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Notice of Annual General Meeting

Notice is hereby given to the Members that the 39th Annual General Meeting of **FATEH INDUSTRIES LIMITED** will be held on **Monday October 28, 2024 at 9:30 a.m.** at the Registered Office of the Company at Mirpurkhas Road, Hyderabad to transact the following business:-

1. To confirm the minutes of the last Annual General Meeting held on 27th November, 2023.
2. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended June 30, 2024, together with the Directors' and Auditors' Reports thereon.
3. To appoint Auditors and fix their remuneration for the year ending June 30, 2025.
4. To transact any other business with the permission of the Chair.

By order of the Board
for Fateh Industries Limited

Hyderabad:
October 7, 2024

Ghous Muhammad Khan
Company Secretary

NOTES:

1. The share transfer books of the Company will remain closed from 22nd to 28th October, 2024 (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. The shareholders who are interested to attend AGM through video conference, are hereby requested to get themselves registered with the Company's Head Office by providing their CNIC Number, Folio/CDC Account Number, Cell number and email ID for identification at the earliest but not later than 24 hours before the timing of AGM.
5. Members who wish to receive annual accounts via email are requested to submit the consent form available at Company's website duly filled in alongwith copy of her/his CNIC and any change in their address by writing to Registrar of the Company.
6. CDC account holders will further have to follow the guideline as laid down in Circular No.1 dated January 26, 2000 issued by the Securities & Exchange Commission of Pakistan.

Company Profile

CHAIRMAN

Mr. Aftab Alam

CHIEF EXECUTIVE OFFICER

Mr. Saeed Alam

BOARD OF DIRECTORS

Mr. Rauf Alam

Mr. Aftab Alam

Mr. Saeed Alam

Mr. Faraz Alam

Mr. Ashhar Alam

Mr. Jamal Alam

Mrs. Seema Rauf

COMPANY SECRETARY

Mr. Ghous Muhammad Khan

CHIEF FINANCIAL OFFICER

Mr. Muhammad Ismail

AUDIT COMMITTEE

Mr. Aftab Alam

Mr. Ashhar Alam

Mr. Faraz Alam

HR&R COMMITTEE

Mr. Faraz Alam

Mr. Ashhar Alam

Mr. Jamal Alam

EXTERNAL AUDITORS

M/s. Clarkson Hyde Saud Ansari

Office# 1501, 15th Floor, Ceasars Tower,
ST-10, Shakra-e-Faisal, Karachi.

SHARE REGISTRAR

M/s. F.D. Registrar Services (Pvt) Ltd.

Office# 1705, Saima Trade Tower-A, Karachi.

BANKERS

Askari Bank Limited

Bank AL-Habib Limited

Habib Bank Limited

REGISTERED OFFICE / PLANT

Plot # 442, Mirpurkhas Road, Hyderabad.

Tel: (92-22) 3886263-67

Fax: (92-22) 3886268

Email: fswl@fateh1.com

Web: www.fatehindustries.com

Chairman's Review Report

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

I have to give a review report on the Board of Directors' performance during the year ended June 30, 2024.

As required under the Listed Companies (Code of Corporate Governance) Regulations, 2019 an annual evaluation of the Board of Directors of **Fateh Industries Limited** is carried out. The purpose of this evaluation is to ensure that the Board's overall performance and effectiveness is measured and benchmarked against expectations in the context of objectives set for the Company. Areas where improvements are required are duly considered and action plans are framed and implemented.

Board's overall performance and effectiveness have been assessed as Satisfactory. Improvements are an ongoing process leading to action plans. The above overall assessment is based on an evaluation of integral components, including vision, mission, and values; engagement in strategic planning; formulation of policies; monitoring the organization's business activities; monitoring financial resource management; effective fiscal oversight; equitable treatment of all employees and efficiency in carrying out the Board's responsibility.

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 of Directors of the Company has already decided to delist the Company from Pakistan Stock Exchange (PSX) and a formal application has already been submitted to PSX. The matter is under consideration by the Exchange.

The Board shall continue to play a vital role in setting the direction of the Company and promoting its success. 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 26, 2024

Directors' Report to the Members

For the year ended June 30, 2024

The Board of Directors presents their report and financial statements of the Company alongwith Auditors' Report for the year ended June 30, 2024.

The financial year 2024 has been marked by ongoing economic challenges including high inflation, increased taxation, currency depreciation, political instability and geopolitical tensions. These factors have limited economic growth resulting, no export orders received during the year under review. However, Company has achieved local sales of Rs. 13.66 million as compared to Rs.16.49 million in the preceding year. The Gross Profit is realized at Rs.0.51 million whereas after Administration Expenses of Rs.1.27 million, Operating Loss is Rs.0.76 million. Company earned profit of Rs.4.08 million on account of rental and dividend income and profit of Rs.1.01 in respect of Exchange Gain. After Financial and other charges of Rs.5.56 million, Loss before Revenue Tax is Rs.1.23 million. Net Loss after Taxation carried forward to balance sheet is Rs. 1.93 million. Company incurred total comprehensive loss of Rs.1.55 million. Loss per share is Rs. 0.97. The Management of the Company has submitted de-listing application to Pakistan Stock Exchange and the matter is under consideration and hopefully will be resolved soon.

Dividend:

Considering the cash flow situation and accumulated losses, directors have not recommended any dividend for the year.

Future Outlook:

Pakistan is still in the midst of significant economic and political challenges. Persistently high inflation, very high interest rates and depleted foreign exchange reserves have significantly impacted the economic growth. Political and economic stability is needed to get the country out of crisis and to pave the way for future growth. Given all these challenges your Company remains focused on minimizing the negative impacts.

Principal Risks and Uncertainty :

The Company is exposed to certain inherent risks and uncertainties. However, we consider and work with internal and external stakeholders to mitigate the impacts of risk.

Material Changes affecting Financial Position:

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.

Corporate Social Responsibility :

The Management of the Company is well known of its corporate and social responsibility and will encourage social welfare project in future.

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, 2024** 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)

	2018	2019	2020	2021	2022	2023	2024
Sales	39,706	30,812	27,400	13,563	14,184	16,494	13,659
Gross Profit / (Loss)	3,136	2,057	1,982	1,382	696	542	512
Selling & Administration Expenses	5,018	4,505	5,902	4,660	1,358	1,243	1,269
Profit/(Loss) before Taxation	(3,441)	(10,140)	177,835	(4,019)	(3,913)	(5,439)	(1,233)
Net Profit/(Loss) after Taxation	(3,743)	(10,525)	175,710	(4,223)	(4,090)	5,646	(1,932)
Authorized Capital	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Paid up Capital	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Shareholder’s equity	(240,412)	(251,045)	(75,246)	(79,262)	(83,378)	(89,170)	(90,720)
Fixed Assets	17,998	16,440	15,061	13,839	12,754	11,789	10,931
Total Assets	56,424	46,914	57,082	53,520	60,603	70,587	67,101

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	03
7.	Mrs. Seema Rauf	01

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

Auditors’ Observation:

Auditor’s qualification regarding revaluation of fixed assets is under consideration as company policy for fixed assets is on cost module since inception. The company has sent the letters for balance confirmation and subsequently reminders to its trade creditors hence no reply has been received from their end. All goods are sold to related party on arm’s length price.

The accounts of the Company are prepared on going concern basis as the Management of the Company is committed to continue its financial support whenever needed.

Auditors:

The present Auditors **M/s. Clarkson Hyde Saud Ansari**, Chartered Accountants will retire at the conclusion of the Annual General Meeting. The retiring auditors M/s Clarkson Hyde Saud Ansari, Chartered Accountants offered themselves for reappointment. The Audit Committee and Board of Directors have recommended their reappointment as External Auditors of the Company for the year ending June 30, 2025.

Place: Hyderabad

Date: September 26, 2024

SAEED ALAM

Chief Executive

RAUF ALAM

Director

ڈائریکٹرز رپورٹ

برائے اختتامی سال 30 جون 2024

فتح انڈسٹریز لمیٹڈ

کمپنی کے بورڈ آف ڈائریکٹرز آپ کے سامنے 30 جون 2024 کو اختتام ہونے والے مالی سال کے لیے آڈٹ شدہ حسابات بشمول آڈیٹرز رپورٹ پیش کر رہے ہیں۔

مالی سال 2024 کو جاری اقتصادی چیلنجوں سے نشان زدہ کیا گیا ہے جس میں بلند افراط زر، ٹیکسوں میں اضافہ، کرنسی کی قدر میں کمی، سیاسی عدم استحکام اور جغرافیائی سیاسی تناؤ شامل ہیں۔ ان عوامل کی وجہ سے معاشی نمو محدود رہی جس کے نتیجے میں زیر جائزہ سال کے دوران کوئی برآمدی آرڈر موصول نہیں ہوئے۔ تاہم اس سال 13.66 ملین روپے کی مقامی فروخت ریکارڈ کی گئی ہے جبکہ سابقہ سال میں یہ فروخت 16.49 ملین روپے ریکارڈ کی گئی تھی۔ خام منافع 0.51 ملین روپے ریکارڈ کیا گیا جبکہ انتظامی اخراجات کی مد میں 1.27 ملین روپے خرچ کئے گئے۔ اس طرح ابتدائی نقصانات 0.76 ملین روپے رہے۔ دوران سال کمپنی کو کرائے اور ڈیویڈنڈ کی مد میں 4.08 ملین روپے وصول ہوئے جبکہ کرنسی تبادلے کی مد میں 1.01 ملین روپے کا منافع ہوا۔ 5.56 ملین کے مالیاتی اور دیگر اخراجات کے بعد ریونیو ٹیکس سے پہلے کا نقصان 1.23 ملین روپے ہے۔ خالص بعد از ٹیکس نقصان 1.93 ملین روپے بیننس شیٹ پر منتقل کیا گیا۔ مکمل وسیع نقصان 1.55 ملین روپے رہا جبکہ بنیادی نقصان فی شیئر 0.97 روپے ریکارڈ کیا گیا۔ کمپنی کی انتظامیہ نے پہلے ہی پاکستان اسٹاک ایکسچینج میں کمپنی کو ڈی۔ لسٹ کروانے کے لئے درخواست دے رکھی ہے اور یہ معاملہ اسٹاک ایکسچینج کے زیر غور ہے اور امید ہے جلد از جلد حل ہو جائے گا۔

ڈیویڈنڈ:

کیش فلو کی صورتحال اور جمع شدہ نقصانات کو مد نظر رکھتے ہوئے بورڈ آف ڈائریکٹرز نے اس مالی سال کے لئے کسی ڈیویڈنڈ کی سفارش نہیں کی ہے۔

مستقبل کا آؤٹ لک: پاکستان ابھی بھی اہم معاشی اور سیاسی چیلنجز سے دوچار ہے۔ مسلسل بلند افراط زر، بہت زیادہ شرح سود اور کم ہوتے زرمبادلہ نے شرح نمو کو متاثر کیا ہے۔ ملک کو معاشی بحران سے نکالنے کے لئے سیاسی استحکام ضروری ہے ان تمام چیلنجوں کے پیش نظر آئی کمپنی کی توجہ اگلے منفی اثرات کو کم کرنے پر مرکوز رہے گی۔

بنیادی خطرات اور غیر یقینی صورتحال: کمپنی بعض موردی خطرات اور غیر یقینی صورتحال سے دوچار ہے۔ تاہم، ہم خطرے کے اثرات کو کم کرنے کے لئے اندرونی اور بیرونی اسٹیک ہولڈرز پر غور کرتے ہیں اور ان کے ساتھ کام کرتے ہیں۔

مالیاتی پوزیشن کو متاثر کرنے والی مادی تبدیلیاں: مالی سال کے اختتام جس سے یہ مالیاتی بیانات متعلقہ ہیں اور ڈائریکٹرز کی رپورٹ کی تاریخ کے درمیان کمپنی کی مالی پوزیشن کو متاثر کرنے والی کوئی مادی تبدیلی اور وعدے نہیں ہوئے ہیں۔

کارپوریٹ سماجی ذمہ داری: کمپنی کی انتظامیہ اپنی کارپوریٹ اور سماجی ذمہ داری سے اچھی طرح واقف ہے اور مستقبل میں سماجی بہبود کے منصوبے کی حوصلہ افزائی کرے گی۔

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

اختتامی سال جون 2024 کے لئے لسٹڈ کمپنی 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 ماہر اندازہ دہندگان 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۔

آنے والے سالوں میں کمپنی کے کاروباری تسلسل پر کسی قسم کے ٹھوک و شبہات نہیں ہیں۔
 نظم و ضبط کے حوالے سے کوئی بھی مواد قانون کے خلاف نہیں ہے جس کی تفصیلات اسٹ 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 شمیرز میں کوئی تجارت نہیں کی ہے جس کا اندراج شمیر 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 فراس عالم	4
جناب اشہر عالم	4
جناب جمال عالم	3
محترمہ سیمارؤف	1

کمپنی کے شمیر ہولڈنگ کا طریقہ کار 30 جون 2024 کی رپورٹ کے ساتھ منسلک ہے۔
 مالیاتی اسٹیٹمنٹ میں درج کئے گئے ٹیکس کے علاوہ کمپنی پر ادائیگی 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 کے اثاثوں کا دوبارہ جائزہ لینے کی آڈیٹرز کی تجویز پر غور ہے جیسا کہ کمپنی کی پالیسی ابتدا سے cost module ہے۔ کمپنی کی طرف سے تمام 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۔ تمام تیار سامان کی فروخت ارینو (ریلیٹیو پارٹی) کو arm's length کی بنیاد پر کی گئی ہے۔

اس سال کے اکاؤنٹ بھی گونگ کنسرنڈ میں پر تیار کئے گئے ہیں کیونکہ انتظامیہ اپنے پچھلے موقف پر قائم ہے کہ جب کبھی بھی ضرورت پڑی انتظامیہ کمپنی کے مالی اخراجات کے لئے ہر ممکن مالی مدد جاری رکھے گی۔

آڈیٹرز کی تقرری:

موجودہ آڈیٹرز میسرز کلا رسن ہائیڈرسعودانصاری، چارٹرڈ اکاؤنٹنٹس سالانہ اجلاس عام کے اختتام کے فوری بعد سبکدوش ہو جائیں گے۔ سبکدوش ہونے والے آڈیٹرز میسرز کلا رسن ہائیڈرسعودانصاری چارٹرڈ اکاؤنٹنٹس نے خود کو دوبارہ تقرری کے لئے پیش کیا ہے۔ آڈٹ کمیٹی اور بعد ازاں بورڈ آف ڈائریکٹرز نے میسرز کلا رسن ہائیڈرسعودانصاری چارٹرڈ اکاؤنٹنٹس کو 30 جون 2025 کو ختم ہونے والے مالی سال کے لئے دوبارہ تقرری کی سفارش کی ہے۔

رؤف عالم
ڈائریکٹر

سعید عالم
چیف ایگزیکٹو

حیدرآباد: 26 ستمبر 2024

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

Name of Company: **Fateh Industries Limited**
 Year ending: **30th June, 2024**

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: 06
- b) Female: 01

2. The composition of board is as follows:

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

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company.

4. The company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.

5. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by board/ shareholders as empowered by the relevant provisions of the Act and these Regulations.

7. The meetings of the board were presided over by the Chief Executive and, in his absence, by a director elected by the board for this purpose. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.

8. The board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.

9. In accordance with the criteria specified in Regulations, four directors of the company are exempted from the requirement of director's training program.

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 constituted the Audit Committee comprising of members given below:

- a) Audit Committee: Mr. Aftab Alam, Mr. Faraz Alam and Mr. Ashhar Alam.
- b) HR & Remuneration Committee: Mr. Faraz Alam, Mr. Ashhar Alam and Mr. Jamal Alam.

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 3,7,8, 27, 32, 33 and 36 of the Regulations have been complied with.
19. Explanation for non-compliance with Regulation other than regulations 3, 7, 8, 27, 32, 33 and 36 are below:

S.No.	Requirement	Explanation
1	Independent Director Independent Director should be at least two or one third members of the Board.	The Management of the Company has applied for delisting of the Company from Pakistan Stock Exchange and the matter is under consideration of the Exchange.
2	Nomination Committee The Board may constitute a separate committee, designated as the nomination committee, of such number and class of directors, as it may deem appropriate in its circumstances.	Currently, the Board has not constituted a separate nomination committee and the functions are being performed by the human resource and remuneration committee
3	Risk Management Committee The Board may constitute the risk management committee, of such number and class of directors, as it may deem appropriate in its circumstances, to carry out a review of effectiveness of risk management procedures and present a report to the Board.	Currently, the Board has not constituted a risk management committee and senior officers of the Company perform the requisite functions and apprise the Board accordingly.

Hyderabad: September 26, 2024

SAEED ALAM
Chief Executive

RAUF ALAM
Director

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of: FATEH INDUSTRIES LIMITED

**Review Report on the Statement of Compliance contained in Listed Companies
(Code of Corporate Governance) Regulations, 2019**

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of **FATEH INDUSTRIES LIMITED** (the Company) for the year ended June 30, 2024 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.

Further, we highlight below instances of non-compliance with the requirements of the Regulations as reflected in paragraph 2 and 9 of the Statement of Compliance:

Independent Directors – As per Regulation No. 6 of the Regulations, which is mandatory, the independent directors should not be less than two or one third of the total number of the board of directors, whichever is higher. The Company has not appointed any independent director.

Directors' Training Program– Three directors out of seven have not acquired directors' training program certification as required by Regulation 19 of the Regulations, which is recommendatory. The other four directors are exempt from directors' training program.

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, 2024.

Clarkson Hyde Saud Ansari

Chartered Accountants

Engagement Partner – Saud Ansari

Karachi: September 26, 2024

UDIN: CR2024101499dNtYUlv0

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the annexed financial statements of **FATEH INDUSTRIES LIMITED** (the Company), which comprise the statement of financial position as at **June 30, 2024**, and the statement of profit or loss, the 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 and to the best of our information and according to the explanations given to us, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, and the statement of cash flows, together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2024 of the loss and the comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Qualified Opinion

The carrying value of property, plant and equipment as of the reporting date is Rs.10,931,187. As stated in Note No.1 to the financial statements, the operations of the Company have been closed since the year 2000. Therefore there is an indication that items of property, plant and equipment may have been impaired. The Company has not carried out an exercise to assess their fair value, we are therefore unable to obtain sufficient appropriate evidence about the carrying amount of property, plant and equipment, and to determine if impairment loss, if any is to be recognized.

During the year the company's sales of Rs. 13,659,272 represents sale of goods made to Arino, a related party. Note No.17 to the financial statements discloses that these sales have been made on an arm's length basis. We could not obtain sufficient appropriate evidence, as to whether these sales were made on an arm's length basis, therefore could not ensure the fairness of the amount reported for sales and adequacy of the related disclosures and under the applicable financial reporting framework.

We have been unable to receive balance confirmations for balances of trade creditors amounting to Rs.7,661,930 other payables amounting to Rs.4,662,249 and payable to others amounting to Rs.82,688,107 as disclosed in Note No.13 to the financial statements, hence these balances remained unverified.

The previous year's audit opinion on the financial statements was also qualified with respect to balances of trade creditors and payables to others, therefore our opinion on the current year's financial statements is also qualified because of the effects of this matter on the comparability of the current year's figures and the corresponding figures.

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.

Material Uncertainty relating to Going concern

We draw attention to Note 2.5 to the financial statements, which states that these financial statements have been prepared on going concern basis, yet there are factors which affect 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 is negative equity amounting to Rs.90.7 million and the current liabilities exceeds current assets by Rs.101.8 million. The aforesaid conditions indicate the existence of a material uncertainty which cast significant doubt about the company’s ability to continue as a going concern. Management’s plans and other mitigating factors to this matter have been discussed in Note 2.5 to the financial statements. Our opinion is not modified in respect of this matter.

Key Audit Matters

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 *Basis for Qualified Opinion* and *Material Uncertainty Related to Going Concern sections*, following are the key audit matters:

S.No.	Key Audit Matter	How the Matter was addressed in our Audit
1.	<p><u>Inventories</u></p> <p>The inventories constitutes 26.67% of the total assets of the Company. The inventories represent cost of raw and packing material. The cost of closing inventory is determined at moving average rate.</p> <p>We have identified this as a key audit matter, because the inventories are a significant portion of the Company’s total assets and requires management’s judgment in determining an appropriate costing basis and assessing its valuation.</p>	<p>Our audit procedures with respect to inventories included, but not limited to:</p> <ul style="list-style-type: none"> • We observed physical count at year end. Reviewed physical inventory count instructions and determined their appropriateness, and ensured that they are followed during the physical count. • We ensured that there were no items of finished goods present in inventory, as the Company has a practice to transfer the finished goods to the related party at the end of each day. Checked inventory cut off. • We checked stock register on sample basis and ensured that the moving average cost formula was correctly applied on receipts and issues. Traced prices to the purchase invoices. • We ensured valuation of inventory at the lower of cost or NRV in accordance with paragraph 32 of IAS-1.

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. As described in the Basis for Qualified Opinion section above, we have been unable to obtain sufficient appropriate evidence in respect of various matters. Accordingly, we are unable to conclude whether or not the other information is materially misstated with respect to those matters.

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

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

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

Report on Other Legal and Regulatory Requirements

Based on our audit, except for the matter described in *the Basis for Qualified Opinion* section above, we further report that in our opinion:

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

Other Matter

The prior year's financial statements were audited by another auditor who expressed a modified opinion on November 2, 2023.

The engagement partner on the audit resulting in this independent auditor's report is **SAUD ANSARI**

Clarkson Hyde Saud Ansari

Chartered Accountants

Date: September 26, 2024

UDIN: AR202410149ICKaFp7Hh

Statement of Financial Position as at June 30, 2024

	NOTE NO.	30-06-2024 Rupees	30-06-2023 Rupees
NON CURRENT ASSETS			
Property, Plant and Equipment	4	10,931,187	11,789,758
Investments	5	815,746	433,514
		11,746,933	12,223,272
CURRENT ASSETS			
Stores, Spare and Loose Tools	6	0	0
Inventories	7	17,889,152	23,139,701
Trade Receivables	8	33,552,406	31,053,512
Advances, Deposits and Prepayments	9	1,317,718	1,167,504
Income Tax Refundable		2,374,921	2,540,309
Other Receivables	10	0	0
Cash and Bank Balances	11	220,012	463,358
		55,354,209	58,364,384
		67,101,142	70,587,656
SHARE CAPITAL AND RESERVES			
Share Capital	12	20,000,000	20,000,000
Capital Reserve			
Investment Re-measurement Reserve		798,179	415,947
Revenue Reserve			
Accumulated Loss		(111,518,757)	(109,586,766)
		(90,720,578)	(89,170,819)
NON-CURRENT LIABILITIES			
Security Deposits from Tenant		630,000	630,000
CURRENT LIABILITIES			
Trade and Other Payables	13	123,890,006	130,069,336
Loan from Directors	14	33,301,714	29,059,139
Provision for Taxation	15	0	0
		157,191,720	159,128,475
CONTINGENCIES AND COMMITMENTS			
	16	67,101,142	70,587,656

The annexed notes form an integral part of these financial statements

Dated: September 26, 2024

SAEED ALAM
Chief Executive

RAUF ALAM
Director

MUHAMMAD ISMAIL
Chief Financial Officer

Statement of Profit or Loss

For the year ended June 30, 2024

	NOTE NO.	30-06-2024 Rupees	30-06-2023 Rupees
Sales	17	13,659,272	16,494,802
Less: Cost of Sales	18	13,147,754	15,952,785
Gross Profit		511,518	542,017
Less: Administration Expenses	19	1,269,282	1,243,037
Operating Loss		(757,764)	(701,020)
Other Income	21	4,078,740	3,062,220
Foreign Exchange Gain / (Loss)		1,007,439	(7,095,587)
		4,328,415	(4,734,387)
Financial Expenses - Bank Charges		(6,257)	(4,549)
Other Charges	22	(5,555,012)	(701,044)
(Loss) Before Revenue Tax		(1,232,854)	(5,439,980)
Revenue Tax	23	175,484	206,185
(Loss) Before Taxation		(1,408,338)	(5,646,165)
Taxation	24	523,653	0
Net (Loss) For the Year		(1,931,991)	(5,646,165)
(Loss) per share	25	(0.97)	(2.82)

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

SAEED ALAM
Chief Executive

RAUF ALAM
Director

MUHAMMAD ISMAIL
Chief Financial Officer

Dated: September 26, 2024

Statement of Comprehensive Income

For the year ended June 30, 2024

	30-06-2024	30-06-2023
	Rupees	Rupees
NET (LOSS) FOR THE YEAR	(1,931,991)	(5,646,165)
OTHER COMPREHENSIVE INCOME/(LOSS)		
<i>Items that may be subsequently reclassified to profit or loss</i>		
Unrealized Gain/(Loss) on Re-measurement of Investment	382,232	(146,227)
Total Comprehensive (Loss) for the year	(1,549,759)	(5,792,392)

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

Dated: September 26, 2024

SAEED ALAM
Chief Executive

RAUF ALAM
Director

MUHAMMAD ISMAIL
Chief Financial Officer

Statement of Cash Flows

For the year ended June 30, 2024

	30-06-2024 Rupees	30-06-2023 Rupees
Cash flow from Operating Activities		
Profit/(Loss) before RevenueTax	(1,232,854)	(5,439,980)
Adjustment for:		
Depreciation	858,571	964,565
Other Income - Dividends	(24,840)	(31,620)
Provision for Inventories Obsolescence	4,727,896	0
Provision for Expected Credit Losses	244,051	226,044
Foreign Exchange (Gain)/Loss	(1,007,439)	7,095,587
Operating Profit before working capital changes	3,565,385	2,814,596
(Increase) /Decrease in Operating Assets		
Stock in Trade	522,653	(3,854,687)
Trade Receivables	(2,742,945)	(6,568,223)
Advances, Deposits and Prepayments	(150,214)	(709,904)
Other Receivables	0	0
	1,194,879	(8,318,218)
Increase / (Decrease) in Operating Liabilities		
Trade and Other Payables	(5,171,891)	1,361,567
Cash generated from/(used in) operations	(3,977,012)	(6,956,651)
Income Taxes Paid	(533,749)	(505,146)
Net Cash (used in) Operating Activities	(4,510,761)	(7,461,797)
Cash From Investing Activities		
Receipt of Deposit from Tenant	0	0
Dividend Received	24,840	31,620
Net Cash from / (used in) Investing Activities	24,840	31,620
Cash From Financing Activities		
Loan from Directors	4,242,575	7,320,000
Net Cash from / (used in) Financing Activities	4,242,575	7,320,000
Net Increase / (Decrease) in cash and cash equivalents	(243,346)	(110,177)
Cash and Cash equivalents at the beginning of the year	463,358	573,535
Cash and cash equivalents at the end of the year	220,012	463,358

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

SAEED ALAM

Chief Executive

RAUF ALAM

Director

MUHAMMAD ISMAIL

Chief Financial Officer

Dated: September 26, 2024

Statement of Changes in Equity

For the year ended June 30, 2024

	Issued Subscribed & Paid up Capital	Investment Remeasurement Reserve	Accumulated Loss	Total
	-----Rupees-----			
Balance as at July 1, 2022	20,000,000	562,174	(103,940,601)	(83,378,427)
Net Loss for the Year	0	0	(5,646,165)	(5,646,165)
Other Comprehensive Loss for the year	0	(146,227)	0	(146,227)
Balance as at June 30, 2023	20,000,000	415,947	(109,586,766)	(89,170,819)
Net Loss for the Year	0	0	(1,931,991)	(1,931,991)
Other Comprehensive Loss for the year	0	382,232	0	382,232
Balance as at June 30, 2024	20,000,000	798,179	(111,518,757)	(90,720,578)

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

SAEED ALAM

Chief Executive

Dated: September 26, 2024

RAUF ALAM

Director

MUHAMMAD ISMAIL

Chief Financial Officer

Notes to the Financial Statements

For the year ended June 30, 2024

FATEH INDUSTRIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

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 was to manufacture and sale of footwear of all kinds.

The Company applied for delisting to the Pakistan Stock Exchange Limited, for which formal application was submitted to the Exchange in March, 2021. The application is still under process with the Exchange.

The manufacturing activities had remained suspended since 1999-2000. The core reason for non-production was 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. Although the blocked funds have been received few years back, yet the manufacturing activities could not be resumed due to various constraints. The company had also started business of wastage wool as alternative business since 2011, which has also been suspended for few years. The manufacturing activities has partially commenced since 2013, the Company is manufacturing shoes for making sales to a related party namely M/S Arino.

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

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

2 BASIS OF PRESENTATION

2.1 Statement of Compliance

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

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

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 New standards, interpretations and amendments to published approved accounting standards that are effective in the current year

Following accounting standards, interpretations and amendments to published approved accounting standards are mandatory for the Company's financial reporting which became effective for the current year:

IAS 1 Classification of liabilities as current or non current

Effective date: January 1, 2023

Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. As part of this amendments, the requirement for a right to be unconditional has been removed and instead, the amendments requires that a right to defer settlement must have substance and exist at the end of the reporting period. This right may be subject to a company complying with conditions (covenants) specified in a loan arrangement. At October 31, 2022, after considering certain aspects of the amendments, the IASB reconfirmed that only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non current. Covenants with which the company must comply after the reporting date (i.e. future covenants) do not affect a liability's classification at that date. However, when non-current liabilities are subject to future covenants, companies will now need to disclose information to help users understand the risk that those liabilities could become repayable within 12 months of the reporting date.

IAS 1 Disclosure of accounting policies

Effective date: January 1, 2023

The International Accounting Standards Board (the Board) has issued these amendments to end diversity in treatment of accounting estimates and clarified how companies should distinguish changes in accounting policies from changes in accounting estimates, with a primary focus on the definition of and clarifications on accounting estimates. Developing an accounting estimate includes both selecting a measurement technique (estimation or valuation technique) – e.g. an estimation technique used to measure a loss allowance for expected credit losses when applying IFRS 9 Financial Instruments; and – choosing the inputs to be used when applying the chosen measurement technique – e.g. the expected cash outflows for determining a provision for warranty obligations when applying IAS 37 Provisions, Contingent Liabilities and Contingent Assets. The effects of changes in such inputs or measurement techniques are changes in accounting estimates.

IAS 8 Definition of accounting estimates

Effective date: January 1, 2023

The International Accounting Standards Board (the Board) has issued these amendments to end diversity in treatment of accounting estimates and clarified how companies should distinguish changes in accounting policies from changes in accounting estimates, with a primary focus on the definition of and clarifications on accounting estimates. Developing an accounting estimate includes both selecting a measurement technique (estimation or valuation technique) – e.g. an estimation technique used to measure a loss allowance for expected credit losses when applying IFRS 9 Financial Instruments; and – choosing the inputs to be used when applying the chosen measurement technique – e.g. the expected cash outflows for determining a provision for warranty obligations when applying IAS 37 Provisions, Contingent Liabilities and Contingent Assets. The effects of changes in such inputs or measurement techniques are changes in accounting estimates.

IAS 12 Deferred Tax

Effective date: January 1, 2023

The amendments narrow the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognize a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision.

2.3 Standards and amendments to approved published standards that are effective and not considered relevant to the Company

There are standards and amendments to published standards that are mandatory for the current accounting period 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.

2.4 Standards, interpretations and amendments to published approved accounting standards that are neither yet effective nor early adopted but relevant to the Company

The following standards, amendments to IFRSs and improvements to accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standards, amendments or improvements, and would be relevant to the Company:

Standards

IFRS 18 – Presentation and Disclosures in Financial Statements	Effective date: January 1, 2027
IFRS 19 – Subsidiaries without Public Accountability	Effective date: January 1, 2027

Amendments

IFRS 9 - Financial Instruments	Effective date: January 1, 2026
IFRS 7 - Financial Instruments: Disclosures	Effective date: January 1, 2026
IAS 21 - The Effects of Changes in Foreign Exchange Rates	Effective date: January 1, 2025
IAS 1 - Clarification regarding Classification of Non-Current Liabilities	Effective date: January 1, 2024
IAS 16 - Leases (Clarification regarding Sale and Leaseback)	Effective date: January 1, 2024
IAS 7 - Statement of Cash Flows (Additional disclosure requirements For Supplier Finance Arrangements)	Effective date: January 1, 2024

The adoption of above standards and amendments are not expected to have any material impact on the financial statements, when effective, hence the impact has not been explained.

2.5 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 is negative equity Rs.90.7 million and the current liabilities exceeds current assets by Rs.101.8 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 (FER) 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 FER cases against the Company have been vacated by the Foreign Exchange Adjudication Office vide order dated September 14, 2023 in favour of the Company.

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 few years back.

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. Export of wool is also being carried out as an alternative business activity, but remained suspended for various reasons. The Company has received advance for export amounting to Rs.22.17 million. The management has no plans to liquidate its assets other than in the normal course of business. Moreover continued financial support is available from the directors and other related parties.

Hence there is a material uncertainty which cast significant doubt about the Company's ability to continue as a going concern, therefore it may be unable to realise 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.

2.6 Functional and Presentation Currency

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

2.7 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 judgments, 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 judgments 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 judgments that have a significant effect on the financial statements, are as follows:-

Depreciable amount and useful lives of Property, Plant and Equipment

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

Stores, Spares and Loose Tools

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

Inventories

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

Provision for Expected Credit Losses

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

Income Taxes

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

3 MATERIAL ACCOUNTING POLICIES

3.1 Property, Plant and Equipment

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

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

3.2 Stores, Spares and Loose Tools

These are carried at lower of moving average cost or net realizable value, except items in transit which are stated at cost accumulated up to the date of the financial statements.

3.3 Stock-in-Trade

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

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

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

3.4 Financial Instruments

The Company follows IFRS 9 "Financial Instruments". The standard prescribes classification and measurement models for financial assets. A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. A debt instrument shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through profit or loss unless the Company makes an irrevocable election on initial recognition to present gains and losses on equity instruments in other comprehensive income. Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch. For financial 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 Equity Investments

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

3.4.2 Trade Receivables

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

3.4.3 Trade and Other Payables

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

3.4.4 Borrowings

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

3.4.5 Offsetting of Financial Instruments

Financial assets and liabilities are offset and the net amount is reported in the financial statements only when the Company has a legally enforceable right to offset the recognised 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 recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

Current

The charge for current taxation is based on taxable income at the current rate of taxation after taking into account applicable tax credits, rebates and exemptions available, if any, or minimum taxation on the turnover under section 113 of the Income Tax Ordinance, 2001, whichever is higher. The Company designates the amount calculated on revenue or other basis, such as receipts or other revenues as provided in Law, as a levy, any excess over the amount designated as a levy, is recognised as current income tax expense under the Scope of IAS 12.

Deferred

Deferred tax assets and liabilities are measured at the average effective tax rate rather than the enacted rate of income tax, in accordance with paragraph C2 the "IAS Application Guidance on Accounting for Minimum Taxes and Final Taxes", issued by the Institute of Chartered Accountants of Pakistan. The effective tax rate varies, requiring the Company to reassess its estimate for measuring deferred taxes in the future even when the enacted rate of income tax is unchanged.

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

3.7 Revenue from contracts with customers

The Company follows IFRS 15 for recognition of revenue from contracts with customers. The Standard provides a single five-step model for revenue recognition and establishes a comprehensive framework for recognition of revenue from contracts with customers based on a core principle that an entity should recognize revenue representing the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard provides a contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. If the consideration promised in a contract includes a variable amount such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events, such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are initially recognized as deferred revenue in the form of a separate refund liability. Credit risk is presented separately as an expense rather than adjusted against revenue. Customer acquisition costs and costs to fulfill a contract can, subject to certain criteria, be capitalized as an asset and amortized over the contract period.

3.7.1 Sale of Goods

Revenue from the sale of goods is recognised 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, 2024

PARTICULARS	COST / REVALUATION				DEPRECIATION			W.D.V As At 30-06-24
	As At 01-07-23	Addition/ (Deletion)	As At 30-06-2024	Rate (%)	As At 01-07-23	For the Year	As At 30-06-24	
	Rupees		Rupees		Rupees	Rupees	Rupees	
Land - free hold	3,585,601	-	3,585,601	-	-	-	-	3,585,601
Factory Building - (on free hold)	30,908,554	-	30,908,554	10	29,874,439	103,412	29,977,852	930,702
Other Building - (on lease hold)	1,943,657	-	1,943,657	10	1,849,647	9,401	1,859,048	84,609
Plant & Machinery	107,376,913	-	107,376,913	10	103,034,363	434,255	103,468,618	3,908,295
Pressing & Other Machine	2,043,528	-	2,043,528	10	1,243,723	79,980	1,323,704	719,824
Air Conditioning Plant	2,237,634	-	2,237,634	10	2,058,611	17,902	2,076,514	161,120
Tools & Equipments	14,952,529	-	14,952,529	10	14,048,361	90,417	14,138,778	813,751
Furniture & Fixture	3,885,509	-	3,885,509	10	3,714,521	17,099	3,731,620	153,889
Office Equipment & Computers	1,616,825	-	1,616,825	10	1,539,944	7,688	1,547,632	69,193
Electric Fittings	5,028,629	-	5,028,629	10	4,811,999	21,663	4,833,662	194,967
Vehicles	3,830,250	-	3,830,250	20	3,448,712	76,308	3,525,019	305,231
Arms	143,550	-	143,550	10	139,101	445	139,546	4,004
	177,553,179	-	177,553,179		165,763,421	858,571	166,621,992	10,931,187

for the year ended June 30, 2023

PARTICULARS	COST / REVALUATION				DEPRECIATION			W.D.V As At 30-Jun-23
	As At 01-07-22	Addition/ (Deletion)	As At 30-06-2023	Rate (%)	As At 01-07-22	For the Year	As At 30-06-23	
	Rupees		Rupees		Rupees	Rupees	Rupees	
Land - free hold	3,585,601	-	3,585,601	-	-	-	-	3,585,601
Factory Building - (on free hold)	30,908,554	-	30,908,554	10	29,759,537	114,902	29,874,439	1,034,115
Other Building - (on lease hold)	1,943,657	-	1,943,657	10	1,839,201	10,446	1,849,647	94,010
Plant & Machinery	107,376,913	-	107,376,913	10	102,551,857	482,506	103,034,363	4,342,550
Pressing & Other Machine	2,043,528	-	2,043,528	10	1,154,856	88,867	1,243,723	799,805
Air Conditioning Plant	2,237,634	-	2,237,634	10	2,038,719	19,892	2,058,611	179,023
Tools & Equipments	14,952,529	-	14,952,529	10	13,947,898	100,463	14,048,361	904,168
Furniture & Fixture	3,885,509	-	3,885,509	10	3,695,522	18,999	3,714,521	170,988
Office Equipment & Computers	1,616,825	-	1,616,825	10	1,531,402	8,542	1,539,944	76,881
Electric Fittings	5,028,629	-	5,028,629	10	4,787,929	24,070	4,811,999	216,630
Vehicles	3,830,250	-	3,830,250	20	3,353,328	95,384	3,448,712	381,538
Arms	143,550	-	143,550	10	138,607	494	139,101	4,449
	177,553,179	-	177,553,179		164,798,856	964,565	165,763,421	11,789,758

Piece of land measuring 5 acres and two houses grouped under other building were to be transferred in settlement of loan from others as disclosed in Note No. 13.2. In view of the violation by the petitioners as stated in the aforesaid Note No. 13.2, the management is of the opinion that settlement agreement is no more valid and has been revoked.

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

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

Allocation of Depreciation:

Cost of Sales

Administrative Expenses

2024 Rupees	2023 Rupees
193,829	215,365
664,742	749,200
858,571	964,565

	30-06-2024	30-06-2023
	Rupees	Rupees
5. INVESTMENTS		
<i>At Fair Value through Other Comprehensive Income</i>		
Shares in Bata Pakistan Limited	279,478	285,475
Shares in Service Industries Limited	536,268	148,039
	815,746	433,514
<p>The above are fully paid ordinary shares of Rs.10 each. The reason for using at fair value through FVTOCI is to keep the related gains and losses separate from other profit and loss items, as they being unrealised gains and losses, thus to avoid tax complications.</p> <p>During the year NIL bonus shares (2023: NIL bonus shares) were received.</p>		
6. STORES, SPARES AND LOOSE TOOLS		
Stores	465,584	465,584
Spares and Loose Tools	7,692,546	7,692,546
	8,158,130	8,158,130
Less: Provision for Obsolescence	(8,158,130)	(8,158,130)
	0	0
7. INVENTORIES		
Raw and Packing Material	25,768,978	26,291,631
Less: Provision for Obsolescence	(7,879,826)	(3,151,930)
	17,889,152	23,139,701
8. TRADE RECEIVABLES		
Foreign Debtors (Note No.8.2)	318,183	318,183
Domestic Debtors		
Related Party	33,552,406	30,809,461
Others	896,862	896,862
	34,449,268	31,706,323
	34,767,451	32,024,506
Less: Provisions for Expected Credit Losses (Note No.8.3)	(1,215,045)	(970,994)
	33,552,406	31,053,512
8.1	This represents Company's unconditional right to receive consideration for the supply of goods under contract with customers.	
8.2	This is due from a defaulting customer, namely Baccani E Vannucchi SPA, Italy. The customer is not related to the Company. Amount due is EUR 2,454.58.	
8.3	The aging of trade receivables is as under:	
	0	0
upto 1 year and above	34,767,451	32,024,506
upto 5 year and above	34,767,451	32,024,506
8.4	Provision for Expected Credit Losses	
Opening Balance	970,994	744,950
Less: Provided during the year	244,051	226,044
	1,215,045	970,994
9. ADVANCES, DEPOSITS AND PREPAYMENTS		
Sales Tax	332,118	445,904
Rent Receivable	985,600	721,600
Other Advances	123,062	123,062
	1,440,780	1,290,566
Less: Provision for Expected Credit Losses	(123,062)	(123,062)
	1,317,718	1,167,504

	30-06-2024	30-06-2023
	Rupees	Rupees
10. OTHER RECEIVABLES		
Export Rebate Receivable	3,555,524	3,555,524
Less: Provision for Expected Credit Losses (Note No. 10.1)	(3,555,524)	(3,555,524)
	0	0
10.1 Provision for Expected Credit Losses		
Opening Balance	3,555,524	3,555,524
Add/(Less): Movement during the year	0	0
	3,555,524	3,555,524
11. CASH AND BANK BALANCES		
Cash in hand	3,881	16,079
Cash at Bank	216,131	447,279
	220,012	463,358
12. SHARE CAPITAL		
Authorized		
10,000,000 (2021: 10,000,000) Shares of Rs. 10 each	100,000,000	100,000,000
Issued, Subscribed and Paid up		
2,000,000 (2022 : 2,000,000) Ordinary shares of Rs. 10 each issued as fully paid in cash	20,000,000	20,000,000
Capital Management		
The main objective of the company, when managing capital is to maintain optimal capital structure to ensure ample availability of finance for its existing operations, to safeguard the company's ability to continue as a going concern and to provide returns for the shareholders.		
13. TRADE AND OTHER PAYABLES		
Trade Creditors	7,661,930	12,087,303
Accrued Expenses	690,210	1,436,729
Advances from Customers (Note No.13.1)	23,430,050	24,437,488
Due to Associated Undertakings	4,603,831	4,603,831
Workers' Welfare Fund	153,629	153,629
Other Payable	4,662,249	4,662,249
Payable to Others - Unsecured (Note No.13.2)	82,688,107	82,688,107
	123,890,006	130,069,336
13.1 This represents Company's obligation to transfer goods under contract with customers, for which the Company has received consideration. This amount includes Rs.22,173,923 (2023: Rs.23,181,361) received from foreign customers.		
13.2 Consequent to the settlement agreement with petitioners who had filed petition for liquidation of the company under Section 305 of the Companies Ordinance,, 1984 in the Honorable High Court of Sindh which stands dismissed as withdrawn, the Company agreed to transfer two houses measuring 600 square yards each and agriculture land measuring 5 acres against their borrowings to the Company amounting to Rs.82.69 million.		
Since the Petitioners have fraudulently and illegally without prior approval and knowledge of the Company, have got the said properties transferred in their names, which is the violation of the above said agreement. The management has therefore taken immediate action and transferred back the properties in the Company's name. In view of the said violation by the petitioners, the management is of the opinion that this agreement is no more valid and has been revoked.		
14. LOAN FROM DIRECTORS	33,301,714	29,059,139
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.		

	30-06-2024	30-06-2023
	Rupees	Rupees
15. PROVISION FOR TAXATION		
Opening Balance	0	0
Tax Charge for the year	523,653	0
Revenue Tax Charge for the year	170,741	0
Prior year's Revenue Tax Charge	4,743	206,185
	699,137	206,185
Less: Advance Income Tax adjusted during the year	(699,137)	(206,185)
	0	0

16. CONTINGENCIES AND COMMITMENTS.

Family members of the ex members/directors of the Company, namely Farheen Alamgir and Snobar Arif have filed suit against the Company on December 30, 2019, in the High Court of Sindh, Karachi, seeking set-aside of the Compromise Order dated 04.10.2019, whereby the Company has managed to receive stuck up trade receivables as mentioned in Note No.1 along with sea freight compensation, amounting to USD 1,150,000 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.

Pakistan Stock Exchange Limited (PSX) has demanded Rs. 2,495,444/- including Annual Listing Fee of Rs. 2,286,596/- SECP Supervisory Fee of Rs. 193,177/- and Sales Tax Rs.15,671 for the years from 2014-15 to 2023-24. Company has over this period charged an amount of Rs.540,000 against this demand including Rs. 50,000/- per annum for ten years and Rs. 5,000/- per annum for eight years towards Annual Listing Fee and SECP Supervisory Fee respectively. The management is of the opinion that the fee charged by the PSX is unjustified and has brought to the knowledge of PSX about the same, hence no provision of Rs. 1,955,444/- is made in the financial statements.

17. SALES

Local Sales - Shoes	16,117,945	19,371,719
Less: Discount	0	0
Less: Sales Tax	(2,458,673)	(2,876,917)
	13,659,272	16,494,802

The above represents sale of goods to Arino, a related party. Sales have been made on an arm's length basis.

18. COST OF SALES

Raw and Packing Material Consumed

Opening Stock	26,291,631	19,285,014
Purchases	5,615,097	10,129,922
Closing Stock	(25,768,978)	(23,139,701)
	6,137,750	6,275,235

Production Expenses

Salaries wages and benefits	4,356,852	5,060,439
Power	2,459,323	4,401,746
Depreciation	193,829	215,365
	7,010,004	9,677,550
	13,147,754	15,952,785

19. ADMINISTRATIVE EXPENSES

Rent, rates and taxes	256,610	127,388
Fee and Subscription	155,000	135,000
Telephone	192,930	231,449
Depreciation	664,742	749,200
	1,269,282	1,243,037

30-06-2024
Rupees

30-06-2023
Rupees

20. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND OTHER EXECUTIVES

Remuneration and meeting fees have been foregone by the directors and the chief executive and no remuneration and perquisites were paid to the directors, chief executive and other executives.

21. OTHER INCOME

Rental Income	4,053,900	3,030,600
Dividend Income	24,840	31,620
	4,078,740	3,062,220

22. OTHER CHARGES

<i>Auditors' remuneration</i>		
Annual Audit Fee	400,000	400,000
Half Yearly Review	75,000	75,000
	475,000	475,000
Bank Balance written off	108,065	0
Provision for Inventories Obsolescence	4,727,896	0
Provision for Expected Credit Losses	244,051	226,044
	5,555,012	701,044

23. REVENUE TAX

Current charge for the year	170,741	206,185
Prior Year's charge	4,743	0
	175,484	206,185

This represents minimum income tax on sales and final tax on dividend income under the provisions of the Income Tax Ordinance, 2001, which has been treated as levy as stated in Note No.3.6.

24. TAXATION

Current Tax charge for the year	523,653	0
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24.1 Explanation of Difference in Current Tax Expense and Accounting Profit multiplied by applicable Tax Rate

Profit/(Loss) Before Taxation	1,408,338	(5,646,165)
Tax at applicable rate of 29% (29% : 2023)	0	0
Tax Effect of Separate Block of Income	690,668	206,185
Tax Effect of Income subject to Final/Minimum Tax Regime	3,728	0
Revenue Tax - Current Year	(170,741)	(206,185)
	523,655	0

24.2 Deductible Temporary Differences, Unused Tax Loss and Tax credit for which no deferred Tax asset recognized.

	2024 Rupees	Expiry Date	2023 Rupees	Expiry Date
<u>Deductible Temporary Differences</u>				
Provision for Inventory Obsolescence	7,879,826	No expiry	3,151,930	No expiry
Provision for Stores and Spares Obsolescence	8,158,130	No expiry	8,158,130	No expiry
	16,037,956		11,310,060	
<u>Unused Tax Losses</u>				
Trading Loss - 2020	1,725,706	30.06.2026	1,725,706	30.06.2026
Trading Loss - 2021	1,481,178	30.06.2027	1,481,178	30.06.2027
Unabsorbed Depreciation	54,181,438		54,181,438	No Expiry
	57,388,322		57,388,322	

	30-06-2024	30-06-2023
	Rupees	Rupees
25. EARNING/(LOSS) PER SHARE		
Net Profit/(Loss) for the year	(1,931,991)	(5,646,165)
Number of shares outstanding during the year	2,000,000	2,000,000
Basic Earnings / (Loss) per share	(0.97)	(2.82)

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

26. FINANCIAL INSTRUMENTS BY CATEGORY

As at June 30, 2024

Financial Assets

	Amortized Cost	FVTOCI - Equity Instruments	Total
	-----Rupees-----		
Investment	-	815,746	815,746
Trade Receivables	34,767,451	-	34,767,451
Advances	1,108,662	-	1,108,662
Other Receivables	3,555,524	-	3,555,524
Cash and Bank	220,012	-	220,012
	39,651,649	815,746	40,467,395

Financial Liabilities

Security Deposit from Tenant	630,000	-	630,000
Trade and Other Payables	123,890,006	-	123,890,006
Loan from Directors	33,301,714	-	33,301,714
	157,821,720	-	157,821,720

As at June 30, 2023

Financial Assets

Investment	-	433,514	433,514
Trade Receivables	32,024,506	-	32,024,506
Advances	844,662	-	844,662
Other Receivables	3,555,524	-	3,555,524
Cash and Bank	463,358	-	463,358
	36,888,050	433,514	37,321,564

Financial Liabilities

Security Deposit from Tenant	630,000	-	630,000
Trade and Other Payables	130,069,336	-	130,069,336
Loan from Directors	29,059,139	-	29,059,139
	159,758,475	-	159,758,475

27. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

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

27.1 Fair Value Hierarchy

Judgments and estimates are made in determining the fair values of the financial instruments that are recognized and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the financial instruments are classified into the following three levels:

Level-1 fair value measurements are those inputs derived from unadjusted quoted prices in active markets for identical assets and liabilities.

30-06-2024
Rupees

30-06-2023
Rupees

- Level-2** fair value measurements are those inputs determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to determine fair value of an instrument are observable, the instrument is included in Level 2. Examples are:
- * Adjusted quoted active market prices
 - * Quoted price for a similar asset in an active market
 - * There are no significant unobservable inputs
- Level-3** fair value measurements are those inputs derived from valuation techniques that include inputs which are not based on observable market data. Examples are:
- * Discounted cash flows
 - * Depreciated replacement cost

Financial assets and liabilities are not measured at fair value because the carrying value of all financial assets and liabilities approximate their fair value, except term investments which have been measured at fair value.

Valuation Approach used to determine Fair Value - Short Term Investments

In case of investment in shares unadjusted quoted stock exchange prices as at the closing date have been used (Level 1 inputs).

28. FINANCIAL RISK EXPOSURE AND RISK MANAGEMENT

28.1 Credit Risk

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

Exposure to Credit Risk

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

Trade Receivables	34,767,451	32,024,506
Advances	1,108,662	844,662
Other Receivables	3,555,524	3,555,524
Cash at Bank	216,131	447,279
	<u>39,647,768</u>	<u>36,871,971</u>

Concentration of Credit Risk

Concentration of credit risk arises from exposure to a single debtor, or when a number of counter parties are engaged in similar business activities or have similar economic features that would cause the ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. The company is exposed to a concentration of credit risk on its trade receivables amounting to Rs. 33,552,406 (2023: Rs.30,809,461). The Company does not have any limits on its customers.

Quality of Financial Assets

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

Credit Risk Management

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

28.2 Market Risk

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

28.2.1 Price Risk

Price risk represents changes in the fair value of a financial instrument due to fluctuation in the market prices (other than those from interest rate risk or currency risk), whether those fluctuations caused by factors specific to the individual financial instrument or its issuer, or factors affecting all or similar financial instruments traded in the market. The company is exposed to equity price risk since it has investments in listed equity securities held for trading amounting to Rs.815,746 (2023: Rs.433,514) at the reporting date.

30-06-2024

30-06-2023

Rupees

Rupees

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

Sensitivity Analysis

The following information summarises the estimated effect of a hypothetical 5% increase and a 5% (2023: 5%) decrease in PSX Index. The selected hypothetical change does not reflect, what could be considered to be best or worst case scenarios. The analysis assumes that all other variables remain constant.

	Amount	
	5% Increase	5% Decrease
	Rupees	Rupees
As at June 30, 2024		
Changes in Fair Value of Investment	<u>40,787</u>	<u>40,787</u>
As at June 30, 2023		
Changes in Fair Value of Investment	<u>21,676</u>	<u>21,676</u>

28.2.2 Foreign Currency Risk

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

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

	Profit and (Loss)	
	1% Increase	1% Decrease
	Rupees	Rupees
As at June 30, 2024		
Cash Flow Sensitivity - Foreign Advances	<u>221,739</u>	<u>221,739</u>
As at June 30, 2023		
Cash Flow Sensitivity - Foreign Advances	<u>231,814</u>	<u>231,814</u>

28.3 Liquidity Risk

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

Following are the contractual maturities of financial liabilities:

	Remaining Contractual Maturities			Total
	Payable on Demand	Payable within a year	Payable after one year	
	----- Rupees -----			
Non-Derivative Financial Liabilities as at June 30, 2024				
Security Deposit from Tenant	-	-	630,000	630,000
Trade and Other Payables	82,841,736	41,121,220	-	123,962,956
Loan from Directors	33,301,714	-	-	33,301,714
	<u>116,143,450</u>	<u>41,121,220</u>	<u>630,000</u>	157,894,670
Non-Derivative Financial Liabilities as at June 30, 2023				
Security Deposit from Tenant	-	-	630,000	630,000
Trade and Other Payables	82,841,736	47,227,600	-	130,069,336
Loan from Directors	29,059,139	-	-	29,059,139
	<u>111,900,875</u>	<u>47,227,600</u>	<u>630,000</u>	159,758,475

30-06-2024

30-06-2023

Rupees

Rupees

29. 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:

Name of Related Party	Nature of Transaction		
Finishers Limited - Under common management	Power expense charges	2,400,000	-
Arino - Under Common Management	Rental Income	132,000	132,000
Branded Shop - Under Common Management	Rental Income	132,000	132,000
Rauf Alam - Director	Loan received / (Repaid)	3,540,000	4,812,000
Aftab Alam - Director	Loan received / (Repaid)	2,870,000	1,715,000
Saeed Alam - Director	Loan received / (Repaid)	(2,167,425)	793,000

30. FIGURES

Figures have been rounded off to the nearest rupee.

Corresponding figures have been rearranged and reclassified, where necessary, for the purposes of comparison and better presentation. Taxation has been reclassified as revenue tax in accordance with " IAS 12 Application Guidance on Accounting For Minimum Taxes and Final Taxes ", issued by the Institute of Chartered Accountants of Pakistan. Opening and closing inventories in the cost of sales were shown after deducting provision for obsolescence, therefore to account for obsolescence loss to profit or loss, they are shown at original cost in the cost of sales. The reclassification of comparative figures is as follows:

Minimum Income Tax	From Taxation to Revenue Tax	206,185
Opening Inventory - Cost of Sales	From Rs.19,258,014 to Rs.22,436,944	
Closing Inventory- Cost of Sales	From Rs.23,139,701 to Rs.26,291,631	
Income Tax Refundable	From Advance, Deposit & Prepayments of Income Tax Refundable	2,540,309

31. NUMBER OF EMPLOYEES

Total employees of the Company at year end	4	20
Average employees of the Company during the year	12	20

32. PLANT CAPACITY AND PRODUCTION

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

The reason for non-production is blockage of funds with Russia that rendered the Company in to the financial distress, as explained in Note No. 1.

33. DATE OF AUTHORIZATION

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

SAEED ALAM

Chief Executive

Dated: September 26, 2024

RAUF ALAM

Director

MUHAMMAD ISMAIL

Chief Financial Officer

**Pattern of holding of the shares held
by the shareholders of Fateh Industries Limited
as at 30th June, 2024**

NO. OF SHAREHOLDERS	SHAREHOLDING				TOTAL SHARES HELD
62	From	1	To	100	2,839
27	From	101	To	500	7,405
8	From	501	To	1,000	5,848
11	From	1,001	To	5,000	23,058
1	From	5,001	To	10,000	7,761
4	From	15,001	To	20,000	67,828
1	From	20,001	To	25,000	23,118
1	From	30,001	To	35,000	32,437
1	From	120,001	To	125,000	121,967
1	From	165,001	To	170,000	169,333
1	From	170,001	To	175,000	172,803
1	From	210,001	To	215,000	214,811
1	From	235,001	To	240,000	236,025
1	From	260,001	To	265,000	264,000
1	From	290,001	To	295,000	294,406
1	From	355,001	To	360,000	356,361
123			TOTAL		2,000,000

S. NO.	CATEGORIES OF SHAREHOLDERS	NUMBERS	SHARES HELD	PERCENTAGE
1.	Individuals	112	1,955,055	97.75%
2.	Mutual Funds	1	23,118	1.16%
3.	Investment Companies	2	2,046	0.10%
4.	Joint Stock Companies	4	4,316	0.22%
5.	Financial Institutions	2	15,124	0.76%
6.	Others	2	341	0.02%
	TOTAL	123	2,000,000	100.00%

Categories of Shareholders

S.No.	Name	No. of Shares	%
1.	Associated Companies		
	Fateh Sports Wear Limited	518	
	Total >	518	0.03%
2.	NIT / ICP (Name wise details)		
	Investment Corporation of Pakistan	346	
	CDC Trustee - National Investment (Unit) Trust	23,118	
	Total >	23,464	1.17%
3.	Directors, CEO and their spouse and minor children		
	Mr. Rauf Alam	264,000	
	Mr. Aftab Alam	294,406	
	Mr. Saeed Alam	356,361	
	Mr. Faraz Alam	32,437	
	Mr. Ashhar Alam	15,422	
	Mr. Aneek Alam	18,392	
	Mr. Jamal Alam	15,372	
	Mr. Anhar Alam	18,642	
	Mrs. Seema Rauf	214,811	
	Mrs. Shabana Aftab	236,025	
	Mrs. Rana Saeed	172,803	
	Total >	1,638,671	81.93%
4.	Executive	Nil	
5.	Public Sector Companies & Corporation	Nil	
6.	Banks,DFIs, NBFIs, Modarbas, Insurance Companies		
	Mutual Funds & Others		
	National Bank of Pakistan	10,224	
	The Bank of Punjab	4,900	
	Fateh Mohammad Akber	2,774	
	Pakistan Industrial Credit & Investment Corporation	1,700	
	Fateh Textile Mills Limited	1,023	
	NCC - Pre settlement Account	298	
	Abandoned Properties	43	
	Maple Leaf Capital Limited	1	
	Total >	20,963	1.05%

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Form of Proxy

I/We _____ of _____
 being a member(s) of **Fateh Industries Limited** and holder of _____ Ordinary Shares
 hereby appoint Mr. / Mrs. / Miss _____ of _____ or failing him
 / her _____ of _____ as my / our proxy in my / our absence to
 attend and vote for me / us on my / our behalf at the 39th Annual General Meeting to be held on
Monday October 28, 2024 at 09:30 a.m. and / or at any adjournment thereof.

In witness thereof I/We have signed and set my / our hands seal thereon this _____ day of
 _____ 2024 in presence of _____

Signed this _____ day of _____ 2024

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.

Replacement of physical shares with book-entry form

Respected Shareholder,

We would like to inform you that as per the requirement of Section 72 of the Companies Act, 2017 ("**the Act**"), companies are required to convert shares issued in physical form with the shares in book-entry form (electronic form or CDC), within a period not exceeding four years from the date of the promulgation of the Act. The four-year period ended on 31st May 2021. The Securities & Exchange Commission of Pakistan ("**SECP**") vide its letter dated 26th March 2021, has advised all listed companies, having physical shares to pursue with their such shareholders who still hold shares in physical form, requiring conversion of their shares in the book-entry form.

It may be noted that maintaining shares in book-entry form has many advantages, including safe custody of shares with the CDC, unlike physical share certificates there is no risk of loss, instant credit of bonus/right shares. Whereas, the physical share certificates are not saleable through stock exchange and cannot be pledged, if required.

Accordingly, all shareholders who held their shares in physical form are hereby requested to proceed with the conversion of their physical share certificates into scrip less book-entry form at their earliest.

The scrip less book-entry shares are kept in electronic accounts maintained by the Central Depository Company Limited ("**CDC**"). The CDS Account can be opened and maintained by any CDC Participant (i.e. Stock Brokers) or by CDC Investor Account Services ("**CDC-IAS**"). You may contact any Stock Broker or CDC-IAS (Toll Free Tel. 0800-23275, email: info@cdcpak.com) in this regard. If you have any query or require any guidance, you may also contact the Company's Share Registrar M/s. F.D. Registrar Services (Pvt.) Ltd. (Room No. 1705, 17th Floor, Saima Trade Tower "A", I.I. Chundrigar Road, Karachi-74000 Phone: (92-21) 32271905-6, email: fdregistrar@yahoo.com).

Regards,

Company Secretary