrawn, the company agreed to transfer two houses measuring 600 sq. yd. each and agriculture land measuring 5 acres against their borrowings to company amounting to Rs. 82.69 million. Reference note No. 11.1).

Since the Petitioners have fraudulently and illegally without prior approval and knowledge of the Company, have got the said properties transferred in their names, which is the violation of the above said settlement agreement. The Management has therefore taken immediate action and transferred back the properties in the Company's name. In view of the said violation by the petitioners, the management is of the opinion that this agreement is no more valid and has been revoked.

8. LOAN FROM DIRECTORS

From Directors and their family members (unsecured) 8.1 **100,622,190** 100,219,874

8.1 During the year amount of Rs. 402,316/- (2017 : Rs. 9,804,000/-) received from directors which is interest free and repayable on demand.

The loan was acquired to meet routine expenditure and to settlement of liabilities including loan from banks.

9. PROVISION FOR TAXATION

Opening Balance	174,120	62,820
Charged during the year		
Current	267,994	570,095
Prior years' tax	34,865	0
	302,859	570,095
	476,979	632,915
Less: Advance Income Tax paid during the year and adjusted	(206,037)	(458,795)
	270,942	174,120

9.1 A comparison of last three years of income tax provision with tax assessed is presented below:

	2017	2016	2015
Income tax provision for the year - accounts	570,095	1,122,342	942,117
Income tax as per assessment	(570,095)	(1,122,342)	(976,982)
Difference	0	0	(34,865)

10. CONTINGENCIES AND COMMITMENTS

In the year 2014, orders were issued by the honourable Foreign Exchange Adjudication Court, State Bank of Pakistan, Banking Services Corporation for realization of export proceeds to the tune of US \$ 799,190. In case the export proceeds are not realized penalty equivalent to five times of the outstanding E-forms will be imposed. The amount of penalty amounts to US \$ 3,995,950. The management of the company has filed appeal before the Foreign Exchange Regulation Appellate Board, Karachi on 9th July, 2014 against the said orders. The Foreign Exchange Regulation Appellate Board, Karachi vide order dated 24.04.2017 has annulled and set aside the said order and directed the adjudication officer to pass afresh speaking and final order on all legal and factual grounds and further directed to not take any coercive measure against the appellant till further direction of this Appellate Board. The Company on 12.09.2017 has filed constitutional petition before the honourable High Court of Sindh at Karachi against the said orders. The honourable High Court has granted stay till the decision of the case.

11. PROPERTY, PLANT AND EQUIPMENT

PARTICULARS	COST			DEPRECIATION			Book Value as at 30-Jun-18	
	As on 01-Jul-17	Addition/ (Deletion)	As on 30-Jun-18	Accumulated as at 01-Jul-17	Charged for the year	Rate (%)		Accumulated as at 30-Jun-18
	1	2	3	4	5	6	7	8
Land - free hold	3,585,601	-	3,585,601	-	-	--	-	3,585,601
Factory Building - on free hold	30,908,554	-	30,908,554	28,962,683	194,587	10	29,157,270	1,751,284
Other Building - on lease hold	1,943,657	-	1,943,657	1,766,759	17,690	10	1,784,449	159,208
Plant & Machinery	107,376,913	-	107,376,913	99,205,638	817,128	10	100,022,766	7,354,147
Pressing & Other Machine	2,043,528	-	2,043,528	538,553	150,498	10	689,051	1,354,477
Air Conditioning Plant	2,237,634	-	2,237,634	1,900,769	33,687	10	1,934,456	303,178
Tools & Equipments	14,952,529	-	14,952,529	13,251,176	170,135	10	13,421,311	1,531,218
Furniture & Fixture	3,885,509	-	3,885,509	3,563,765	32,174	10	3,595,939	289,570
Office Equipment & Computers	1,616,825	-	1,616,825	1,472,160	14,467	10	1,486,627	130,198
Electric Fittings	5,028,629	-	5,028,629	4,621,001	40,763	10	4,661,764	366,865
Vehicles	3,830,250	-	3,830,250	2,374,800	291,090	20	2,665,890	1,164,360
Arms	143,550	-	143,550	135,180	837	10	136,017	7,533
30-06-2018	177,553,179	-	177,553,179	157,792,484	1,763,056		159,555,540	17,997,639
30-06-2017	177,349,179	204,000	177,553,179	155,793,107	1,999,377		157,792,484	

PARTICULARS	COST			DEPRECIATION			Book Value as at 30-Jun-17	
	As on 01-Jul-16	Addition/ (Deletion)	As on 30-Jun-17	Accumulated as at 01-Jul-16	Charged for the year	Rate (%)		Accumulated as at 30-Jun-17
	1	2	3	4	5	6	7	8
Land - free hold	3,585,601	-	3,585,601	-	-	--	-	3,585,601
Factory Building - on free hold	30,908,554	-	30,908,554	28,746,475	216,208	10	28,962,683	1,945,871
Other Building - on lease hold	1,943,657	-	1,943,657	1,747,104	19,655	10	1,766,759	176,898
Plant & Machinery	107,376,913	-	107,376,913	98,297,719	907,919	10	99,205,638	8,171,275
Pressing & Other Machine	2,043,528	-	2,043,528	371,333	167,220	10	538,553	1,504,975
Air Conditioning Plant	2,033,634	204,000	2,237,634	1,863,340	37,429	10	1,900,769	336,865
Tools & Equipments	14,952,529	-	14,952,529	13,062,137	189,039	10	13,251,176	1,701,353
Furniture & Fixture	3,885,509	-	3,885,509	3,528,016	35,749	10	3,563,765	321,744
Office Equipment & Computers	1,616,825	-	1,616,825	1,456,086	16,074	10	1,472,160	144,665
Electric Fittings	5,028,629	-	5,028,629	4,575,709	45,292	10	4,621,001	407,628
Vehicles	3,830,250	-	3,830,250	2,010,938	363,862	20	2,374,800	1,455,450
Arms	143,550	-	143,550	134,250	930	10	135,180	8,370
30-06-2017	177,349,179	204,000	177,553,179	155,793,107	1,999,377		157,792,484	19,760,695
30-06-2016	177,349,179	-	177,349,179	153,543,705	2,249,402		155,793,107	

11.1 Piece of land measuring 5 acres and two houses grouped under other building were to be transferred in settlement of loan from others as disclosed in note no. 7.1. In view of the violation by the petitioners as stated in the aforesaid note no. 7.1, the management is of the opinion that settlement agreement is no more valid and has been revoked.

11.2 The depreciation is allocated as under:

		30-Jun-18	30-Jun-17
(a)	Cost of Sales	515,220	572,467
(b)	Administration Expenses	1,247,836	1,426,910
		1,763,056	1,999,377

11.3 Particulars of immovable property (i.e. land and building) in the name of Company are as follows:

S. No.	Location	Usage of immovable property	Total Area
1	Plot Survey Nos. 19, 18, 20, 291, 294 and 442 Deh Nareja, Tapo Laidu, Taluka Hyderabad, Sindh	Production facility/ Plant and Head Office	10.22 Acres
2	Plot 9, 10 unit no. 8 Latifabad, Autobhan, Hyderabad, Sindh	2 Bangalows	1200 sq. yards. 600 sq. yards. each



		30-06-2018	30-06-2017
		RUPEES	RUPEES
12. LONG TERM INVESTMENTS			
Available for sales	12.1	417,823	727,955
12.1 These are fully paid ordinary shares of Rs. 10/- each.			
		2018	2017
		No. of shares	Market/fair value
LEATHER AND TANNERIES			
		160	160
		145	145
		Bata Pakistan Ltd.	528,000
		Service Industries Ltd.	199,955
		417,823	727,955
13. STORES, SPARE PARTS AND LOOSE TOOLS			
Stores		465,584	465,584
Spare parts and loose tools.		7,692,546	7,692,546
		8,158,130	8,158,130
Less: Provision for obsolesce		8,158,130	8,158,130
		0	0
14. STOCK-IN-TRADE			
Raw and packing material		362,799	941,690
Finished goods		10,601,540	2,443,140
		10,964,339	3,384,830
15. TRADE DEBTS - Unsecured			
Export debts	15.1	20,129,596	15,730,588
Local debts		380,005	1,711,549
Total considered goods		20,509,601	17,442,137
Considered doubtful			
Export debts	15.2	25,620,962	25,620,962
Local debts		426,767	426,767
		26,047,729	26,047,729
	15.3	46,557,330	43,489,866
Less: Provisions for bad and doubtful debts		(26,047,729)	(26,047,729)
		20,509,601	17,442,137
15.1	Trade debts include amount of Rs 29.743 million representing receivable against export sales during the year to Korea, India and Italy amounting to Rs 25.396 million, Rs. 3.554 million and Rs 0.792 million respectively under documents against acceptance basis.		
15.2	Export trade debts were considered good since the Foreign Exchange Adjudication Court, Karachi vide its Judgment Order dated 31.03.2011 had linked the settlement of E forms with the realization of Export proceeds and claims of Pakistani Exporters from the Russian Federation Accounts in the name of Vnesheconombank with NBP. During the year 2013 the cases of realization of export proceeds were reopened and orders were issued by the honourable Foreign Exchange Adjudication Court, State Bank of Pakistan, Banking Services Corporation for realization of export proceeds. The export debtors were, therefore, considered doubtful of recovery and accordingly provided for. Goods exported to former Russian Government under Sea Freight Compensation (CFO) Scheme in 90's via USA parties amounts to Rs. 25,302,779/- for which provision is made for doubtful debts but are not considered as defaulting export debtors. (Please refer note no. 10).		
15.2.1	Name wise detail of export debtors is hereunder		
	M/s Beccani E Vannucchi Spa, Italy	318,183	318,183
		318,183	318,183
15.3	The aging of trade debts is under:		
	upto 1 year and above	20,509,601	17,442,137
	upto 5 years and above	26,047,729	26,047,729
		46,557,330	43,489,866
15.4	There is no balance of related party included in trade debts		



	30-06-2018	30-06-2017
	RUPEES	RUPEES
16. ADVANCES, DEPOSITS AND PREPAYMENTS		
Advances - Considered good	2,024,674	1,789,414
Income tax		
Advances - Considered doubtful	123,062	123,062
Others	2,147,736	1,912,476
	(123,062)	(123,062)
Less: Provision of bad and doubtful	2,024,674	1,789,414
17. OTHER RECEIVABLES		
Export rebate - considered goods	3,555,524	3,555,524
18. CASH AND BANK BALANCES		
Cash in hand	1,470	317,384
With Banks on current account	952,882	3,019,509
	954,352	3,336,893
19. CONTINGENT ASSETS		
<p>The Government of Pakistan and Russian Government are discussing the matter for settlement of the claims of the Pakistani exporters toward sea freight compensation operation. The Government of Pakistan has frozen the account of the Russian Government maintained with NBP, Karachi till the settlement of the claims of the Pakistani exporters in accordance with the order of Honorable High Court of Sindh.</p> <p>The Company had also filed suit before the Honorable High Court of Sindh against the Pakistan Government and Russian Government for recovery of stuckup funds for sea freight compensation of USD 19,377,337.34 plus USD 21,599,457.00 (towards interest from 01.01.1992 to 31.03.2005) as confirmed and agreed by Russian Federation to be paid with further interest at the time of payment. The Court vide garnishee order dated 12.07.2006 to National Bank of Pakistan has ordered NBP not to release amount to the extent of the amount claimed by the Company.</p> <p>The Company has executed settlement agreement on October 6, 2016 with the Government of Pakistan whereby the Company has agreed to withdraw all pending cases from the court of law, against payment of USD 1.700 million approximately.</p> <p>In the light of the current development for recovery of stuckup funds from Russian Government, the Russian Government is offering to Government of Pakistan up to 20% to 25% of total outstanding claims of Pakistani exporters, for which negotiations are in process.</p>		
20. SALES		
Exports Sales	34,749,528	62,095,892
Local Sales	5,258,669	11,701,741
Less: Sales Tax	(302,120)	(571,701)
	4,956,549	11,130,040
	39,706,077	73,225,932
21. COST OF SALES		
Raw and packing material consumed	28,071,754	52,867,656
Store, spare parts consumed	146,796	837,758
Salaries, wages, finishing charges and benefits	5,484,194	10,125,040
Other manufacturing expenses	2,352,362	3,431,126
Depreciation	515,220	572,467
	36,570,326	67,834,047
21.1 RAW AND PACKING MATERIAL CONSUMED		
Opening inventory	3,384,830	11,945,148
Add: Purchases	35,651,263	44,307,338
	39,036,093	56,252,486
Less: Closing Inventory	10,964,339	3,384,830
	28,071,754	52,867,656



	30-06-2018	30-06-2017
	RUPEES	RUPEES
22. ADMINISTRATION EXPENSES		
Traveling, conveyance and entertainment	1,231,746	2,195,444
Rent, rates, taxes and fee	379,776	138,520
Printing and stationery	24,285	103,657
Utility expenses	336,893	285,202
Other charges	325,380	486,719
Depreciation	1,247,836	1,426,910
	3,545,916	4,636,452
23. SELLING EXPENSES		
Freight on export	739,471	387,757
Clearing and forwarding charges	668,609	642,998
Export development surcharge	63,951	154,982
	1,472,031	1,185,737
24. OTHER CHARGES		
Auditors' remuneration		
Audit fee	250,000	250,000
Half yearly review	60,000	60,000
	310,000	310,000

25. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND OTHER EXECUTIVES

Remuneration and meeting fees were forgone by the Directors and Chief Executive as such no remuneration and perquisites were paid to them during the year.

There were no loans or advances granted to the Directors during the year.

26. AGGREGATE OF TRANSACTIONS WITH ASSOCIATED UNDERTAKINGS

i) Purchase of goods & services	0	0
ii) Sale of goods & services	0	0
iii) Brokerage, discount and commission	0	0
iv) Interest on loans		
a) charged to associated companies	0	0
b) charged by associated companies	0	0
v) Loan and advances		
a) advances provided	0	0
b) advances received from		
M/s. Finishers Limited	(1,341,148)	(10,540,284)
Rauf Alam	0	3,500,000
Aftab Alam	0	3,500,000
Saeed Alam	302,316	2,894,000
Faraz lam	100,000	0
vi) Any other transaction	0	0

27. Related Parties Disclosure.

Name of Directors	Also Director in the following Associated Companies		
Mr. Rauf Alam	Fateh Sports Wear Ltd.	Finishers Limited	Trends Limited
Mr. Aftab Alam	Fateh Sports Wear Ltd.	Finishers Limited	--
Mr. Saeed Alam	Fateh Sports Wear Ltd.	Finishers Limited	Trends Limited
Mr. Faraz Alam	Fateh Sports Wear Ltd.	Finishers Limited	--
Mr. Ashhar Alam	Fateh Sports Wear Ltd.	Finishers Limited	--
Mr. Aneek Alam	Fateh Sports Wear Ltd.	Finishers Limited	--
Mr. Jamal Alam	Fateh Sports Wear Ltd.	Finishers Limited	--

28. Financial Instruments and Related Disclosures

2018

28.1 Financial Assets and Liabilities

	Interest / Markup bearing			Non-Interest / Markup bearing			
	Effective yield Markup rate	Maturity upto one year	Maturity after one year	Total Rupees	Maturity upto one year	Maturity after one year	Total Rupees
Financial Assets							
Trade debts		0	0	0	20,509,601	0	20,509,601
Other receivables		0	0	0	5,580,198	0	5,580,198
Cash & Bank Balances		0	0	0	954,352	0	954,352
		0	0	0	27,044,151	0	27,044,151
Financial Liabilities							
Loan from directors		0	0	0	100,622,190	0	100,622,190
Trade and other payables		0	0	0	195,942,975	0	195,942,975
		0	0	0	296,565,165	0	296,565,165

2017

Financial Assets and Liabilities

	Interest / Markup bearing			Non-Interest / Markup bearing			
	Effective yield Markup rate	Maturity upto one year	Maturity after one year	Total Rupees	Maturity upto one year	Maturity after one year	Total Rupees
Financial Assets							
Trade debts		0	0	0	17,442,137	0	17,442,137
Other receivables		0	0	0	5,344,938	0	5,344,938
Cash & Bank Balances		0	0	0	3,336,893	0	3,336,893
		0	0	0	26,123,968	0	26,123,968
Financial Liabilities							
Loan from directors		0	0	0	182,907,981	0	182,907,981
Trade and other payables		0	0	0	103,273,941	0	103,273,941
		0	0	0	286,181,922	0	286,181,922

28.2 Risk Management

Overall, risks arising from the Company's financial assets and liabilities are limited.

a) Foreign Exchange rate management.

No foreign currency loan is repayable except advances from the customers amounting to Rs.29,322,538/-

b) Credit Risk Management.

The company is exposed to a concentration of credit risk on its trade debts amounting to Rs. 45,750,558/- by virtue of all of its customers being foreigners and only Rs. 806,772/- trade debts related to business in Pakistan. The company do not have any limits on its customers.

28.3 Fair value of Financial assets and liabilities

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



29. Production Capacity

Due to nature of company's business, production capacity of the plant is not determinable.

30. Loss per Share

There is no dilutive effect on the basic earning per share of the Company, which is based on :

		<u>2018</u>	<u>2017</u>
Loss after taxation	Rs.	<u>(3,743,429)</u>	<u>(794,852)</u>
Number of Ordinary Shares		<u>2,000,000</u>	<u>2,000,000</u>
Loss per share	Rs.	(1.87)	(0.40)

31. Number of Employees

Total number of employees at the end of the year were 10 (2017 : 10)

Average number of employees during the year were 7 (2017 : 10)

32. Corresponding Figures

Corresponding figures have been rearranged and reclassified, wherever necessary for the purpose of comparison. Significant reclassification for purposes of correct presentation are as under:

<u>Reclassification from</u> <u>components</u>	<u>Reclassification to</u> <u>components</u>	<u>Note</u>	<u>Amount</u>
Trade and other payables			
Others		7	(4,662,249)
	Miscellaneous payable	7	4,662,249
Short term borrowings			
Others (unsecured)		8	(82,688,107)
	Trade and other payables		
	Loan from Others (unsecured)	7.1	82,688,107
Short term borrowings			
From Directors and their family members (unsecured)		8	(100,219,874)
	Loan from directors		
	From Directors and their family members (unsecured)	8	100,219,874

33. Date of Authorization of Issue

These financial statements were authorized for issue on **24th September, 2018** by the Board of Directors of the Company.

34. Figures

Figures have been rounded off to the nearest rupee.

Dated: 24th September, 2018

SAEED ALAM
Chief Executive

RAUF ALAM
Director

MUHAMMAD ISMAIL
Chief Financial Officer



**Pattern of holding of the shares held
by the shareholders of Fateh Industries Limited
as at 30th June, 2018**

NO. OF SHAREHOLDERS	SHAREHOLDING				TOTAL SHARES HELD
52	From	1	To	100	2,527
24	From	101	To	500	6,652
6	From	501	To	1,000	5,856
10	From	1,001	To	5,000	20,164
1	From	10,001	To	15,000	11,712
4	From	15,001	To	20,000	67,828
1	From	20,001	To	25,000	23,118
1	From	30,001	To	35,000	32,437
1	From	120,001	To	125,000	121,967
1	From	165,001	To	170,000	169,333
1	From	170,001	To	175,000	172,803
1	From	210,001	To	215,000	214,811
1	From	235,001	To	240,000	236,025
1	From	260,001	To	265,000	264,000
1	From	290,001	To	295,000	294,406
1	From	355,001	To	360,000	356,361
107			TOTAL		2,000,000

S. NO.	CATEGORIES OF SHAREHOLDERS	NUMBERS	SHARES HELD	PERCENTAGE
1.	Individuals	95	1,951,042	97.55%
2.	Mutual Funds	1	23,118	1.16%
3.	Investment Companies	3	4,781	0.24%
4.	Joint Stock Companies	5	4,359	0.22%
5.	Financial Institutions	3	16,700	0.84%
	TOTAL	107	2,000,000	100.00%



Categories of Shareholders

S.No.	Name	No. of Shares	%
1.	Associated Companies		
	Fateh Sports Wear Limited	518	
	Total >	518	0.03%
2.	NIT / ICP (Name wise details)		
	Investment Corporation of Pakistan	346	
	CDC Trustee - National Investment (Unit) Trust	23,118	
	Total >	23,464	1.17%
3.	Directors, CEO and their spouse and minor children		
	Mr. Rauf Alam	264,000	
	Mr. Aftab Alam	294,406	
	Mr. Saeed Alam	356,361	
	Mr. Faraz Alam	32,437	
	Mr. Ashhar Alam	15,422	
	Mr. Aneek Alam	18,392	
	Mr. Jamal Alam	15,372	
	Mr. Anhar Alam	18,642	
	Mrs. Seema Rauf	214,811	
	Mrs. Shabana Aftab	236,025	
	Mrs. Rana Saeed	172,803	
	Total >	1,638,671	81.93%
4.	Executive	Nil	
5.	Public Sector Companies & Corporation	Nil	
6.	Banks,DFIs, NBFIs, Modarbas, Insurance Companies		
	Mutual Funds & Others		
	National Bank of Pakistan	14,535	
	The Bank of Punjab	4,900	
	Fateh Mohammad Akber	2,774	
	Pakistan Industrial Credit & Investment Corporation	1,700	
	Fateh Textile Mills Limited	1,023	
	Abandoned Properties	43	
	Maple Leaf Capital Limited	1	
	Total >	24,976	1.11%



PROXY FORM

Folio No. _____ No of Shares held _____ I/we

_____ of _____ being a

member(s) of **Fateh Industries Limited**, Hyderabad, entitled to Vote(s) hereby appoint

_____o

f _____ as my / our proxy to vote for me/us and on my/our

behalf at the 33rd Annual General Meeting of the Company to be held on Saturday 27th October, 2018 at

09:30 a.m. at the registered office of the Company at Mirpurkhas Road, Hyderabad, and at any

adjournment thereof.

As witness my/our hand this _____ day of _____ 2018

Signature:

Witness:

Revenue Stamp

Signature:

Address:

N.B. The Proxy Form duly stamped, signed and witnessed should reach the Company's Registered Office atleast 48 hours before the time of the meeting. Signature must be as per specimen signature registered with the Company.