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Notice of Annual General Meeting

Notice is hereby given to the Members that the 35th Annual General Meeting of **FATEH INDUSTRIES LIMITED** will be held on Wednesday, October 28, 2020 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 Extraordinary General Meeting held on 25th June, 2020.
2. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended June 30, 2020, together with the Directors' and Auditors' Reports thereon.
3. To appoint Auditors and fix their remuneration for the year ending June 30, 2021.
4. To transact any other business with the permission of the Chair.

By order of the Board
for Fateh Industries Limited

Hyderabad:
October 5, 2020

Ghous Muhammad Khan
Company Secretary

NOTES:

1. The share transfer books of the Company will remain closed from 22nd to 28th October, 2020 (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. In light of the threat by the evolving coronaviruses (COVID-19), the SECP has advised the Company to modify their usual planning for Annual General Meeting in order to protect the well being of the shareholders. The shareholders who are interested to attend AGM through video conference, are hereby requested to get themselves registered with the Company's Head Office by providing their CNIC Number, Folio/CDC Account Number, Cell number and email ID for identification at the earliest but not later than 24 hours before the timing of AGM.
5. 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.
6. CDC account holders will further have to follow the guideline as laid down in Circular No.1 dated January 26, 2000 issued by the Securities & Exchange Commission of Pakistan.

Company Profile

BOARD OF DIRECTORS

CHAIRMAN

Mr. Aftab Alam

CHIEF EXECUTIVE

Mr. Saeed Alam

DIRECTORS

Mr. Rauf Alam
Mr. Aftab Alam
Mr. Faraz Alam
Mr. Ashhar Alam
Mr. Jamal Alam
Mrs. Seema Rauf

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. Clarkson Hyde Saud Ansari
Chartered Accountants

SHARE REGISTRAR

M/s. F.D. Registrar Services (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: fswl@fateh1.com

Web: www.fatehindustries.com

Chairman's Review Report

On Board's overall performance u/s 192 of the Companies Act-2017

I have to give a review report on the Board of Directors' performance during the financial year ended June 30, 2020. **Fateh Industries Limited** complies with all the requirements, set out in the Companies Act-2017 and the Listed Companies (Code of Corporate Governance Regulations, 2019) with respect to the composition, procedures and meetings of the Board of Directors and its committees. As regards Independent Directors on the Board as mentioned in the Auditors' Review Report, it is under implementation in the next election of directors. As required under the Code of Corporate Governance, an annual evaluation of the Board of Directors of **Fateh Industries Limited** is carried out. The purpose of this evaluation is to ensure that the Board's overall performance and effectiveness is measured and benchmarked against expectations in the context of objectives set for the Company. Areas where improvements are required are duly considered and action plans are framed and implemented.

The Board of Directors of your Company received agendas and supporting written material including follow up materials in sufficient time prior to the board and its committee meetings. The board meets frequently enough to adequately discharge its responsibilities. All the directors (executive/non-executive) are equally involved in important decisions.

The Board shall continue to play a vital role in setting the direction of the Company and promoting its success. I would like to assure our valued shareholders that the Board will make every possible Endeavour to improve the performance of the Company and to achieve greater success while upholding the principles of good corporate governance. I would like to thank the management and the esteemed shareholders for reposing confidence in the Company and its Board of Directors.

AFTAB ALAM

Chairman

Hyderabad: September 24, 2020

Directors' Report to the Members

For the year ended June 30, 2020

The Board of Directors present their report and financial statements of the Company alongwith Auditors' Report for the year ended June 30, 2020.

The Company has achieved sales of Rs. 27.40 million during the year as compared to Rs.30.81 million in the preceding year. The Gross Profit is realized at Rs.1.99 million whereas after Administration and Selling Expenses of Rs.5.90 million, Operating Loss is Rs.3.92 million. Company earned profit in respect of Sea Freight Compensation for Rs.142.28 million, Reversal of provision of trade receivables of Rs.25.30 million and Exchange gain of Rs.14.81 million. After Financial expenses and other charges of Rs.1.07 million, Profit before taxation is Rs.177.83 million whereas Net Profit after Taxation carried forward to balance sheet is Rs. 175.71 million. Company incurred total comprehensive income of Rs.175.80 million. Earning per share is Rs. 87.86.

Consequent to the negotiations for recovery of stuck up funds from Russian Federation, an amount of USD 1,150,000 (Rs.182,620,000) has been received during the year.

Compliance with Listed Companies (Code of Corporate Governance) Regulations-2019

The requirements of Listed Companies (Code of Corporate Governance) Regulations-2019, relevant for the year ended **June 30, 2020** have been duly complied with, except for those disclosed in statement of compliance with Listed Companies (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	2014	2015	2016	2017	2018	2019	2020
Sales	70,971	77,664	113,700	73,226	39,706	30,812	27,400
Gross Profit	2,085	1,361	9,502	5,392	3,136	2,057	1,982
Selling & Administration Expenses	7,175	9,618	11,722	5,822	5,018	4,505	5,902
Profit/(Loss) before Taxation	84,301	(4,657)	(7,774)	(225)	(3,441)	(10,140)	177,835
Profit/(Loss) after Taxation	82,698	(5,599)	(8,897)	(795)	(3,743)	(10,525)	175,710
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	(221,206)	(226,675)	(235,511)	(236,359)	(240,412)	(251,045)	(75,246)
Fixed Assets	22,112	23,805	21,556	19,761	17,998	16,440	15,061
Total Assets	47,237	56,423	53,412	49,997	56,424	46,914	57,082

- 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 five (05) 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	05
2.	Mr. Aftab Alam	05
3.	Mr. Saeed Alam	05
4.	Mr. Faraz Alam	04
5.	Mr. Ashhar Alam	04
6.	Mr. Jamal Alam	05
7.	Mr. Aneek Alam	05

- 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 trade 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.

The accounts of the Company are prepared on going concern basis as the Management of the Company is committed to continue its financial support whenever needed whereas on the matter of stuck up funds receivables from Russian Federation, the Board of directors would like to inform the members of the company that in the end of March, 2020, eventually company has received US\$:1.150 Million. The Management of the Company is considering various plans to extend the business activities which would be better in the interest of the company and shareholders as well.

Auditors

The present Auditors M/s. Clarkson Hyde Saud Ansari Chartered Accountants will be retired on the conclusion of Annual General Meeting. The Audit Committee and subsequently Board of Directors has proposed and recommended to M/s. Tanwir Arif & Co., Chartered Accountants for the appointment as External Auditors of the Company for the year ending June 30, 2021.

Place: Hyderabad
Dated: 24th September, 2020

SAEED ALAM
Chief Executive

RAUF ALAM
Director

ڈائریکٹرز رپورٹ

برائے اختتامی سال 30 جون 2020

فتح انڈسٹریز لمیٹڈ

کمپنی کے بورڈ آف ڈائریکٹرز آپ کے سامنے 30 جون 2020 کو اختتام ہونے والے مالی سال کے لیے آڈٹ شدہ حسابات بشمول آڈیٹرز رپورٹ پیش کر رہے ہیں۔

دوران سال کمپنی میں 27.40 ملین روپے کی فروخت ریکارڈ کی گئی ہے جبکہ سابقہ سال میں یہ فروخت 30.81 ملین روپے ریکارڈ کی گئی تھی۔ خام منافع 1.99 ملین روپے جبکہ انتظامی اور فروخت کرنے کے اخراجات 5.90 ملین روپے رہے۔ اس طرح ابتدائی نقصانات 3.92 ملین روپے رہے۔ دوران سال کمپنی کو سی فریٹ کمپنیشن کی مد میں 142.28 ملین، تجارتی وصولی کی واپسی کی مد میں 25.30 ملین اور کرنسی تبادلے کی مد میں 14.81 ملین روپوں کا فائدہ ہوا۔ مالیاتی اور دوسرے اخراجات کی مد میں 1.07 ملین روپے کے اخراجات ریکارڈ کرنے کے بعد قبل از ٹیکس منافع 177.83 ملین روپے جبکہ بعد از ٹیکس منافع 175.71 ملین روپے ریکارڈ کیا گیا ہے۔ مکمل وسیع منافع 175.80 ملین روپے رہا جبکہ بنیادی آمدنی فی شیئر 87.86 روپے ریکارڈ کی گئی۔

روس میں پھنسے ہوئے فنڈز کی وصولی کے لیے ہونے والے معاہدے کے نتیجے میں کمپنی نے دوران سال -/1,150,000 ڈالر یعنی -/182,620,000 روپے وصول کئے ہیں۔

نظم و ضبط کا اسٹیٹمنٹ اور مالیاتی رپورٹنگ کا فریم ورک 2019:

اختتامی سال جون 2020 کے لئے لسٹڈ کمپنیز کے کوڈ آف کارپوریٹ گورننس ریگولیشن 2019 پر عملدرآمد کیا ہے سوائے ان شقوں کے جو کہ اسٹیٹمنٹ آف کمپلائنس میں ظاہر کر دی گئی ہیں۔ ڈائریکٹرز کی جانب سے اسٹیٹمنٹ آف کمپلائنس کی تصدیق اس رپورٹ کے ساتھ منسلک ہے۔

کارپوریٹ اور فنانشل رپورٹنگ فریم ورک کے اصول درج ذیل ہیں۔

کمپنی کی انتظامیہ کی جانب سے تیار کردہ مالیاتی گوشوارے کمپنی کے حالات، اس کے کاروباری نتائج، نقد رقم کی ترسیل اور حصص میں رد و بدل کی شفاف عکاسی کرتے ہیں۔ کمپنی کے کھاتے مناسب طریقے سے تیار کئے جاتے ہیں۔

مناسب محاسبی پالیسی کے تسلسل کو مالیاتی گوشوارے کی تیاری میں لاگو کیا گیا ہے۔ محاسبی کے اندازے ماہرانہ اور محتاط فیصلوں پر مبنی ہوتے ہیں۔

مالیاتی گوشوارے کی تیاری میں بین الاقوامی مالیاتی رپورٹنگ معیارات، جو کہ پاکستان میں نافذ العمل ہیں، ان کی پیروی کی گئی ہے۔

اندرونی کنٹرول کے نظام منظم ہیں اور اسکے موثر طریقے سے عملدرآمد اور نگرانی کی جاتی ہے۔

آنے والے سالوں میں کمپنی کے کاروباری تسلسل پر کسی قسم کے شکوک و شبہات نہیں ہیں۔

نظم و ضبط کے حوالے سے کوئی بھی مواد قانون کے خلاف نہیں ہے جس کی تفصیلات لسٹ میں دی گئی ہے۔

گزشتہ چھ سالوں کے لئے کمپنی کے اہم امور اور مالیاتی تفصیلات منسلک ہیں۔

کسی بھی ڈائریکٹرز، سی ایف او، کمپنی سیکریٹری، ان کی بیگمات و بچوں نے اس سال کے دوران کمپنی کے شیئرز میں کوئی تجارت نہیں کی ہے جس کا اندراج شیئر ہولڈنگ کے طریقہ

کار میں پہلے ہی درج کر دیا گیا ہے۔

دوران سال بورڈ آف ڈائریکٹرز کی پانچ میٹنگز منعقد ہو چکی ہیں۔ ان میٹنگز میں درج ذیل ڈائریکٹرز نے شرکت کی ہے۔

ڈائریکٹرز کے نام	میٹنگز میں شرکت کرنے کی تعداد
جناب رؤف عالم	5
جناب آفتاب عالم	5
جناب سعید عالم	5
جناب فراز عالم	4
جناب اشہر عالم	4
جناب انیک عالم	5
جناب جمال عالم	5

کمپنی کے شیئر ہولڈنگ کا طریقہ کار 30 جون 2020 کی رپورٹ کے ساتھ منسلک ہے۔

مالیاتی اسٹیٹمنٹ میں درج کئے گئے ٹیکس کے علاوہ کمپنی پر ادرا کوئی ٹیکس واجب الادا نہیں ہے۔

اس رپورٹ کی تشہیر تک ایسی کوئی تبدیلی واقع نہیں ہوئی جو کہ اس رپورٹ کی مالیاتی حیثیت کو تبدیل کر دے۔

آڈیٹرز کا مشاہدہ :

کمپنی کی طرف سے تمام مقروض و قرض دہندگان کو بقایا جات کی تصدیق کے لئے خطوط ارسال کئے گئے ہیں بعد ازاں یاد دہانی کے خطوط بھی ارسال کئے گئے ہیں تاہم کسی کی جانب سے تصدیقی جواب موصول نہیں ہوا۔ بینکوں کی توثیق کیلئے خطوط براہ راست آڈیٹرز کے ذریعے بھیج دئے گئے تھے۔

اس سال کے اکاؤنٹ بھی گونگ کنسرنڈ میں پر تیار کئے گئے ہیں کیونکہ انتظامیہ اپنے پچھلے موقف پر قائم ہے کہ جب کبھی بھی ضرورت پڑی انتظامیہ کمپنی کے مالی اخراجات کے لئے ہر ممکن مالی مدد جاری رکھے گی جبکہ روس سے ملنے والے پیسے کے معاملات پر بورڈ آف ڈائریکٹرز بتانا چاہیں گے کہ دوران سال مارچ کے آخر میں بالآخر کمپنی کو 1.150 ملین ڈالر وصول ہو گئے ہیں۔ کمپنی کی انتظامیہ کاروباری سرگرمیوں کو بڑھانے کے لیے مختلف منصوبوں پر غور کر رہی ہے جو کمپنی اور حصص یافتگان کے حق میں بہتر ہوں۔

آڈیٹرز کی تقرری:

موجودہ آڈیٹرز میسرز گلارکسن ہائیڈرسعود انصاری، چارٹرڈ اکاؤنٹنٹس سالانہ جنرل میٹنگ کے اختتام کے فوری بعد ریٹائر ہو جائیں گے۔ آڈٹ کمیٹی اور بعد ازاں بورڈ آف ڈائریکٹرز نے میسرز تنویر عارف اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کو آئندہ اختتامی مالی سال یعنی 30 جون 2021 کے لئے کمپنی کے آڈیٹرز کے طور پر تقرری کے سفارش کی ہے۔

رؤف عالم
ڈائریکٹر

سعید عالم
چیف ایگزیکٹو

حیدرآباد: 24 ستمبر 2020

**Statement of Compliance with Listed Companies
(Code Corporate Governance) Regulations, 2019**

Name of Company: **Fateh Industries Limited**
Year ending: **30th June, 2020**

The Company has complied with the requirements of the Regulations in the following manner:

1. The Total number of directors are seven (07) as per the following:

- a) Male: Six (06)
- b) Female: One (01)

2. The composition of board is as follows:

Categories		Quantity	Name
a)	Independent Directors	-	
b)	Other Non-executive Directors	05	Mr. Aftab Alam, Mr. Faraz Alam, Mr. Ashhar Alam, Mr. Jamal Alam & Mrs. Seema Rauf
c)	Executive Directors	02	Mr. Rauf Alam & Mr. Saeed Alam

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company.
4. 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.
5. 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.
6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by board/ shareholders as empowered by the relevant provisions of the Act and these Regulations.
7. The meetings of the board were presided over by the Chief Executive and, in his absence, by a director elected by the board for this purpose. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.
8. The board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. In accordance with the criteria specified in Regulations, 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 approved and assigned the additional responsibilities of CFO and Company Secretary of Finishers Limited in Group Companies including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
11. CFO and CEO duly endorsed the financial statements before approval of the board.
12. The board has already formed committees comprising of members given below:
 - a) Audit Committee: Mr. Rauf Alam, Mr. Aftab Alam and Mr. Faraz Alam.
 - b) HR & Remuneration Committee: Mr. Faraz Alam, Mr. Ashhar Alam and Mr. Jamal
13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
14. The frequency of meetings (quarterly/half yearly/ yearly) of the committee were as per following:
 - a) Audit Committee: Five (05) Meetings
 - a) HR & Remuneration Committee: One (01) Meeting
15. 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.
16. 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, and registered with Audit Oversight Board of Pakistan 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 and that they and the partners of the firm involved in the audit are not a close relative(spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit , company secretary or director of the company.
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all requirements of Regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.

Dated: 24th September, 2020

SAEED ALAM
Chief Executive

RAUF ALAM
Director

REVIEW REPORT ON THE STATEMENT OF COMPLIANCE CONTAINED IN LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of **Fateh Industries Limited** (the Company) for the year ended June 30, 2020 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. 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 Regulations.

As a part of our audit of the 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 Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

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 requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2020.

Further, we highlight below instance of non-compliance with the requirement of the Regulations as reflected in the note reference where these are stated in Statement of Compliance.

S.#	Note/paragraph	Description	Regulation # reference
i.	Note No. 2	Independent Director	6

Clarkson Hyde Saud Ansari
 CHARTERED ACCOUNTANTS
 Engagement Partner – Saud Ansari

KARACHI:
 DATED: September 24, 2020

INDEPENDENT AUDITOR'S REPORT

To the members of: **FATEH INDUSTRIES LIMITED**

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the annexed financial statements of **FATEH INDUSTRIES LIMITED**, which comprise the statement of financial position as at June 30, 2020, and the statement of profit or loss, 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.

In our opinion, except for the possible effects of the matters described in the *Basis for Qualified Opinion* section of our report, 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 other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming parts thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 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, 2020 of the profit, other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for 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 ethical responsibilities in accordance with the Code. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

1. We have not received confirmations for balance of trade creditors amounting to Rs.12,942,500, under Trade and Other Payables in Note No.13 to the financial statements. Hence, their balances remained unverified.
2. Balance confirmations from four banks having total book balance of Rs.79,058/-were not received. We verified the balances with the original bank statements, but could not ensure that there are no undisclosed liabilities or contingencies and commitments with these banks.

Material Uncertainty relating to Going Concern

We draw attention to note 2.3 to the financial statements which indicates, that the company has accumulated losses of Rs.95,627,346/-as on June 30, 2020 and as of that date the Company's current liabilities exceeded its current assets by Rs.90,706,321/-. As stated in Note 2.3 these events or conditions, along with other matters as set forth in Note 2.3 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 of our report, we have determined the following to be a key audit matter:

S. No.	Key Audit Matter	How the Matter was addressed in our Audit
	<p><u>Realisation of stuck up Foreign Trade Receivables</u></p> <p>The Company used to export goods to the former U.S.S.R. In the early 1990s Company trade receivables from Russia were stuck up due to Russia at the time when the Russian Central Bank defaulted on its debts due to disintegration of U.S.S.R.that rendered the Company in to the financial distress. The manufacturing activities could not be profitably carried out with scarce financial resources, hence to mitigate the operational and administrative costs, operations had remained closed.</p> <p>Foreign debtors with Russia were blocked due to delinkage of the same with Russian Federation accounts in Pakistan. The management of the Company had filed an 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, 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 to take any coercive measures against the appellant till further direction of the Appellate Board. Further during the year 2019 the Company had filed a constitutional petition before the Honorable High Court of Sindh.</p> <p>The Government of Pakistan and the Russian Federation have been discussing the matter for settlement of claims by the Pakistani exporters. The Government of Pakistan has frozen the account of the Russian Federation Government maintained with NBP, till the settlement of the claims of the Pakistani exporters, in accordance, with the order of the Honorable High Court of Sindh. Consequent to the negotiations for recovery of stuck up funds from Russian Federation, an amount of Rs.182,620,000 (USD 1,150,000) including sea freight compensation has been received during the year. Thus the Company has been able to earn a net profit of Rs.175,710,299 which reduced accumulated losses and improved current ratio in comparison to the previous year. The management is considering to restart the operations viably a new.</p>	<p>We considered this matter significant in our audit of the financial statement for the current year, because it has material impact on the financial statements and changed the outlook for the Company.</p> <p>Our procedures for verification of the transaction and related disclosure included, but not limited to:</p> <ul style="list-style-type: none"> • We reviewed the related legal orders to understand the nature of the matter. • We also reviewed the Compromise Order dated 04.10.2019, whereby the Company has managed to receive stuck up trade receivables and also the Settlement Deed between Government of Pakistan and the affected Pakistani Exporters. • We referred to the Board Resolutions for the allocation of funds between the Company and Fateh Sports Wear Limited, an associated Company. • We verified the receipt of money with related bank documents. • We also checked calculation of the realized foreign exchange gain on these receivables.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements 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, 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 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 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 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 conclusion are based on the udit 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 the internal control that we identify during our audit.

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

Other Matter

Prior year's financial statements were audited by the Predecessor Auditor.

Clarkson Hyde Saud Ansari

Name of the Engagement Partner: **SAUD ANSARI**

Date: September 24, 2020

Statement of Financial Position as at June 30, 2020

	NOTE NO.	30-06-2020 RUPEES	30-06-2019 RUPEES
NON CURRENT ASSETS			
Property, Plant and Equipment	4	15,061,408	16,439,998
Investments	5	399,253	310,141
		15,460,661	16,750,139
CURRENT ASSETS			
Stores, Spare and Loose Tools	6	0	0
Stock-in-Trade	7	18,617,638	5,267,785
Trade Receivables	8	13,931,400	6,938,534
Advances, Deposits and Prepayments	9	2,777,344	15,283,527
Other Receivables	10	0	0
Cash and Bank Balances	11	6,295,406	2,673,651
		41,621,788	30,163,497
		57,082,449	46,913,636
SHARE CAPITAL AND RESERVES			
Share Capital	12	20,000,000	20,000,000
Capital Reserve			
Investment Re-measurement Reserve		381,686	292,574
Revenue Reserve			
Accumulated Loss		(95,627,346)	(271,337,645)
		(75,245,660)	(251,045,071)
CURRENT LIABILITIES			
Trade and Other Payables	13	120,575,859	174,996,902
Loan from Directors	14	11,133,719	122,547,522
Provision for Taxation	15	618,531	414,283
		132,328,109	297,958,707
CONTINGENCIES AND COMMITMENTS			
	16	57,082,449	46,913,636

The annexed notes form an integral part of these financial statements

Dated: September 24, 2020

SAEED ALAM
Chief Executive

RAUF ALAM
Director

MUHAMMAD ISMAIL
Chief Financial Officer

Statement of Profit or Loss
For the year ended June 30, 2020

	NOTE NO.	30-06-2020 RUPEES	30-06-2019 RUPEES
Sales	17	27,399,874	30,811,965
Less: Cost of Sales	18	25,418,186	28,754,707
Gross Profit		1,981,688	2,057,258
Less: Administration Expenses	19	4,132,046	3,204,108
Selling expenses	21	1,769,839	1,300,720
		5,901,885	4,504,828
Operating Loss		(3,920,197)	(2,447,570)
Other Income	22	168,017,184	94,350
Foreign Exchange Gain / (Loss)		14,810,448	(3,776,084)
		178,907,435	(6,129,304)
Financial Expenses - Bank Charges		(543,896)	(145,027)
Other Charges	23	(528,629)	(3,865,524)
Profit / (Loss) Before Taxation		177,834,910	(10,139,855)
Taxation	24	2,124,611	385,379
Net Profit/(Loss) For the Year	25	175,710,299	(10,525,234)
Earning / (Loss) per share		87.86	(5.26)

The annexed notes form an integral part of these financial statements.

SAEED ALAM
Chief Executive

RAUF ALAM
Director

MUHAMMAD ISMAIL
Chief Financial Officer

Dated: September 24, 2020

Statement of Comprehensive Income
For the year ended June 30, 2020

	30-06-2020 RUPEES	30-06-2019 RUPEES
Net Profit / (Loss) for the year	175,710,299	(10,525,234)
OTHER COMPREHENSIVE INCOME / (LOSS)		
<i>Items that may be subsequently reclassified to profit or loss</i>		
Unrealized Gain / (Loss) on Re-measurement of Investment	89,112	(107,682)
Total Comprehensive Income/(Loss) for the year	175,799,411	(10,632,916)

The annexed notes form an integral part of these financial statements.

Dated: September 24, 2020

SAEED ALAM
Chief Executive

RAUF ALAM
Director

MUHAMMAD ISMAIL
Chief Financial Officer

Statement of Cash Flows

For the year ended June 30, 2020

	30-06-2020 RUPEES	30-06-2019 RUPEES
Cash flow from Operating Activities		
Profit / (Loss) before Taxation	177,834,910	(10,139,855)
Adjustment for:		
Depreciation	1,378,590	1,557,641
Other Income - Dividends	(26,600)	(28,350)
Provision for Expected Credit Losses	(25,302,779)	3,555,524
Foreign Exchange Gain/(Loss)	(14,810,448)	3,776,084
Operating Profit/(Loss) before working capital changes	139,073,673	(1,278,956)
(Increase) / Decrease in Operating Assets		
Stock in Trade	(13,349,853)	5,696,554
Trade Receivables	18,309,913	13,571,067
Advances, Deposits and Prepayments	12,726,866	(13,028,303)
Other Receivables	0	0
	156,760,599	4,960,362
Increase / (Decrease) in Operating Liabilities		
Trade and Other Payables	(54,421,043)	(20,946,073)
Cash generated from/(used in) operations	102,339,556	(15,985,711)
Income Taxes paid	(2,141,046)	(472,588)
Foreign Exchange Gain / (Loss)	14,810,448	(3,776,084)
Net Cash from/(used in) Operating Activities	115,008,958	(20,234,383)
Cash From Investing Activities		
Addition to Property, Plant and Equipment	0	0
Dividend Received	26,600	28,350
Net Cash from/(used in) Investing Activities	26,600	28,350
Cash From Financing Activities		
Loan from Directors (Repaid) / Received	(111,413,803)	21,925,332
Net Cash from/(used in) Financing Activities	(111,413,803)	21,925,332
Net Increase/(Decrease) cash and cash equivalents	3,621,755	1,719,299
Cash and Cash equivalents at the beginning of the year	2,673,651	954,352
Cash and cash equivalents at the end of the year	6,295,406	2,673,651

The annexed notes form an integral part of these financial statements.

Dated: September 24, 2020

SAEED ALAM
Chief Executive

RAUF ALAM
Director

MUHAMMAD ISMAIL
Chief Financial Officer

Statement of Changes in Equity

For the year ended June 30, 2020

	Issued Subscribed & Paid up Capital	Investment Remeasurement Reserve	Accumulated Loss	Total
	-----Rupees-----			
Balance as at July 1, 2018	20,000,000	400,256	(260,812,411)	(240,412,155)
Net Loss for the Year	0	0	(10,525,234)	(10,525,234)
Other Comprehensive Loss for the year	0	(107,682)	0	(107,682)
Balance as at June 30, 2019	20,000,000	292,574	(271,337,645)	(251,045,071)
Net Profit for the Year	0	0	175,710,299	175,710,299
Other Comprehensive Income for the year	0	89,112	0	89,112
Balance as at June 30, 2020	20,000,000	381,686	(95,627,346)	(75,245,660)

The annexed notes form an integral part of these financial statements.

SAEED ALAM

Chief Executive

RAUF ALAM

Director

MUHAMMAD ISMAIL

Chief Financial Officer

Dated: September 24, 2020

Notes to the Financial Statement

For the year ended June 30, 2020

1 CORPORATE AND GENERAL INFORMATION

The company was incorporated on May 18, 1986, as a public company limited by shares under the Companies Ordinance, 1984 (now the Companies Act, 2017), and is listed on Pakistan Stock Exchange Limited. The business of company is to manufacture and sale of footwear of all kinds.

The manufacturing activities had remained suspended since 1999-2000. The company had also started business of wastage wool as alternative business from 2011. The manufacturing activities were partially commenced during the year 2013. The core reason for non-production is blockage of funds with Russia at the time when the Russian Central Bank defaulted on its debts due to disintegration of U.S.S.R., that rendered the Company in to the financial distress. The manufacturing activities could not be profitably carried out with scarce financial resources, hence to mitigate the operational and administrative costs, operations had remained closed in 2011.

The geographical locations and addresses of Company's premises are as under:

- The Registered office is situated at 442, Mirpurkhas Road, Hyderabad.
- Factory is also situated at 442, Mirpurkhas Road, Hyderabad.

2 BASIS OF PRESENTATION

2.1 Statement of Compliance

These financial statements have been prepared in accordance with the accounting and financial reporting standards as applicable in Pakistan. The accounting and financial reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; 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, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 Standards and amendments to approved published standards that are effective but are considered not be

There are standards and amendments to published standards that are mandatory for accounting periods beginning on or after 01 July 2019 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

2.3 Basis of Measurement

These financial statements have been prepared under the historical cost convention, as modified by the remeasurement of investments to their fair value. In these financial statements, except for the amounts reflected in the cash flow statement, all transactions have been accounted for under the accrual basis of accounting.

Going Concern Assumption

These financial statements have been prepared on going concern basis, yet there are factors which effect the Company's ability to continue as a going concern, for instance the operations of the Company have been closed since the year 2000, due to the reasons as stated in Note No.1. There are accumulated losses amounting to Rs.95.47 million and the current liabilities exceeds current assets by Rs.90.55 million.

Mitigating Factors to the Uncertainty relating to the use of Going Concern

Foreign debtors with Russia were blocked due to delinkage of the same with Russian Federation. The management of the Company had filed an 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, 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 to take any coercive measures against the appellant till further direction of the Appellate Board. Further during the year 2019 the Company had filed a constitutional petition before the Honorable High Court of Sindh.

The Government of Pakistan and the Russian Federation have been discussing the matter for settlement of claims by the Pakistani exporters. The Government of Pakistan has frozen the account of the Russian Federation Government maintained with NBP, till the settlement of the claims of the Pakistani exporters, in accordance, with the order of the Honorable High Court of Sindh. Consequent to the negotiations for recovery of stuck up funds from Russian Federation, an amount of Rs.182,620,000 (USD 1,150,000) including sea freight compensation has been received during the year.

Thus the Company has been able to generate net positive cash flows of Rs.115,008,958 from operations which reduced accumulated losses and improved current ratio in comparison to the previous year. The management is considering to restart the operations viably a new. The management has no plans to liquidate its assets other than in the normal course of business. Moreover continued financial support is available from the directors and other related parties.

Hence there is a material uncertainty which cast significant doubt about the Company's ability to continue as a going concern, therefore it may be unable to realize its assets and discharge its liabilities in the normal course of business. These financial statements do not include any adjustments relating to the recoverability and classification of recorded assets amounts, and discharge and classification of liabilities, that may be necessary should the company be unable to continue as a going concern.

COVID - 19 Impact

On March 11, 2020, the World Health Organization declared COVID-19 a global pandemic. The COVID-19 outbreak developed rapidly thereafter with a significant number of COVID-19 cases reported globally. The pandemic has resulted in consequences on health and society and on economy affecting the earnings and cash flows of businesses globally and across various sectors of the economy in Pakistan. After the announcement of lock-downs by the Government authorities, resulting in closure of business activities. The management believes that due to the pandemic the Company's activities and financial position have been impacted only on a temporary basis and expects that as normalcy comes about it will be normalized. More over as stated above the operations of the Company are already suspended, hence the pandemic does not have a major effect on the operations. The management has assured all necessary steps to ensure smooth and adequate continuation of its operations in future in order to maintain its performance despite slowed down economic activity.

2.4 Functional and Presentation Currency

These financial statements are presented in Pakistan Rupees, which is the company's functional and presentation currency.

2.5 Use of Estimates and Judgments

The preparation of financial statements in conformity with the approved accounting standards as applicable in Pakistan, requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The estimates and judgements that have a significant effect on the financial statements, are as follows:-

Depreciable amount and useful lives of Property, Plant and Equipment

In accordance with the accounting policy, the management carries out an annual assessment of depreciation amount and useful lives of assets. Further, the Company reviews the value of assets for possible impairment on an annual basis. Any change in the estimates in the future might affect the carrying amount of respective item of property, plant and equipment, with a corresponding effect on the depreciation charge and impairment.

Stores, Spares and Loose Tools

The Company reviews the net realizable value and impairment of stores, spares and loose tools to assess any diminution in the respective carrying value and wherever required provision for impairment is made. The calculation of provision involves the use of estimates with regard to future estimated use and past consumption of stores and spares along with holding period.

Stock-in-Trade

Net realizable value of stock-in-trade is determined with reference to currently prevailing selling prices less estimated expenditure to make sales.

Provision for Expected Credit Losses

The allowance for expected credit losses assessment, requires a degree of estimation and judgment. It is based on the lifetime expected credit loss, based on days overdue. In particular, judgment by management is required in the estimation of the amount and timing of future cash flows, in determining the level of provision.

Income Taxes

In making the estimates for income tax currently payable by the Company, the management takes into account the current income tax law and the decisions of appellate authorities on certain issues in the past.

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 Property, Plant and Equipment

These are stated at cost less depreciation and impairment loss, if any. Depreciation is charged on pro-rata basis by applying the reducing balance method, whereby the cost of an asset is written off over its useful life, at the rates specified in note. 4 to the financial statements. The residual value, depreciation method and the useful lives of each part of property, plant and equipment that is significant in relation to the total cost of the asset are reviewed, and adjusted if appropriate, at each reporting date.

Maintenance and normal repairs are charged to profit and loss account as and when incurred, whereas major renewals and improvements are capitalized and the assets so replaced, if any, are retired. Gains and losses on disposal of assets, if any, are taken to the profit and loss.

3.2 Stores, Spares and Loose Tools

These are carried 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 the financial statements.

3.3 Stock-in-Trade

These are carried at lower of cost or net realizable value. Cost is calculated on the following basis:

- Raw materials at moving average cost
- Goods in Transit at cost accumulated up to the closing date
- Goods in Process at manufacturing cost
- Finished Goods at average manufacturing cost

Net realizable value signifies the estimated selling price in the ordinary course of business less cost of completion and cost necessarily to be incurred in order to make the sales.

3.4 Financial Instruments

The Company follows IFRS 9 “Financial Instruments”. The standard prescribes classification and measurement models for financial assets. A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. A debt instrument shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through profit or loss unless the Company makes an irrevocable election on initial recognition to present gains and losses on equity instruments in other comprehensive income. Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch. For financial instruments of the Company. Impairment requirements use an 'expected credit loss' ('ECL') model to recognize an allowance. Impairment using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses loss allowance is available.

Recognition of Financial Instruments

The Company initially recognizes financial assets on the date when they are originated. Financial liabilities are initially recognized on the trade date when the entity becomes a party to the contractual provisions of the instrument.

Initial Measurement of Financial Instruments

At initial recognition a financial asset or financial liability, except trade receivables, is initially measured at fair value, plus or minus, in the case of financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to acquisition or issue of financial asset or financial liability.

3.4.1 Equity Investments

The management determines an appropriate classification for investments in accordance with the requirements of the International Financial Reporting Standard -9. The Company subsequently measures all equity investments at fair value. For financial instruments quoted on Stock Exchange, the fair value corresponds to the stock exchange market price (level 1 inputs, unadjusted quoted prices in active markets). The Company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, thus there is no subsequent reclassification of fair value gains and losses to profit or loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVTOCI are not reported separately from other changes in fair value.

3.4.2 Trade Receivables

Trade debts are carried at original invoice amount less an estimated amount for expected credit loss, if any. Balances considered bad and irrecoverable are written off when identified. A contract asset or trade receivable is impaired if the credit risk on that financial asset has increased significantly since the initial recognition. For trade receivables, a simplified approach under IFRS 9 to measure expected credit losses using a lifetime expected credit losses amount is used.

3.4.3 Trade and Other Payables

Liabilities for trade and other amounts payable are initially recognized at fair value, which is normally the transaction cost. Subsequently they are measured at amortized cost.

3.4.4 Borrowings

Financing and borrowings are initially recognized at fair value of the consideration received, net of transaction costs. They are subsequently measured at amortized cost using the effective interest method.

3.4.5 Offsetting of Financial Instruments

Financial assets and liabilities are offset and the net amount is reported in the financial statements only when the Company has a legally enforceable right to offset the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously

3.5 Foreign Currencies Translation

These financial statements are presented in Pak Rupees, which is the Company's functional currency. All monetary assets and liabilities denominated in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the balance sheet date, while the transactions in foreign currency during the year are initially recorded in functional currency at the rates of exchange prevailing at the transaction date. All non monetary items are translated into Pak Rupee at exchange rates prevailing at the date of transaction or the date when fair values are determined. The Company charges all exchange differences to profit and loss account.

3.6 Taxation

The tax expense for the year comprises current and deferred tax, if any. Tax is recognized in the profit and loss account, except to the extent that it relates to items recognized in other comprehensive income or directly in equity.

Current

Current taxation is based on the taxable income for the year determined in accordance with the prevailing income tax law. The charge for current taxation is calculated using the tax rates or tax rates expected to apply to the profit for the year if enacted. The charge for current taxation also includes adjustments where considered necessary, to provision for taxation made in previous years arising from assessments framed during the year for such years.

Deferred

Deferred tax is recognized using balance sheet liability method, providing for all temporary differences between carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilized. Deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefit will be realized.

3.7 Revenue from contracts with customers

The Company follows IFRS 15 for recognition of revenue from contracts with customers. The Standard provides a single five-step model for revenue recognition and establishes a comprehensive framework for recognition of revenue from contracts with customers based on a core principle that an entity should recognize revenue representing the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard provides a contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. If the consideration promised in a contract includes a variable amount such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events, such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur.

The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently received that are subject to the constraining principle are initially recognized as deferred revenue in the form of a sep Credit risk is presented separately as an expense rather than adjusted against revenue. Customer acquisition costs and contract can, subject to certain criteria, be capitalized as an asset and amortized over the contract period.

3.7.1 Sale of Goods

Revenue from the sale of goods is recognized at the point in time when the customer obtains control of the goods, which is generally at the time of delivery to the customer in the case of domestic sales and shipment of goods in the case of exports.

4. PROPERTY, PLANT AND EQUIPMENT

for the year ended June 30, 2020

PARTICULARS	COST / REVALUATION				DEPRECIATION			W.D.V As At 30-06-20 Rupees
	As At 01-07-19	Addition/ (Deletion)	As At 30-06-2020	Rate (%)	As At 01-07-19	For the Year	As At 30-06-20	
	Rupees		Rupees		Rupees	Rupees	Rupees	
Land - free hold	3,585,601	-	3,585,601	-	-	-	-	3,585,601
Factory Building - (on free hold)	30,908,554	-	30,908,554	10	29,332,398	157,616	29,490,014	1,418,540
Other Building - (on lease hold)	1,943,657	-	1,943,657	10	1,800,370	14,329	1,814,699	128,958
Plant & Machinery	107,376,913	-	107,376,913	10	100,758,181	661,873	101,420,054	5,956,859
Pressing & Other Machine	2,043,528	-	2,043,528	10	824,499	121,903	946,402	1,097,126
Air Conditioning Plant	2,237,634	-	2,237,634	10	1,964,774	27,286	1,992,060	245,574
Tools & Equipments	14,952,529	-	14,952,529	10	13,574,433	137,810	13,712,243	1,240,286
Furniture & Fixture	3,885,509	-	3,885,509	20	3,624,896	26,061	3,650,957	234,552
Office Equipment & Computers	1,616,825	-	1,616,825	10	1,499,647	11,718	1,511,365	105,460
Electric Fittings	5,028,629	-	5,028,629	10	4,698,451	33,018	4,731,469	297,160
Vehicles	3,830,250	-	3,830,250	20	2,898,762	186,298	3,085,060	745,190
Arms	143,550	-	143,550	10	136,770	678	137,448	6,102
	177,553,179	-	177,553,179		161,113,181	1,378,590	162,491,771	15,061,408

for the year ended June 30, 2019

PARTICULARS	COST / REVALUATION				DEPRECIATION			W.D.V As At 30-06-19 Rupees
	As At 01-07-18	Addition/ (Deletion)	As At 30-06-2019	Rate (%)	As At 01-07-18	For the Year	As At 30-06-19	
	Rupees		Rupees		Rupees	Rupees	Rupees	
Land - free hold	3,585,601	-	3,585,601	-	-	-	-	3,585,601
Factory Building - (on free hold)	30,908,554	-	30,908,554	10	29,157,270	175,128	29,332,398	1,576,156
Other Building - (on lease hold)	1,943,657	-	1,943,657	10	1,784,449	15,921	1,800,370	143,287
Plant & Machinery	107,376,913	-	107,376,913	10	100,022,766	735,415	100,758,181	6,618,732
Pressing & Other Machine	2,043,528	-	2,043,528	10	689,051	135,448	824,499	1,219,029
Air Conditioning Plant	2,237,634	-	2,237,634	10	1,934,456	30,318	1,964,774	272,860
Tools & Equipments	14,952,529	-	14,952,529	10	13,421,311	153,122	13,574,433	1,378,096
Furniture & Fixture	3,885,509	-	3,885,509	20	3,595,939	28,957	3,624,896	260,613
Office Equipment & Computers	1,616,825	-	1,616,825	10	1,486,627	13,020	1,499,647	117,178
Electric Fittings	5,028,629	-	5,028,629	10	4,661,764	36,687	4,698,451	330,178
Vehicles	3,830,250	-	3,830,250	20	2,665,890	232,872	2,898,762	931,488
Arms	143,550	-	143,550	10	136,017	753	136,770	6,780
	177,553,179	-	177,553,179		159,555,540	1,557,641	161,113,181	16,439,998

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. 13.2. In view of the violation by the petitioners as stated in the aforesaid Note No. 13.2, the management is of the opinion that settlement agreement is no more valid and has been revoked.

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

Location	Usage	Area
Plot Survey Nos. 19, 18, 20, 291, 294, and 442, Deh Nareja, Tapo Laidu, Taluka Hyderabad, Sindh.	Head Office / Plant / Production facility	10.22 Acres
Plot 9, 10, Unit No. 8, Latifabad, Autobhan, Hyderabad, Sindh. Nareja, Tapo Laidu, Taluka Hyderabad, Sindh.	2 Bungalows	1200 sq. yards 600 sq yards each

Allocation of Depreciation:

Cost of Sales
Administrative Expenses

	2020 Rupees	2019 Rupees
Cost of Sales	417,329	463,698
Administrative Expenses	961,261	1,093,943
	1,378,590	1,557,641

	30-06-2020	30-06-2019
	Rupees	Rupees
5. INVESTMENTS		
<i>At Fair Value through Other Comprehensive Income</i>		
Shares in Bata Pakistan Limited	214,896	220,850
Shares in Service Industries Limited	184,357	89,291
	399,253	310,141
<p>The above are fully paid ordinary shares of Rs.10 each. The reason for using at fair value through FVTOCI is to keep the related gains and losses separate from other profit and loss items, as they being unrealized gains and losses, thus to avoid tax complications.</p> <p>During the year 45 bonus shares (25%) (2019: 36 bonus shares) were received from Services Industries Limited.</p>		
6. STORES, SPARES AND LOOSE TOOLS		
Stores	465,584	465,584
Spares and Loose Tools	7,692,546	7,692,546
	8,158,130	8,158,130
Less: Provision for Obsolescence	(8,158,130)	(8,158,130)
	0	0
7. STOCK -IN-TRADE		
Raw and Packing Material	18,617,638	5,267,785
8. TRADE RECEIVABLES		
Foreign Debtors (Note No.8.2)	318,183	25,620,962
Domestic Debtors	14,358,167	7,365,301
	14,676,350	32,986,263
Less: Provisions for Expected Credit Losses (Note No.8.3)	(744,950)	(26,047,729)
	13,931,400	6,938,534
8.1	This represents Company's unconditional right to receive consideration for the supply of goods under contract with customers.	
8.2	This is due from a defaulting customer, namely Baccani E Vannucchi SPA, Italy. The customer is not related to the Company. Amount due is EUR 2,454.58.	
8.3	The aging of trade receivables is as under:	
	upto 1 year and above	13,931,400
	upto 5 year and above	744,950
	14,676,350	32,986,263
8.4	Provision for Expected Credit Losses	
	Opening Balance	26,047,729
	Less: Reversed during the year	(25,302,779)
	744,950	26,047,729
9. ADVANCES, DEPOSITS AND PREPAYMENTS		
Income Tax	2,488,410	2,267,727
Advance to Suppliers	134,834	13,004,800
Rent Receivable	154,100	11,000
Other Advances	123,062	123,062
	2,900,406	15,406,589
Less: Provision for Expected Credit Losses	(123,062)	(123,062)
	2,777,344	15,283,527

	30-06-2020	30-06-2019
	Rupees	Rupees
10. OTHER RECEIVABLES		
Export Rebate Receivable	3,555,524	3,555,524
Less: Provision for Expected Credit Losses (Note No. 10.1)	(3,555,524)	(3,555,524)
	0	0
10.1 Provision for Expected Credit Losses		
Opening Balance	3,555,524	0
Add: Provided during the year	0	3,555,524
	3,555,524	3,555,524
11. CASH AND BANK BALANCES		
Cash in hand	3,762	11,148
Cash at Bank	6,291,644	2,662,503
	6,295,406	2,673,651
12. SHARE CAPITAL		
Authorized		
10,000,000 (2019: 10,000,000) Shares of Rs. 10 each	100,000,000	100,000,000
Issued, Subscribed and Paid up		
2,000,000 (2019 : 2,000,000) Ordinary shares of Rs. 10 each issued as fully paid in cash	20,000,000	20,000,000
Capital Management		
The main objective of the company, when managing capital is to maintain optimal capital structure to ensure ample availability of finance for its existing operations, to safeguard the company's ability to continue as a going concern and to provide returns for the shareholders.		
13. TRADE AND OTHER PAYABLES		
Trade Creditors	12,942,500	18,685,661
Accrued Expenses	871,584	1,169,103
Advances from Customers (Note No.13.1)	14,653,959	18,670,390
Due to Associated Undertakings	4,603,831	49,121,392
Workers' Welfare Fund	153,629	0
Other Payable	4,662,249	4,662,249
Payable to Others - Unsecured (Note No.13.2)	82,688,107	82,688,107
	120,575,859	174,996,902

13.1 This represents Company's obligation to transfer goods under contract with customers, for which the Company has received consideration.

13.2 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 stands dismissed as withdrawn, the Company agreed to transfer two houses measuring 600 square yards each and agriculture land measuring 5 acres against their borrowings to the Company amounting to Rs.82.69 million.

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 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.

	30-06-2020	30-06-2019
	Rupees	Rupees
14. LOAN FROM DIRECTORS	11,133,719	122,547,522
This loan has been obtained from directors and their family members to meet routine expenditure and payment of liabilities including loans from banks. The loan is unsecured, interest free and repayable on demand.		
15. PROVISION FOR TAXATION		
Opening Balance	414,283	270,942
Charge for the year	2,124,611	385,379
	2,538,894	656,321
Less: Advance Income Tax adjusted during the year	(1,920,363)	(242,038)
	618,531	414,283
16. CONTINGENCIES AND COMMITMENTS.		
A family member of the ex members/directors of the Company, namely Farheen Alamgir has filed suit against the Company on December 30, 2019, in the High Court of Sindh, Karachi, seeking set-aside of the Compromise Order dated 04.10.2019, whereby the Company has managed to receive stuck up trade receivables as mentioned in Note No.1 along with sea freight compensation, amounting to USD 1,150,000 (Rs.182,620,000) and claiming 33% share in the said amount. The management of Company is vigorously pusing the case and confident that the outcome of the case will be in favout of the Company. Therefore no liability has been provided against this claim.		
17. SALES		
Export Sales - Wastage Wool	13,871,917	19,344,731
Export Sales - Shoes	109,813	0
	13,981,730	19,344,731
Local Sales - Shoes	15,934,002	12,488,896
Less: Discount	(198,403)	0
Less: Sales Tax	(2,317,455)	(1,021,662)
	13,418,144	11,467,234
	27,399,874	30,811,965
The above represents revenue from sale of goods under contract with customers.		
18. COST OF SALES		
<i>Raw and Packing Material Consumed</i>		
Opening Stock	5,267,785	10,964,339
Purchases	28,691,617	16,051,533
Closing Stock	(18,617,638)	(5,267,785)
	15,341,764	21,748,087
<i>Production Expenses</i>		
Salaries wages and benefits	6,777,303	4,993,590
Stores and Spares Consumed	318,834	77,059
Other manufacturing expenses	2,562,956	1,472,273
Depreciation	417,329	463,698
	10,076,422	7,006,620
	25,418,186	28,754,707

	30-06-2020	30-06-2019
	Rupees	Rupees
19. ADMINISTRATION EXPENSES		
Traveling , Conveyance and Entertainment	1,637,688	956,976
Rent, rates and taxes	499,584	280,971
Printing and Stationery	8,980	6,990
Utilities	843,018	523,943
Other Expenses	207,268	341,285
Bank Balance written back (Note No. 19.1)	(25,753)	0
Depreciation	961,261	1,093,943
	4,132,046	3,204,108
19.1 Bank Balance written back		
Habib Bank Limited Account No.07867901194103, Karachi	25,753	0
The above balance was written off in the year 2017, now written back.		
20. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND OTHER EXECUTIVES		
Remuneration and meeting fees have been foregone by the directors and the chief executive and no remuneration and perquisites were paid to the directors, chief executive and other executives.		
21. SELLING EXPENSES		
Freight on Export	905,650	502,536
Clearing and Forwarding Charges	839,382	712,544
Export Development Surcharge	24,807	85,640
	1,769,839	1,300,720
22. OTHER INCOME		
Rental Income	405,500	66,000
Dividend Income	26,600	28,350
Export Sea Freight Compensation Received	142,282,305	0
Reversal of Provision for Expected Credit Losses - Trade Receivable	25,302,779	0
	168,017,184	94,350
23. OTHER CHARGES		
<i>Auditors' remuneration</i>		
Annual Audit Fee	300,000	250,000
Half Yearly Review	75,000	60,000
	375,000	310,000
Workers' Welfare Fund	153,629	0
Provision for Expected Credit Losses	0	3,555,524
	528,629	3,865,524
24. TAXATION		
Current tax charge for the year	298,411	385,379
Tax charge on foreign trade debtors realized	1,826,200	0
	2,124,611	385,379
24.1 Explanation of Difference in Current Tax Expense and Accounting Profit multiplied by applicable Tax Rate		
Profit / (Loss) Before Taxation	177,834,910	(10,139,855)
Tax at applicable rate of 29% (29% : 2019)	51,616,676	0
Net Tax Effect of Admissible and Inadmissible Items	(22,407,518)	12,693,674
Tax Effect of Income subject to Final Tax Regime	(27,288,795)	(12,451,636)
Tax Effect of Income subject to Minimum Tax Regime	204,248	143,341
	2,124,611	385,379

	30-06-2020	30-06-2019
	Rupees	Rupees
24.2 Deductible Temporary Differences, Unused Tax Loss and Tax credit for which no deferred Tax asset recognized.		

	2020 Rupees	Expiry Date	2019 Rupees	Expiry Date
<u>Deductible Temporary Differences</u>				
Provision for Expected Credit Losses	4,423,536	No Expiry	29,726,315	No Expiry
Provision for Stores and Spares Obsolescence	8,158,130	No Expiry	8,158,130	No Expiry
	<u>12,581,666</u>		<u>37,884,445</u>	
<u>Unused Tax Losses</u>				
Trading Loss - 2014	-	-	3,798,420	30.06.2020
Trading Loss - 2015	6,890,721	30.06.2021	6,890,721	30.06.2021
Trading Loss - 2016	5,489,613	30.06.2022	5,489,613	30.06.2022
Trading Loss - 2018	508,120	30.06.2024	508,120	30.06.2024
Trading Loss - 2019	1,250,605	30.06.2025	1,250,605	30.06.2025
Unabsorbed Depreciation	53,479,167	No Expiry	52,660,537	No Expiry
	<u>67,618,226</u>		<u>70,598,016</u>	

25. EARNINGS / (LOSS) PER SHARE

Net Profit / (loss) for the year	<u>175,710,299</u>	<u>(10,525,234)</u>
Number of shares outstanding during the year	<u>2,000,000</u>	<u>2,000,000</u>
Basic Earnings / (Loss) per share	<u>87.86</u>	<u>(5.26)</u>

There is no dilutive effect on the basis loss per share of the Company.

26. FINANCIAL INSTRUMENTS BY CATEGORY

As at June 30, 2020

Financial Assets

	Amortized Cost	FVTOCI - Equity Instruments	Total
Investment	-	399,253	399,253
Trade Receivables	14,676,350	-	14,676,350
Advances	411,996	-	411,996
Other Receivables	3,555,524	-	3,555,524
Cash at Bank	6,291,644	-	6,291,644
	<u>24,935,514</u>	<u>399,253</u>	<u>25,334,767</u>

Financial Liabilities

Trade and Other Payables	120,575,859	-	120,575,859
Loan from Directors	11,133,719	-	11,133,719
	<u>131,709,578</u>	<u>-</u>	<u>131,709,578</u>

As at June 30, 2019

Financial Assets

Investments	-	310,141	310,141
Trade Receivables	32,986,263	-	32,986,263
Advances	13,138,862	-	13,138,862
Other Receivables	3,555,524	-	3,555,524
Cash at Bank	2,662,503	-	2,662,503
	<u>52,343,152</u>	<u>310,141</u>	<u>52,653,293</u>

Financial Liabilities

Trade and Other Payables	174,996,902	-	174,996,902
Loan from Directors	122,547,522	-	122,547,522
	<u>297,544,424</u>	<u>-</u>	<u>297,544,424</u>

30-06-2020

30-06-2019

Rupees

Rupees

27. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

Fair value is an amount for which an asset could be exchanged, or a liability settled, between knowledgeable and willing parties in an arm's length transaction. Consequently, differences may arise between the carrying values and the fair value estimates. Underlying the definition of fair value is the presumption that the company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

Currently, the Company's investment in equity shares amounting to Rs. 399,253 (2019: Rs.310,141) are the only financial assets measured at fair value after initial recognition, in the financial statements and these financial instruments are classified under level 1 inputs.

The carrying value of all other financial assets and liabilities approximate their fair value.

28. FINANCIAL RISK EXPOSURE AND RISK MANAGEMENT

28.1 Credit Risk

Credit risk represents the accounting loss that would be recognized if counter parties fail completely to perform as contracted.

Exposure to Credit Risk

The company is exposed to credit risk on the following financial assets. The carrying amount of these financial assets represents the maximum credit exposure at the reporting date, which is detailed as follows:

Trade Receivables	13,931,400	6,938,534
Advances	282,334	13,015,800
Cash at Bank	6,291,644	2,662,503
	<u>20,505,378</u>	<u>22,616,837</u>

Concentration of Credit Risk

Concentration of credit risk arises from exposure to a single debtor, or when a number of counter parties are engaged in similar business activities or have similar economic features that would cause the ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. The company is exposed to a concentration of credit risk on its trade receivables amounting to Rs. 14,358,167 (2019: Rs.32,559,496). The Company does not have any limits on its customers.

Quality of Financial Assets

Trade credit has been given to credit worthy customers and vendors. Cash at bank is with banks of repute enjoying good credit rating.

Credit Risk Management

The company attempts to control credit risk by monitoring credit exposures and continually assessing the credit worthiness of counter parties, reviewing clients' financial position, considering past experience and other factors.

28.2 Market Risk

Market risk means that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risks: price risk, interest rate risk and foreign currency risk.

28.2.1 Price Risk

Price risk represents changes in the fair value of a financial instrument due to fluctuation in the market prices (other than those from interest rate risk or currency risk), whether those fluctuations caused by factors specific to the individual financial instrument or its issuer, or factors affecting all or similar financial instruments traded in the market. The company is exposed to equity price risk since it has investments in listed equity securities held for trading amounting to Rs.399,253 (2019: Rs.310,141) at the reporting date.

30-06-2020
Rupees

30-06-2019
Rupees

The carrying value of investments is subject to equity price risk based on listed market prices as of the reporting date. Market prices are subject to fluctuation and consequently amount realized in the subsequent sale of an investment may significantly differ from the reported market value. Fluctuation in the market price of a security may result from perceived changes in the underlying economic characteristics of the investee, the relative price of alternative investments and general market conditions.

Sensitivity Analysis

The following information summarizes the estimated effect of a hypothetical 5% increase and a 5% (2019: 5%) decrease in PSX Index. The selected hypothetical change does not reflect, what could be considered to be best or worst case scenarios. The analysis assumes that all other variables remain constant.

	Amount	
	5% Increase	5% Decrease
	Rupees	Rupees
As at June 30, 2020		
Changes in Fair Value of Investment	19,963	19,963
As at June 30, 2019		
Changes in Fair Value of Investment	15,507	15,507

28.2.2 Foreign Currency Risk

Foreign currency risk is the risk that the value of a financial asset or a liability will fluctuate due to a change in foreign exchange rate. It arises mainly where receivables and payables exist due to transactions entered into foreign currencies. The company's revenue streams include amounts in foreign currencies, hence it can experience adverse or beneficial effects arising from foreign exchange rate movements.

The following shows sensitivity of financial liabilities and expenses to a reasonable possible change in the foreign exchange rate:

	Profit and (Loss)	
	1% Increase	1% Decrease
	Rupees	Rupees
As at June 30, 2020		
Cash Flow Sensitivity - Foreign Debtors	3,182	3,182
As at June 30, 2019		
Cash Flow Sensitivity - Foreign Debtors	325,595	325,595

28.3 Liquidity Risk

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. The company believes that it is not exposed to any significant level of liquidity risk, as support is available from the directors and associated undertakings.

30-06-2020 30-06-2019
Rupees Rupees

Remaining Contractual Maturities			
Payable on Demand	Payable within a year	Payable after one year	Total

----- Rupees -----

Non-Derivative Financial Liabilities as at June 30, 2020

Trade and Other Payables	87,291,938	33,130,292	-	120,422,230
Loan from Directors	11,133,719	-	-	11,133,719
	<u>98,425,657</u>	<u>33,130,292</u>	<u>-</u>	<u>131,555,949</u>

Non-Derivative Financial Liabilities as at June 30, 2019

Trade and Other Payables	131,809,499	43,187,403	-	174,996,902
Loan from Directors	122,547,522	-	-	122,547,522
	<u>254,357,021</u>	<u>43,187,403</u>	<u>-</u>	<u>297,544,424</u>

29. RELATED PARTY TRANSACTIONS

Related parties comprise of group companies (associates), directors, major shareholders, their close family members and key management personal. Transactions with related parties during the year, other than and including those which have been disclosed elsewhere in these financial statements, are given below:

<u>Name of Related Party</u>	<u>Nature of Transaction</u>		
Arino - Under Common Management	Sale of goods	9,647,053	7,785,417
	Rental Income	11,000	-
Branded Shop - Under Common Management	Rental Income	132,000	66,000
Finishers Ltd. - Under Common Management	Advance returned back	(44,517,561)	(2,780,880)
Rauf Alam - Director	Loan received / (Repaid)	(31,225,887)	4,660,000
Aftab Alam - Director	Loan received / (Repaid)	(58,494,424)	7,380,000
Faraz Alam - Director	Loan received / (Repaid)	(21,693,492)	9,885,332

30. FIGURES

Figures have been rounded off to the nearest rupee.

31. NUMBER OF EMPLOYEES

Total employees of the Company at year end	<u>20</u>	<u>17</u>
Average employees of the Company during the year	<u>17</u>	<u>17</u>

32. PLANT CAPACITY AND PRODUCTION

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

The reason for non-production is blockage of funds with Russia that rendered the Company in to the financial distress, as explained in Note Nos. 1 and 2.3.

33. DATE OF AUTHORIZATION

These financial statements were authorized for issue on September 24, 2020 by the Board of Directors of the Company.

SAEED ALAM

Chief Executive

RAUF ALAM

Director

MUHAMMAD ISMAIL

Chief Financial Officer

Dated: September 24, 2020

**Pattern of holding of the shares held
by the shareholders of Fateh Industries Limited
as at 30th June, 2020**

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	1.25%

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Form of Proxy

I/We _____ of _____
 being a member(s) of **Fateh Industries Limited** and holder of _____ Ordinary Shares
 hereby appoint Mr. / Mrs. / Miss _____ of _____ or failing him
 / her _____ of _____ as my / our proxy in my / our absence to
 attend and vote for me / us on my / our behalf at the 35th Annual General Meeting to be held on
Wednesday October 28, 2020 at 09:30 a.m. and / or at any adjournment thereof.

In witness thereof I/We have signed and set my / our hands seal thereon this _____ day of
 _____ 2020 in presence of _____

Signed this _____ day of _____ 2020

Folio No.	CDC Account No.	
	Participatne I.D.	Account No.

Signature on
Revenue Stamp

The Signature should
agree with the
specimen registered
with the Company

Important:

1. This Proxy Form, duly completed and signed, must be deposited at the registered office of the Company not less than 48 hours before the time of holding the meeting. A proxy must be a member of the Company.
2. If a member appoints more than one proxy and more than one instrument of proxies are deposited by a member with the Company, all such instruments of proxy shall be rendered invalid.
3. For CDC Account holders / Corporate Entities

In addition to the above the following requirements have to be met:

- Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be provided with the proxy form.
- The proxy shall produce his/her original CNIC or original passport at the time of the meeting.
- In case of corporate entity, the Board of Directors’ resolution / power of attorney with specimen signature shall be submitted alongwith proxy form to the company.

