



**Condensed  
Interim  
Financial**

**For the period ended  
December 31, 2023**

**Fateh Industries Limited**

442 Mirpurkhas Road, Hyderabad Pakistan

# Fateh Industries Limited

442, Mirpurkhas Road, Hyderabad

## BOARD'S REVIEW TO THE SHAREHOLDERS

The Directors of your Company present before you the Quarterly Accounts (2nd Quarter) Un-Audited Condensed Statement of Financial Position, Profit or Loss Account alongwith the Cash Flow Statement for the period ended December 31, 2023.

The Company has achieved sales of Rs.7.99 million whereas incurred Gross Loss of Rs.2.58 million in the half year under review. After Administration expenses of Rs.0.47 million, Other Income of Rs. 2.56 million and Exchange Gain of Rs.0.16 million, Company incurred Operating Loss of Rs.0.34 million. After Financial & other charges of Rs.0.08 million, Company incurred loss before taxation is Rs. 0.41 million. The accumulated losses stand at Rs. 110.00 million. Loss per share for the half year ended is Rs.0.21.

for and on behalf of the Board



**SAEED ALAM**

Chief Executive

Hyderabad: February 26, 2024

## Condensed Interim Statement of Financial Position

As at December 31, 2023  
(Un-Audited)

	Dec 31, 2023 Un-Audited	June 30, 2023 Audited
<b>Rupees</b>		
<b>Non-Current Assets</b>		
Property, Plant and Equipments	11,360,473	11,789,758
Investments	631,552	433,514
	<b>11,992,025</b>	<b>12,223,272</b>
<b>Current Assets</b>		
Inventories	23,176,891	23,139,701
Trade Receivables	33,172,967	31,053,512
Advances, Deposits and Prepayments	4,145,654	3,707,813
Cash and bank balances	969,884	463,358
	<b>61,465,396</b>	<b>58,364,384</b>
	<b>73,457,421</b>	<b>70,587,656</b>
<b>Share Capital and Reserves</b>		
Share Capital	20,000,000	20,000,000
<b>Capital Reserve</b>		
Investment revaluation reserve	613,985	415,947
<b>Revenue Reserve</b>		
Accumulated Loss	(110,000,316)	(109,586,766)
	<b>(89,386,331)</b>	<b>(89,170,819)</b>
<b>Non-Current Liabilities</b>		
Security Deposit from tenant	630,000	630,000
<b>Current Liabilities</b>		
Trade and Others Payables	129,849,613	130,069,336
Loan from Directors	32,364,139	29,059,139
Provision for Taxation	-	0
	<b>162,213,752</b>	<b>159,128,475</b>
<b>Contingencies and Commitments - Note No. 3</b>		
Total	<b>73,457,421</b>	<b>70,587,656</b>

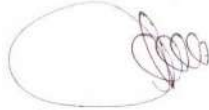
The annexed notes form an integral part of these condensed financial statements



**SAEED ALAM**

Chief Executive

Hyderabad: February 26, 2024



**RAUF ALAM**

Director



**MUHAMMAD ISMAIL**

Chief Financial Officer

## Condensed Interim Statement of Profit or Loss

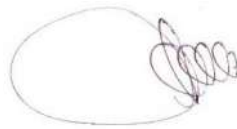
For the 2nd Quarter ended December 31, 2023  
(Un-Audited)

	<b>OCT-DEC 2023 RUPEES</b>	<b>JUL-DEC 2023 RUPEES</b>	OCT-DEC 2022 RUPEES	JUL-DEC 2022 RUPEES
Sales	3,849,225	7,991,061	3,395,650	7,771,200
Less: Cost of sales	6,602,059	10,575,360	3,607,007	7,344,691
<b>Gross (Loss) / Profit</b>	<b>(2,752,834)</b>	<b>(2,584,299)</b>	(211,357)	426,510
Less: Administration Expense	<b>215,293</b>	468,537	267,430	568,063
	<b>(2,968,127)</b>	<b>(3,052,836)</b>	(478,787)	(141,554)
Add: Other Income	1,288,500	2,557,800	313,800	493,800
Foreign Exchange Gain/(Loss)	724,718	159,266	(920,855)	(1,899,239)
Operating Loss	<b>(954,909)</b>	<b>(335,770)</b>	(1,085,842)	(1,546,993)
Less: Financial expenses	<b>2,203</b>	<b>2,780</b>	813	1,570
Other Charges	<b>75,000</b>	<b>75,000</b>	75,000	75,000
	<b>77,203</b>	<b>77,780</b>	75,813	76,570
<b>Loss before Taxation</b>	<b>(1,032,112)</b>	<b>(413,550)</b>	(1,161,655)	(1,623,563)
Taxation	<b>0</b>	<b>0</b>	0	0
<b>Net Loss after Taxation</b>	<b>(1,032,112)</b>	<b>(413,550)</b>	(1,161,655)	(1,623,563)

*The annexed notes form an integral part of these condensed financial statements*



**SAEED ALAM**  
Chief Executive  
Hyderabad: February 26, 2024



**RAUF ALAM**  
Director



**MUHAMMAD ISMAIL**  
Chief Financial Officer

## Condensed Interim Statement of Comprehensive Income

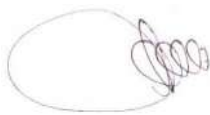
For the 2nd Quarter ended December 31, 2023  
(Un-Audited)

	<b>OCT-DEC 2023 RUPEES</b>	<b>JUL-DEC 2023 RUPEES</b>	OCT-DEC 2022 RUPEES	JUL-DEC 2022 RUPEES
Net Loss after taxation	<b>(1,032,112)</b>	<b>(413,550)</b>	(1,161,655)	(1,623,563)
<b>Other comprehensive income</b>				
Unrealized gain/(loss) on revaluation of investment - available for sale	<b>173,432</b>	<b>198,038</b>	(31,918)	(41,984)
<b>Total Comprehensive Loss for the Period</b>	<b><u>(858,680)</u></b>	<b><u>(215,512)</u></b>	<b><u>(1,193,573)</u></b>	<b><u>(1,665,547)</u></b>
Loss per share - Basic and diluted	(0.52)	(0.21)	(0.58)	(0.81)



**SAEED ALAM**

Chief Executive  
Hyderabad: February 26, 2024



**RAUF ALAM**

Director



**MUHAMMAD ISMAIL**

Chief Financial Officer


**Condensed Interim Statement of Cash Flows**  
**For the 2nd Quarter ended December 31, 2023**  
**(Un-Audited)**

	<b>31-12-2023</b>	31-12-2022
	<b>RUPEES</b>	RUPEES
<b>CASH FROM OPERATING ACTIVITIES</b>		
Loss before taxation	(413,550)	(1,623,563)
<b>Adjustment for:</b>		
Depreciation	429,285	482,283
Other Income/Dividend	(79,200)	(28,800)
Foreign Exchange Loss	(159,266)	1,899,239
Operating profit before working capital changes	(222,731)	729,159
<b>(Increase) / decrease in Operating Assets</b>		
Inventories	(37,190)	(1,801,785)
Trade Receivables	(2,119,455)	(4,812,305)
Advances, deposits and pre-payments	(150,782)	(208,187)
	(2,530,158)	(6,093,119)
<b>Increase/(Decrease) in Operating Liabilities</b>		
Trade and other payables	(219,723)	2,689,557
Cash used in operations	(2,749,881)	(3,403,562)
Tax deducted at source/paid	(287,059)	(132,000)
Foreign Exchange Loss	159,266	(1,899,239)
	(127,793)	(2,031,239)
<b>Net cash from / (used in) Operating Activities</b>	(2,877,674)	(5,434,801)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Other Income - Dividend	79,200	28,800
<b>Net cash from / (used in) Investing Activities</b>	79,200	28,800
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Increase in Loan from Directors	3,305,000	5,750,000
<b>Net cash from / (used in) Financing Activities</b>	3,305,000	5,750,000
Net Increased/(Decrease) in cash and cash equivalents	506,526	344,000
Cash and equivalent at the beginning of the period	463,358	573,535
<b>Cash and equivalent at the end of the period</b>	969,884	917,535



**SAEED ALAM**

Chief Executive



**RAUF ALAM**

Director



**MUHAMMAD ISMAIL**

Chief Financial Officer

Hyderabad: February 26, 2024

**Condensed Interim Statement of Changes in Equity**  
**For the 2nd Quarter ended December 31, 2023**

Amount in Rupees.

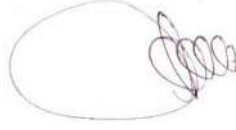
	<u>Share Capital</u>	<u>Surplus on Revaluation of Investment</u>	<u>Accumulated (Loss)</u>	<u>Total</u>
<b>Balance as on July 1, 2022</b>	<b>20,000,000</b>	<b>562,174</b>	<b>(103,940,601)</b>	<b>(83,378,427)</b>
Loss for the period	0	0	(1,623,563)	(1,623,563)
Other Comprehensive income for the period				
Unrealized gain on revaluation of investment	0	(41,984)	0	(41,984)
	0	(41,984)	(1,623,563)	(1,665,547)
<b>Balance as on December 31, 2022</b>	<b>20,000,000</b>	<b>520,190</b>	<b>(105,564,164)</b>	<b>(85,043,974)</b>
<b>Balance as on July 1, 2023</b>	<b>20,000,000</b>	<b>415,947</b>	<b>(109,586,766)</b>	<b>(89,170,819)</b>
Loss for the period	0	0	(413,550)	(413,550)
Other Comprehensive income for the period				
Unrealized gain on revaluation of investment	0	198,038	0	198,038
	0	198,038	(413,550)	(215,512)
<b>Balance as on December 31, 2023</b>	<b>20,000,000</b>	<b>613,985</b>	<b>(110,000,316)</b>	<b>(89,386,331)</b>



**SAEED ALAM**

Chief Executive

**Hyderabad: February 26, 2024**



**RAUF ALAM**

Director



**MUHAMMAD ISMAIL**

Chief Financial Officer

**FATEH INDUSTRIES LIMITED**  
**Notes to the condensed Interim Financial Statements**  
**For the 2nd Quarter ended December 31, 2023**

**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 Registered office is situated at 442, Mirpurkhas Road, Hyderabad.

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.

**2. BASIS OF PRESENTATION**

**2.1 Purpose of Issuance**

These condensed interim financial statements have been issued to the shareholders to comply with Section 237 of the Companies Act, 2017 are un-audited but subject to limited scope review by the external auditors as required by the Companies Act, 2017 and Code of Corporate Governance.

**2.2 Statement of Compliance**

These condensed interim financial statements have been prepared in accordance with the requirements of the International Accounting Standard 34 – “Interim Financial Reporting” and provisions of and directives issued under the Companies Act, 2017. In case where requirements differ, the provisions of or directives issued under the Companies Act, 2017 have been followed. These condensed interim financial statements do not include all of the information and disclosures required for annual financial statements, and should be read in conjunction with the financial statements of the Company as at and for the year ended June 30, 2022. These condensed interim financial statements are unaudited.

**2.3 Comparative Financial Information**

The comparative statement of financial position presented in these condensed interim financial statements has been extracted from the annual audited financial statements of the Company for the year ended June 30, 2023, whereas the comparative condensed interim profit or loss and other comprehensive income, condensed interim statement of changes in equity and condensed interim cash flow statement, are extracted from the unaudited condensed interim financial statements for the half year ended December 31, 2022.

**2.4 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.110.0 million and the current liabilities exceeds current assets by Rs. 100.75 million.

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

Foreign debtors with Russia were blocked due to delink age 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 a fresh speaking and final order on all legal and factual grounds and further directed 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 ended June 30, 2020.



**FATEH INDUSTRIES LIMITED**  
**Notes to the condensed Interim Financial Statements**  
For the 2nd Quarter ended December 31, 2023

Thus the Company has been able to generate net negative cash flows of Rs.2,877,674/- from operations and net loss of Rs.215,512/- during the period ended December 31, 2023, which increased accumulated losses. The management is considering to restart the operations viably a new. Although the plant is shut down, the Company has managed to produce shoes through hand labour and selling the same. 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.

**2.5 Accounting Policies**

The accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the audited financial statements for the year ended June 30, 2023.

**2.6 Accounting Estimates and Judgments**

Estimates and judgments made by management in the preparation of these condensed interim financial statements are the same as those that were applied to the audited annual financial statements of the Company as at and for the year ended June 30, 2023.

**2.7 Functional and Presentation Currency**

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

**3. CONTINGENCIES AND COMMITMENTS**

Contingencies reported in the annual audited financial statements for the year ended June 30, 2023 remain-unchanged.

**4. TAXATION**

No provision for current taxation has been made in these condensed interim financial statements.

**5. RELATED PARTY TRANSACTIONS**

Related parties comprise of group companies ( associates ), directors, major shareholders, their close family members and key management personnel. 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>	<u>31-Dec-23</u>	<u>31-Dec-22</u>
		<u>Rupees</u>	
Arino - Under Common Management	Sale of Goods	<b>7,991,061</b>	7,771,200
Arino - Under Common Management	Rental Income	<b>66,000</b>	66,000
Branded Shop - Under Common Management	Rental Income	<b>66,000</b>	66,000
Mr. Rauf Alam - Director	Loan Received	<b>2,010,000</b>	2,872,000
Mr. Aftab Alam - Director	Loan Received	<b>1,745,000</b>	550,000
Mr. Saeed Alam - Director	Loan (Paid) / Received	<b>(450,000)</b>	28,000
Mr. Faraz Alam - Director	Loan Received	-	2,300,000

**6. FIGURES**

Figures in these condensed interim financial statements have been rounded off to the nearest thousand rupees.

**7. DATE OF AUTHORISATION**

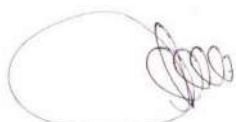
These condensed interim financial statements were authorized for issue on **February 26, 2024** by the Board of Directors of the Company.



**SAEED ALAM**

Chief Executive

Hyderabad: February 26, 2024



**RAUF ALAM**

Director



**MUHAMMAD ISMAIL**

Chief Financial Officer