

# **FINANCIAL STATEMENTS 2020**



**Fateh  
Sports Wear  
Limited**

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## Notice of Annual General Meeting

Notice is hereby given to the Members that the 37<sup>th</sup> Annual General Meeting of **FATEH SPORTS WEAR LIMITED** will be held on Wednesday, October 28, 2020 at 9:00 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 28<sup>th</sup> October, 2019.
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 Sports Wear Limited**

Hyderabad:  
October 5, 2020

**Ghous Muhammad Khan**  
Company Secretary

### NOTES:

1. The share transfer books of the Company will remain closed from 22<sup>nd</sup> to 28<sup>th</sup> 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 coronaviurs (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 alongiwth 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**

#### **CHIEF EXECUTIVE**

**Mr. Rauf Alam**

#### **CHAIRMAN**

Mr. Aftab Alam

#### **DIRECTORS**

Mr. Aftab Alam

Mr. Saeed 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. Saeed 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

Allied Bank of Pakistan Ltd.

#### **REGISTERED OFFICE**

442-Mirpurkhas Road, Hyderabad

Tel: (92-22) 3886263-67

Fax: (92-22) 3886268

Email: fswl@fateh1.com

Web: www.fatehsports.com

#### **PLANT**

Kali Mori

Hyderabad.

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## **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 Sports Wear 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 Sports Wear 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

### 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 Management of the Company intended to rent out the factory premises as Banquet or any other suitable proposition but unfortunately during the year it could not be materialized. However, Management of the company is hopeful to finalize the deal in near future when the business is normalized.

There were no sales recorded in the books of account during the financial year. However, Company incurred Operating Loss of Rs.19.54 million in respect of Depreciation, Utilities and Legal Fee paid to Lawyer to defend the Company's cases against the Russian Federation and Others in the Hon' able High Court of Sindh. Company earned income in respect of Sea Freight Compensation of Rs.38.96 million, Reversal of Provision of Rs.294.32 million and Loan and markup written bank of Allied Bank Limited for Rs.134.81 million. Board of Directors also approved Provision for Stock Obsolescence of Rs.6.13 million. Company earned Profit before Taxation of Rs.635.19 million whereas after taxation of Rs.1.91 million, Net Profit realized at Rs. 633.28 million. Earning per share is Rs. 316.64.

Consequent to the negotiations for recovery of stuck up funds from Russian Federation, an amount of USD 3,200,000 was placed at the disposal of the Company, out of which an amount of USD 1,200,000 (Rs.190,560,000) has been received during the year. The Management of the company also executed a settlement agreement with Allied Bank Limited through Sindh High Court to settle their all outstanding amount in lump sum of Rs.47.429 million. Subsequently ABL has issued Clearance Certificate in favour of the company.

#### 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)

	2014	2015	2016	2017	2018	2019	2020
Sales	35,800	23,363	0	0	0	0	0
Gross Profit / (Loss)	344	523	0	0	0	0	0
Selling & Administration Expenses	4,516	7,760	1,618	941	913	1,177	19,538
Profit/(Loss) before Taxation	153,767	(7,525)	(1,248)	(1,247)	(3,159)	(18,745)	635,191
Profit/(Loss) after Taxation	152,777	(7,716)	(1,248)	(1,247)	(3,159)	(18,745)	633,285
Authorized Capital	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Paid up Capital	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Shareholder's equity	(242,755)	(250,471)	(251,719)	(252,966)	(256,125)	(274,870)	358,415
Fixed Assets	16,003	15,160	14,402	13,721	13,108	12,292	11,823
Total Assets	48,872	44,053	41,750	39,925	37,382	19,579	379,493

- 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/debtors, 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.

#### **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: September 24, 2020

**RAUF ALAM**  
Chief Executive

**SAEED ALAM**  
Director

## ڈائریکٹرز رپورٹ

برائے اختتامی سال 30 جون 2020

فتح اسپورٹس ویئر 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۔ کمپنی کی انتظامیہ کی خواہش ہے کہ فیکٹری کی عمارت کو بطور بنکویٹ شادی ہال یا کسی اور ضیافت کے استعمال کے لیے کرائے پر دیا جائے مگر بد قسمتی سے دوران سال اس کو عملی شکل نہ مل سکی تاہم کاروباری سرگرمیاں معمول پر آنے پر کمپنی کی انتظامیہ مستقبل قریب میں کسی معاہدے کے ہونے کے بارے میں پر امید ہے۔

مالی سال کے دوران کمپنی کے کھاتوں میں کسی قسم کی فروخت ریکارڈ نہیں کی گئی تاہم سندھ ہائی کورٹ میں چلنے والے روس اور دیگر کیسوں میں کمپنی کا دفاع کرنے والے وکیل کی فیس اور دوسرے اخراجات کی مد میں 19.54 روپے کا ابتدائی نقصان ریکارڈ کیا گیا۔ دوران سال کمپنی کو سی فریٹ کمپنیشن کی مد میں 38.96 ملین تجارتی وصولی کی واپسی کی مد میں 294.32 ملین اور الائیڈ بینک لمیٹڈ کے واجب الادا قرضوں اور سود کی چھوٹ کی مد میں 134.81 ملین کا منافع ہوا۔ بورڈ آف ڈائریکٹرز نے 6.13 ملین کے اسٹاک کے تدارک کی منظوری بھی دی جس کے بعد قبل از ٹیکس منافع 635.19 ملین روپے جبکہ بعد از ٹیکس منافع 633.28 ملین ریکارڈ کیا گیا ہے۔ مکمل وسیع منافع 633.28 ملین روپے رہا جبکہ بنیادی آمدنی فی شیئر 316.64 روپے ریکارڈ کی گئی۔

روس میں پھنسے ہوئے فنڈز کی وصولی کے لیے ہونے والے معاہدے کے نتیجے میں حکومت پاکستان نے کمپنی کے نام پر 3,200,000 ڈالر کے اجراء کی منظوری دے دی ہے جس میں سے کمپنی نے دوران سال 1,200,000/- ڈالر یعنی 190,560,000/- روپے وصول کر لئے ہیں۔ کمپنی کی انتظامیہ نے الائیڈ بینک لمیٹڈ کے ساتھ سندھ ہائی کورٹ کے توسط سے ایک معاہدہ کیا جسکی رو سے کمپنی نے اپنی تمام واجب الادا رقم بمحسود کے 47.429 ملین روپوں کے عوض ختم کرائی جس کے بعد بینک نے کمپنی کے حق میں کلیرنس سرٹیفکیٹ بھی جاری کر دیا۔

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

اختتامی سال جون 2020 کے لئے لیکچر 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 ردوبدل 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 چار 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	4
جناب آفتاب عالم	4
جناب سعید عالم	4
جناب فراز عالم	4
جناب اشہر عالم	4
جناب انیک عالم	4
جناب جمال عالم	4

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 اور 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۔

#### آڈیٹرز کی تقرری:

موجودہ آڈیٹرز میسرز گلارکسن ہائیڈروسعود 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۔

سعید عالم

ڈائریکٹر

رؤف عالم

چیف ایگزیکٹو

حیدرآباد: 24 ستمبر 2020

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

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

The Company has complied with the requirements of with Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) in the following manner:

1. The Total number of directors are seven (07) as per the following:
  - a) Male: 07
  - b) Female: Nil - Appointment is due in next election that will be held in 2021.
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. Aneek Alam & Mr. Jamal Alam
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. Saeed 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: 05 Meetings
  - a) HR & Remuneration Committee: 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, 8, 27, 32, 33 and 36 of the Regulations have been complied with.

**Dated: September 24, 2020**

**RAUF ALAM**  
Chief Executive

**SAEED ALAM**  
Director

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**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 Sports Wear 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.

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

**Clarkson Hyde Saud Ansari**  
CHARTERED ACCOUNTANTS  
Engagement Partner – Saud Ansari

KARACHI:  
DATED: September 24, 2020

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**INDEPENDENT AUDITOR'S REPORT**

To the members of: **FATEH SPORTS WEAR LIMITED**

**Report on the Audit of the Financial Statements*****Qualified Opinion***

We have audited the annexed financial statements of **FATEH SPORTS WEAR 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 matter 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.

Balance confirmations from three banks having total book balance of Rs.39,186 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 operations of the Company had remained closed for a long time and have not yet been commenced. 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.

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**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 delink age 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>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"> <li>• We reviewed the related legal orders to understand the nature of the matter.</li> <li>• 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.</li> <li>• We referred to the Board Resolutions for the allocation of funds between the Company and Fateh Industries Limited, an associated Company.</li> </ul>

	<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</p> <p>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 USD 3,200,000 was placed at the disposal of the Company, out of which an amount of USD 1,200,000 (Rs.190,560,000) including sea freight compensation has been received during the year. Thus the Company has been able to earn a net profit of Rs.633,284,914/- which wiped off the accumulated losses and resulted in a healthy current ratio in comparison to the previous year. The management is considering to restart the operations viably a new.</p>	<ul style="list-style-type: none"> <li>• We verified the receipt of money with related bank documents.</li> <li>• We also checked calculation of the realized foreign exchange gain on these receivables.</li> </ul>
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### ***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 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.

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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 in equity and the statement of cash flows together with notes thereon have been drawn up in conformity with the Companies Act, 2017 and 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
<b>NON CURRENT ASSETS</b>			
Property, Plant and Equipment	4	11,823,440	12,291,946
<b>CURRENT ASSETS</b>			
Stores, Spare and Loose Tools	5	0	0
Stock-in-Trade	6	0	6,134,237
Trade Receivables	7	336,500,000	0
Advances, Deposits and Prepayments	8	1,134,765	1,065,968
Other Receivables	9	0	0
Cash and Bank Balances	10	30,034,565	87,016
		<b>367,669,330</b>	<b>7,287,221</b>
		<b>379,492,770</b>	<b>19,579,167</b>
<b>SHARE CAPITAL AND RESERVES</b>			
Share Capital	11	20,000,000	20,000,000
<b>Revenue Reserve</b>			
General reserve		53,500,000	53,500,000
Unappropriated Profit / (Accumulated Loss)		284,915,031	(348,369,883)
		<b>358,415,031</b>	<b>(274,869,883)</b>
<b>CURRENT LIABILITIES</b>			
Trade and Other Payables	12	5,207,336	15,452,188
Accrued Mark up on Loans	13	0	132,380,182
Loan from Bank	14	0	49,856,842
Loan from Directors	15	15,757,012	96,646,447
Provision for Taxation	16	113,391	113,391
		<b>21,077,739</b>	<b>294,449,050</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	17		
		<b>379,492,770</b>	<b>19,579,167</b>

The annexed notes form an integral part of these financial statements

Dated: September 24, 2020

**RAUF ALAM**  
Chief Executive

**SAEED ALAM**  
Director

**MUHAMMAD ISMAIL**  
Chief Financial Officer

## Statement of Profit or Loss

For the year ended June 30, 2020

	<b>NOTE NO.</b>	<b>30-06-2020 Rupees</b>	<b>30-06-2019 Rupees</b>
Sales		0	0
Less: Cost of Sales		0	0
<b>Gross Profit</b>		<b>0</b>	<b>0</b>
Less: Administration Expense	<b>18</b>	<b>19,537,683</b>	1,176,596
<b>Operating Loss</b>		<b>(19,537,683)</b>	<b>(1,176,596)</b>
Other Income	<b>20</b>	<b>468,083,234</b>	0
Foreign Exchange Gain		<b>193,784,525</b>	0
		<b>642,330,076</b>	<b>(1,176,596)</b>
Financial expenses - Bank Charges		<b>(477,877)</b>	(312)
Other Charges	<b>21</b>	<b>(6,661,685)</b>	(17,567,896)
<b>Profit / (Loss) Before Taxation</b>		<b>635,190,514</b>	<b>(18,744,804)</b>
<b>Taxation</b>	<b>22</b>	<b>1,905,600</b>	0
<b>Net Profit/(Loss) For the Year</b>		<b>633,284,914</b>	<b>(18,744,804)</b>
Earning / (Loss) per share	<b>23</b>	<b>316.64</b>	(9.37)

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

**RAUF ALAM**  
Chief Executive

**SAEED ALAM**  
Director

**MUHAMMAD ISMAIL**  
Chief Financial Officer

Dated: September 24, 2020

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**Statement of Comprehensive Income**

For the year ended June 30, 2020

	<u>30-06-2020</u> Rupees	<u>30-06-2019</u> Rupees
<b>Net Profit / (Loss) for the year</b>	<b>633,284,914</b>	(18,744,804)
<b>Other Comprehensive Income / (Loss)</b>		
<b>Total Comprehensive Income/(Loss) for the year</b>	<u><b>633,284,914</b></u>	<u>(18,744,804)</u>

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

**Dated: September 24, 2020**

**RAUF ALAM**  
Chief Executive

**SAEED ALAM**  
Director

**MUHAMMAD ISMAIL**  
Chief Financial Officer

## Statement Cash Flows

For the year ended June 30, 2020

	<b>30-06-2020</b>	30-06-2019
	<b>Rupees</b>	Rupees
<b>Cash flow from Operating Activities</b>		
Profit / (Loss) before taxation	<b>635,190,514</b>	(18,744,804)
Adjustments for:		
Depreciation	<b>468,506</b>	521,057
Provision for Expected Credit Losses	<b>(294,319,208)</b>	17,027,195
Provision of Stock Obsolescence	<b>6,134,237</b>	0
Loss on Disposal of Assets	<b>0</b>	230,701
Loan form bank written back	<b>(132,380,182)</b>	0
Bank mark up written bank	<b>(2,427,577)</b>	0
Foreign Exchange Gain	<b>(193,784,525)</b>	0
<b>Operating Profit/(Loss) before working capital changes</b>	<b>18,881,765</b>	(965,851)
<b>(Increase) /Decrease in Operating Assets</b>		
Trade Receivables	<b>(42,180,792)</b>	0
Other Receivables	<b>0</b>	0
	<b>(23,299,027)</b>	(965,851)
<b>Increase /(Decrease) in Operating Liabilities</b>		
Trade and Other Payables	<b>(10,244,852)</b>	(318,239)
<b>Cash generated from/(used in) operations</b>	<b>(33,543,879)</b>	(1,284,090)
Income Taxes paid	<b>(1,974,397)</b>	(25,295)
Foreign Exchange Gain	<b>193,784,525</b>	0
<b>Net Cash from/(used in) Operating Activities</b>	<b>158,266,249</b>	(1,309,385)
<b>Cash From Investing Activities</b>		
Sale Proceeds from some items Property, Plant and Equipments	<b>0</b>	<b>64,500</b>
Addition to Property, Plant and Equipments	<b>0</b>	0
	<b>0</b>	64,500
<b>Cash From Financing Activities</b>		
Loan from Directors (Repaid) / Received	<b>(80,889,435)</b>	1,260,573
Loan from Bank Repaid	<b>(47,429,265)</b>	0
<b>Net Cash from/(used in) Financing Activities</b>	<b>(128,318,700)</b>	1,260,573
Net Increase/(Decrease) cash and cash equivalents	<b>29,947,549</b>	15,688
Cash and Cash equivalents at the beginning of the year	<b>87,016</b>	71,328
<b>Cash and cash equivalents at the end of the year</b>	<b>30,034,565</b>	87,016

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

Dated: September 24, 2020

**RAUF ALAM**  
Chief Executive

**SAEED ALAM**  
Director

**MUHAMMAD ISMAIL**  
Chief Financial Officer

## Statement of Changes in Equity

For the year ended June 30, 2020

	Issued Subscribed & Paid up Capital	General Reserve Revenue	Unappropriated Profit/ Accumulated (Loss)	Total
	-----Rupees-----			
<b>Balance as at July 1, 2018</b>	<b>20,000,000</b>	<b>53,500,000</b>	<b>(329,625,079)</b>	<b>(256,125,079)</b>
Net Loss for the Year	0	0	(18,744,804)	(18,744,804)
Other comprehensive income for the year	0	0	0	0
	0	0	(18,744,804)	(18,744,804)
<b>Balance as at June 30, 2019</b>	<b>20,000,000</b>	<b>53,500,000</b>	<b>(348,369,883)</b>	<b>(274,869,883)</b>
Net Profit for the Year	0	0	633,284,914	633,284,914
Other comprehensive income for the year	0	0	0	0
	0	0	633,284,914	633,284,914
<b>Balance as at June 30, 2020</b>	<b>20,000,000</b>	<b>53,500,000</b>	<b>284,915,031</b>	<b>358,415,031</b>

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

**RAUF ALAM**

Chief Executive

Dated: September 24, 2020

**SAEED ALAM**

Director

**MUHAMMAD ISMAIL**

Chief Financial Officer

## Notes to the Financial Statements

### For the year ended June 30, 2020

#### 1 CORPORATE AND GENERAL INFORMATION

The company was incorporated on **May 20, 1984**, 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 ready-made garments for selling them locally as well as exporting.

The manufacturing activities had remained suspended since 2003. The manufacturing activities were commenced during the year 2013 for supplying goods to local and foreign customers, but due to scarce financial resources the operations were not viable, hence operations were closed in March 2015. The core reason for non-production is blockage of funds with Russia at 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.

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

- The Registered office is situated at 442, Mirpurkhas Road, Hyderabad.
- Factory is situated at Kali Mori, 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 2015, due to the reasons as stated in Note No.1.

##### *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 the Federation, an amount of USD 3,200,000 ) was placed at the disposal of the Company, out of which an amount of USD 1,200,000 (Rs.190,560,000) including sea freight compensation has been received during the year.

Thus the Company has been able to generate net positive cash flows of Rs.158,266,249 from operations and provision for expected credit losses amounting to Rs. 294.3 million has been reversed. The unappropriated profit as on the closing date stands at Rs.285 million in contrast to accumulated loss of Rs.348.4 million and the current ratio also stand at 17.57 in comparison to (0.024), respectively for the previous year. The management is 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.

Since operations have not yet been commenced, 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. More over as stated above the operations of the Company are already suspended, hence the pandemic does not have an effect on the operations. The management expects that as normalcy comes about the market situation will be normalised and 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.



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 liabilities designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to the Company's own credit risk to be presented in other comprehensive income (unless it would create an accounting mismatch). Hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the Company. Impairment requirements use an 'expected credit loss' ('ECL') model to recognize an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected 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 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.

#### **3.4.2 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.

#### **3.4.3 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. In this case the tax is also recognized in other comprehensive income or directly in equity, respectively.

#### ***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.

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### *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 subsequent received that are subject to the constraining principle are initially recognized as deferred revenue in the form of a se Credit risk is presented separately as an expense rather than adjusted against revenue. Customer acquisition costs an contract can, subject to certain criteria, be capitalized as an asset and amortized over the contract period.

### **3.3 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
	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 - Freehold	7,624,853	-	7,624,853	-	-	-	-	7,624,853
Factory Building (on lease hold)	15,697,192	-	15,697,192	10	15,111,616	58,558	15,170,174	527,018
Plant & Machinery	35,362,937	-	35,362,937	10	33,249,651	211,329	33,460,980	1,901,957
Air Conditioning Plant	9,212,616	-	9,212,616	10	8,684,925	52,769	8,737,694	474,922
Tools & Equipments	459,986	-	459,986	10	434,481	2,551	437,032	22,954
Furniture & Fixture	2,743,952	-	2,743,952	10	2,624,383	11,957	2,636,340	107,612
Office Equipment	397,803	-	397,803	10	368,180	2,962	371,142	26,661
Computers	1,484,872	-	1,484,872	20	1,351,356	13,352	1,364,708	120,164
Electric Fittings	13,494,122	-	13,494,122	10	12,386,525	110,760	12,497,285	996,837
Vehicles	3,641,836	-	3,641,836	10	3,623,893	3,589	3,627,482	14,354
Arms	187,258	-	187,258	10	180,471	679	181,150	6,108
	<b>90,307,427</b>	-	<b>90,307,427</b>		<b>78,015,481</b>	<b>468,506</b>	<b>78,483,987</b>	<b>11,823,440</b>

*for the year ended June 30, 2019*

PARTICULARS	COST / REVALUATION				DEPRECIATION			W.D.V As At 30-06-19
	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 - Freehold	7,624,853	-	7,624,853	-	-	-	-	7,624,853
Factory Building (on lease hold)	15,697,192	-	15,697,192	10	15,046,552	65,064	15,111,616	585,576
Plant & Machinery	35,362,937	-	35,362,937	10	33,014,841	234,810	33,249,651	2,113,286
Air Conditioning Plant	9,212,616	-	9,212,616	10	8,626,293	58,632	8,684,925	527,691
Tools & Equipments	1,438,043	(978,057)	459,986	10	1,341,018 (909,371)	2,834	434,481	25,505
Furniture & Fixture	4,411,125	(1,667,173)	2,743,952	10	4,180,239 (1,569,141)	13,285	2,624,383	119,569
Office Equipment	771,740	(373,937)	397,803	10	704,336 (339,447)	3,291	368,180	29,623
Computers	1,638,972	(154,100)	1,484,872	20	1,475,428 (138,907)	14,835	1,351,356	133,516
Electric Fittings	14,327,262	(833,140)	13,494,122	10	13,017,917 (754,458)	123,066	12,386,525	1,107,597
Vehicles	3,851,681	(209,815)	3,641,866	10	3,829,134 (209,727)	4,486	3,623,893	17,943
Arms	187,258	-	187,258	10	179,717	754	180,471	6,787
	<b>94,523,679</b>	<b>(4,216,222)</b>	<b>90,307,427</b>		<b>77,494,424</b>	<b>521,057</b>	<b>78,015,481</b>	<b>12,291,946</b>

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

<u>Location</u>	<u>Usage of immovable property</u>	<u>Total Area</u>
Plot Survey Nos. 15, 17 and 18 Ward-A, Government College Road, Near Phuleli Lake, Kali Mori, Hyderabad Sindh	Production facility	7139 sq.yds
Plot Survey Nos. 35, 36, 267, 373 and 453 Deh Nareja, Tapo Giddu Bandar, Latifabad Hyderabad, Sindh.	Open plot	10 Acres & 28 Ghuntas

**Allocation of Depreciation:**

	<b>2020 Rupees</b>	2019 Rupees
Cost of Sales	<b>0</b>	0
Administrative Expenses	<b>468,506</b>	521,057
	<b>468,506</b>	521,057

	<b>30-06-2020</b>	30-06-2019
	<b>Rupees</b>	Rupees
<b>5. STORES, SPARES AND LOOSE TOOLS</b>		
Stores	<b>2,317,712</b>	2,317,712
Spares and loose tools	<b>8,466,020</b>	8,466,020
	<b>10,783,732</b>	10,783,732
Less: Provision for Obsolescence	<b>(10,783,732)</b>	(10,783,732)
	<b>0</b>	0
<b>6. STOCK -IN-TRADE</b>		
Raw and Packing Material	<b>21,405,269</b>	21,405,269
Less: Provision for Obsolescence	<b>(21,405,269)</b>	15,271,032
	<b>0</b>	6,134,237
<b>7. TRADE RECEIVABLES</b>		
Foreign Debtors (Note No.7.1)	<b>1,934,393</b>	296,253,601
Foreign Debtors - Restrained by Court (Note No.7.2)	<b>336,500,000</b>	0
Domestic Debtors	<b>28,436</b>	28,436
	<b>338,462,829</b>	296,282,037
Less: Provisions for Expected Credit Losses (Note No.7.5)	<b>(1,962,829)</b>	(296,282,037)
	<b>336,500,000</b>	0
<b>7.1</b>	This represents Company's unconditional right to receive consideration for the supply of goods under contract with customers.	
<b>7.2</b>	As stated in Note Nos. 1 and 2.3 foreign debtors with Russia were blocked due to delinkage of the same with Russian Federation. The Foreign Exchange Adjudication Court, Karachi vide its judgement order dated 31.03.2011 had linked the settlement of E Forms with the realisation of export proceeds and claims of Pakistani Exporters from the Russian Federation Accounts in the name of Vinesheconombank with NBP. During the year 2013 the cases of realisation of export proceeds were reopened and orders were issued by the Honorable Foreign Exchange Adjudication Court, State Bank of Pakistan, Banking Services Corporation for realisation of export proceeds. The claim of the Company was settled for USD 3,200,000 and the Company received USD 1,200,000 during the year, but USD 2,000,000 ( Rs.336,500,000 ) were blocked vide a restraining order by the High Court of Sindh, in consequence of a suit filed by a family member of ex members/directors, claiming 33% share in the amount received, as explained in Note No.17. The amount of Rs.336,500,000 is considered good, as stated in Note No.17, hence no provision is made for expected credit loss.	
<b>7.3</b>	Foreign defaulting customers are as follows:	
	<b>USD</b>	Rupees
Alpha Garment Inc. New York, USA	<b>7,912</b>	829,262
Exe Jeans Czech Republic	<b>10,545</b>	1,105,131
	<b>18,457</b>	1,934,393
	The above customers are not related to the Company.	
<b>7.4</b>	The aging of trade receivables is as under:	
	<b>336,500,000</b>	1,934,393
upto 1 year and above	<b>1,962,829</b>	294,347,644
upto 5 year and above	<b>338,462,829</b>	296,282,037
<b>7.5</b>	Provision for Expected Credit Losses	
Opening Balance	<b>296,282,037</b>	296,282,037
Less: Reversed during the year	<b>(294,319,208)</b>	0
	<b>1,962,829</b>	296,282,037

	<b>30-06-2020</b>	30-06-2019
	<b>Rupees</b>	Rupees
<b>8. ADVANCES, DEPOSITS AND PREPAYMENTS</b>		
Income Tax	<b>1,122,865</b>	1,054,068
Advances	<b>11,900</b>	11,900
Security Deposits - Utilities	<b>161,123</b>	161,123
	<b>1,295,888</b>	1,227,091
Less: Provision for Expected Credit Losses	<b>(161,123)</b>	(161,123)
	<b>1,134,765</b>	1,065,968
<b>9. OTHER RECEIVABLES</b>		
Export Rebate Receivable	<b>17,027,195</b>	17,027,195
Less: Provision for Expected Credit Losses ( Note No. 9.1 )	<b>(17,027,195)</b>	(17,027,195)
	<b>0</b>	0
<b>9.1 Provision for Expected Credit Losses</b>		
Opening Balance	<b>17,027,195</b>	0
Add: Provided during the year	<b>0</b>	17,027,195
	<b>17,027,195</b>	17,027,195
<b>10. CASH AND BANK BALANCES</b>		
Cash in Hand	<b>4,308</b>	14,519
Cash at Bank	<b>30,030,257</b>	72,497
	<b>30,034,565</b>	87,016
<b>11. SHARE CAPITAL</b>		
<b>Authorized</b>		
5,000,000 ( 2019: 5,000,000 ) Shares of Rs. 10 each	<b>50,000,000</b>	50,000,000
<b>Issued, Subscribed and Paid up</b>		
50,000 ( 2019 : 50,000 ) Ordinary shares of Rs. 10 each issued as fully paid in cash	<b>500,000</b>	500,000
1,950,000 ( 2019 : 1,950,000 ) Ordinary shares of Rs. 10 each issued as fully paid bonus shares	<b>19,500,000</b>	19,500,000
	<b>20,000,000</b>	20,000,000
<b>Capital Management</b>		
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.		
<b>12. TRADE AND OTHER PAYABLES</b>		
Trade Creditors	<b>1,498,539</b>	9,588,923
Accrued Expenses	<b>1,577,363</b>	1,530,237
Due to Associated Undertakings	<b>0</b>	2,013,642
Workers' Welfare Fund	<b>152,448</b>	0
Other Payable	<b>1,978,986</b>	2,319,386
	<b>5,207,336</b>	15,452,188
<b>13. ACCRUED MARK UP ON LOANS</b>		
Accrued mark up on secured bank loans	<b>0</b>	132,380,182

	<b>30-06-2020</b>	30-06-2019
	<b>Rupees</b>	Rupees
<b>14. LOANS FROM BANK</b>		
Short Term Secured Loan - Allied Bank Limited	<b>0</b>	49,856,842
<b>15. LOAN FROM DIRECTORS</b>	<b>15,757,012</b>	96,646,447
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.		
<b>16. PROVISION FOR TAXATION</b>		
Opening Balance	<b>113,391</b>	113,391
Charge for the year	<b>1,905,600</b>	0
	<b>2,018,991</b>	113,391
Less: Advance Income Tax adjusted during the year	<b>(1,905,600)</b>	0
	<b>113,391</b>	<b>113,391</b>
<b>17. CONTINGENCIES AND COMMITMENTS.</b>		
A family member of former 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 3,200,000 ( Rs.527,060,000 ) and claiming 33% share in the said amount. The management of Company is vigorously pursuing the case and confident that the outcome of the case will be in favour of the Company. Therefore no liability has been provided against this claim.		
<b>18. ADMINISTRATION EXPENSES</b>		
Rent, rates and taxes	<b>18,198,794</b>	60,844
Fee and Subscription	<b>54,000</b>	206,056
Utilities	<b>816,383</b>	388,639
Depreciation	<b>468,506</b>	521,057
	<b>19,537,683</b>	1,176,596
<b>19. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND OTHER EXECUTIVES</b>		
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.		
<b>20. OTHER INCOME</b>		
Export Sea Freight compensation	<b>38,956,267</b>	0
Reversal of Provision for Expected Credit Losses	<b>294,319,208</b>	0
Loan from bank written back - Allied Bank Limited	<b>2,427,577</b>	0
Mark up written back - Allied Bank Limited	<b>132,380,182</b>	0
	<b>468,083,234</b>	0
<b>21. OTHER CHARGES</b>		
<i>Auditors' remuneration</i>		
Annual Audit Fee	<b>300,000</b>	250,000
Half Yearly Review	<b>75,000</b>	60,000
	<b>375,000</b>	310,000
Loss on disposal of assets	<b>0</b>	230,701
Workers' Welfare Fund	<b>152,448</b>	0
Provision for Stock Obsolescence	<b>6,134,237</b>	0
Provision for Expected Credit Losses	<b>0</b>	17,027,195
	<b>6,661,685</b>	17,567,896

	<b>30-06-2020</b>	30-06-2019		
	<b>Rupees</b>	Rupees		
<b>21.1 Loss on disposal of assets</b>				
Sale proceeds	0	64,500		
Cost of assets	0	4,216,252		
Less: Accumulated depreciation	0	3,921,051		
	0	295,201		
	0	230,701		
<b>22. TAXATION</b>				
Tax charge on foreign trade debtors realized	<b>1,905,600</b>	0		
<b>22.1 Deductible Temporary Differences, Unused Tax Loss and Tax credit for which no deferred Tax asset recognized</b>				
	<b>2020</b>	<b>Expiry</b>	<b>2019</b>	<b>Expiry</b>
	<b>Rupees</b>	<b>Date</b>	<b>Rupees</b>	<b>Date</b>
<b><u>Deductible Temporary Differences</u></b>				
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
	<b>12,581,666</b>		<b>37,884,445</b>	
<b><u>Unused Tax Losses</u></b>				
Trading Loss - 2016	500,715	30.06.2022	500,715	30.06.2022
Trading Loss - 2017	571,377	30.06.2023	571,377	30.06.2023
Trading Loss - 2018	611,847	30.06.2024	611,847	30.06.2024
Trading Loss - 2019	1,016,682	30.06.2025	1,016,682	30.06.2025
Unabsorbed Depreciation	17,094,734	No Expiry	16,810,612	No Expiry
	<b>19,795,355</b>		<b>19,511,233</b>	
<b>23. EARNINGS / (LOSS) PER SHARE</b>				
Net Profit / (loss) for the year			<b>633,284,914</b>	(18,744,804)
Number of shares outstanding during the year			<b>2,000,000</b>	2,000,000
Basic Earnings / (Loss) per share			<b>316.64</b>	(9.37)
There is no dilutive effect on the basis loss per share of the Company.				
<b>24. FINANCIAL INSTRUMENTS BY CATEGORY</b>				
<b><u>As at June 30, 2020</u></b>				
<b>Financial Assets</b>				
Trade Receivables	338,462,829	-	338,462,829	
Advances	173,023	-	173,023	
Other Receivables	-	-	-	
Cash at Bank	30,030,257	-	30,030,257	
	<b>368,666,109</b>	-	<b>368,666,109</b>	
<b>Financial Liabilities</b>				
Trade and Other Payables	5,207,336	-	5,207,336	
Loan from Directors	15,757,012	-	15,757,012	
	<b>20,964,348</b>	-	<b>20,964,348</b>	

	<b>30-06-2020</b>	30-06-2019
	<b>Rupees</b>	Rupees
<b>As at June 30, 2019</b>		
<b>Financial Assets</b>		
Trade Receivables	296,282,037	296,282,037
Advances	173,023	173,023
Other Receivables	-	-
Cash at Bank	72,497	72,497
	<b>296,527,557</b>	<b>296,527,557</b>
<b>Financial Liabilities</b>		
Trade and Other Payables	15,452,188	15,452,188
Accrued Mark Up on Loan	132,380,182	132,380,182
Loan from Bank	49,856,842	49,856,842
Loan from Directors	96,646,447	96,646,447
	<b>294,335,659</b>	<b>294,335,659</b>

## 25. 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.

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

## 26. FINANCIAL RISK EXPOSURE AND RISK MANAGEMENT

### 26.1 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	<b>336,500,000</b>	0
Advances	<b>11,900</b>	11,900
Cash at Bank	<b>30,030,257</b>	72,497
	<b>366,542,157</b>	84,397

#### *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 not exposed to a concentration of credit risk currently.

#### *Quality of Financial Assets*

Trade receivables are due vide High Court's Orders. 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.

**30-06-2020**  
**Rupees**

30-06-2019  
Rupees

**26.2 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.

**26.2.1 Price Risk**

The Company is not exposed to market price risk.

**26.2.2 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:

<b>Profit and (Loss)</b>	
1% Increase	1% Decrease
Rupees	Rupees
<b>3,365,000</b>	<b>3,365,000</b>
<b>2,962,536</b>	<b>2,962,536</b>

**As at June 30, 2020**  
Cash Flow Sensitivity - Foreign Debtors

**As at June 30, 2019**  
Cash Flow Sensitivity - Foreign Debtors

**26.3 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. Following are the contractual maturities of financial liabilities:

<b>Remaining contractual Maturities</b>			
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	-	5,054,888	-	5,054,888
Loan from Directors	15,757,012	-	-	15,757,012
	<u>15,757,012</u>	<u>5,054,888</u>	<u>-</u>	<u>20,811,900</u>

**Non-Derivative Financial Liabilities as at June 30, 2019**

Trade and Other Payables	2,013,642	13,438,546	-	15,452,188
Accrued Mark Up on Loan	-	132,380,182	-	132,380,182
Loan from Bank	-	49,856,842	-	49,856,842
Loan from Directors	96,646,447	-	-	96,646,447
	<u>98,660,089</u>	<u>195,675,570</u>	<u>-</u>	<u>294,335,659</u>

	<b>30-06-2020</b>	30-06-2019
	<b>Rupees</b>	Rupees

## 27. 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:

<b><u>Name of Related Party</u></b>	<b><u>Nature of Transaction</u></b>		
Rauf Alam - Director	Loan received / (Repaid)	<u>(30,684,447)</u>	869,573
Saeed Alam - Director	Loan received / (Repaid)	<u>(50,204,988)</u>	<u>391,000</u>
Finishers Ltd - Under Common Management	Loan received / (Repaid)	<u>(2,013,642)</u>	<u>-</u>

## 28. FIGURES

Figures have been rounded off to the nearest rupee.

## 29. NUMBER OF EMPLOYEES

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

## 30. 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.

## 31. DATE OF AUTHORIZATION

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

**RAUF ALAM**

Chief Executive

**SAEED ALAM**

Director

**MUHAMMAD ISMAIL**

Chief Financial Officer

Dated: September 24, 2020

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

NO. OF SHAREHOLDERS	SHAREHOLDING				TOTAL SHARES HELD
41	From	1	To	100	2,859
46	From	101	To	500	13,654
12	From	501	To	1,000	9,922
8	From	1,001	To	5,000	15,819
4	From	5,001	To	10,000	26,840
3	From	10,001	To	15,000	36,710
1	From	15,001	To	20,000	15,175
1	From	20,001	To	25,000	23,003
1	From	35,001	To	40,000	38,340
1	From	45,001	To	50,000	45,300
1	From	50,001	To	55,000	53,270
1	From	150,001	To	155,000	151,047
1	From	210,001	To	215,000	210,025
1	From	225,001	To	230,000	225,175
1	From	265,001	To	270,000	266,715
1	From	270,001	To	275,000	274,950
1	From	290,001	To	295,000	294,261
1	From	295,001	To	300,000	296,935
<b>126</b>			<b>TOTAL</b>		<b>2,000,000</b>

S. NO.	CATEGORIES OF SHAREHOLDERS	NUMBERS	TOTAL SHARES HELD	PERCENTAGE
1.	Individuals	116	1,903,530	95.18%
2.	Mutual Fund	1	45,300	2.27%
3.	Joint Stock Companies	2	5,905	0.30%
4.	Financial Institutions	3	32,800	1.64%
5.	Investment Company	3	12,380	0.62%
6.	Others	1	85	0.00%
	<b>TOTAL</b>	<b>126</b>	<b>2,000,000</b>	<b>100.00%</b>

## CATEGORIES OF SHAREHOLDERS

S.No.	Name	No. of Shares	%
1.	<b>Associated Companies</b>		<b>Nil</b>
2.	<b>NIT / ICP (Name wise details)</b>		
	CDC Trustee - National Investment (Unit) Trust	45,300	
	Investment Corporation of Pakistan	680	
	National Bank of Pakistan - Trustee Department	5,200	
	<b>Total &gt;</b>	<b>51,180</b>	2.56%
3.	<b>Directors, CEO their spouses and minor children</b>		
	Mr. Rauf Alam	266,715	
	Mr. Aftab Alam	296,935	
	Mr. Saeed Alam	274,950	
	Mr. Faraz Alam	38,340	
	Mr. Ashhar Alam	15,175	
	Mr. Jamal Alam	14,610	
	Mr. Aneek Alam	11,050	
	Mrs. Seema Rauf	210,025	
	Mrs. Shabana Aftab	225,175	
	Mrs. Rana Saeed	294,261	
	Mr. Anhar Alam	11,050	
	<b>Total &gt;</b>	<b>1,658,286</b>	82.91%
4.	<b>Executive</b>		<b>Nil</b>
5.	<b>Public Sector Companies &amp; Corporation</b>		<b>Nil</b>
6.	<b>Banks,DFIs, NBFIs, Modarbas, Insurance Companies Mutual Funds &amp; Others</b>		
	National Bank of Pakistan	23,100	
	The Bank of Punjab	9,700	
	Pakistan Industrial Credit & Investment Corporation	6,500	
	Fateh Mohammad Akber	5,440	
	Fateh Textile Mills Limited	465	
	Abandoned Properties	85	
	<b>Total &gt;</b>	<b>45,290</b>	2.26%

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## Form of Proxy

I/We \_\_\_\_\_ of \_\_\_\_\_  
 being a member(s) of **Fateh Sports Wear 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 37<sup>th</sup> Annual General Meeting  
 to be held on **Wednesday October 28, 2020 at 09:00 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.

