Fateh Industries Limited

ANNUAL REPORT 2026

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Notice of Annual General Meeting

Notice is hereby given to the Members that the 41st Annual General Meeting of **FATEH INDUSTRIES LIMITED** will be held on **Thursday November 26, 2026 at 9:30 a.m**. at the Registered Office of the Company at Mirpurkhas Road, Hyderabad to transact the following business:-

1. To confirm the minutes of the last Extraordinary General Meeting held on 29th June, 2026.

2. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended June 30, 2026, together with the Directors' and Auditors' Reports thereon.

3. To appoint Auditors and fix their remuneration for the year ending June 30, 2027.

4. To transact any other business with the permission of the Chair.

By order of the Board
for Fateh Industries Limited

Hyderabad:
November 5, 2026

Ghous Muhammad Khan
Company Secretary

NOTES:

1. The share transfer books of the Company will remain closed from 20th to 26th November, 2026 (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 alongiwth copy of her/his CNIC and any change in their address by writing to Registrar of the Company. The Annual Report of the Company is available through web link: https://fatehindustries.com/wp-content/uploads/2026/10/FIL-BALANCE-SHEET-2026.pdf
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, Shahra-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 present a report on the overall performance of the Board of Directors and effectiveness of the role played by the board in achieving the company's objectives during the financial year ended June 30, 2026.

The board of directors is responsible for the management of the company, which formulates all significant policies and strategies. The board is governed by relevant laws & regulations and its obligation, rights, responsibilities and duties are as specified and prescribed therein. The Board of Directors comprises of individuals with diversified knowledge who Endeavour to contribute towards the aim of the Company with the best of their abilities.

An annual self evaluation of the Board of Directors of the Company 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.

Board's overall performance and effectiveness has been assessed as Satisfactory. Board complies with the requirements, set out in the Companies Act-2017 and the Listed Companies (Code of Corporate Governance Regulations, 2019) with respect to the composition, procedures and meetings of the Board of Directors and its committees.

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

The Board shall continue to play a vital role in setting the direction of the Company and promoting its success. I would like to thank the management and the esteemed shareholders for reposing confidence in the Company and its Board of Directors.

AFTAB ALAM
Chairman

Hyderabad: October 29, 2026

Directors' Report to the Members

For the year ended June 30, 2026

The Board of Directors presents their report and financial statements of the Company alongwith Auditors' Report for the year ended June 30, 2026.

The production activities still suspended during the year due to financial constraint and overall economical situation. Your director wants to put the facts before you that it is extremely challenging to operate a profitable business in the country given the state of the global economy, particularly in Pakistan's political and economic circumstances. The Company did not record any sales, however Rs. 5.51 million were recorded as Administration Expenses whereas Company earned rental and dividend income of Rs.1.83 million and foreign exchange gain of Rs.1.00 million. After Financial and other charges of Rs.17.70 million, Company incurred loss before taxation is Rs.20.80 million. Net loss after Taxation of Rs.21.10 million carried forward to balance sheet whereas incurred total comprehensive loss of Rs. 20.56 million. Loss per share for the year is Rs. 10.55. The Management of the Company has already applied for de-listing from Pakistan Stock Exchange and the matter is under consideration and hopefully will be resolved soon.

Gender pay Gap:

Owing to the suspension of operations during the reporting period and the absence of female employees on the payroll, the gender pay gap calculation does not apply to the financial year under review. The company's management remains fully committed to develop an inclusive workplace and ensuring that equal opportunity principles are embedded in all future recruitment and operational practices.

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, 2026** have been duly complied with, except for those disclosed in statement of compliance with Listed Companies (CCG) Regulations. The Directors confirm the compliance of Regulations for Corporate Governance, statement to this effect is annexed.

Statement on Corporate and Financial Reporting Framework:

- The financial statements, prepared by the management of the Company, presents fairly its state of affairs, cash flows and changes in equity;
- Proper books of accounts have been maintained by the Company;
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment;
- The International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed;

- The System on internal control is sound in design;
- There are no significant doubts upon the company's ability to continue as a going concern;
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations;

Operating and financial data for the last six years is as under; **Rs.(000)**

Description	2020	2021	2022	2023	2024	2025	2026
Sales	27,400	13,563	14,184	16,495	13,659	171	**0**
Gross Profit	1,982	1,382	696	542	512	(269)	**0**
Administration Expenses	5,902	4,660	1,358	1,243	1,269	3,690	**5,509**
Profit/(Loss) before Taxation	177,835	(4,019)	(3,913)	(5,440)	(1,223)	112,942	**(20,380)**
Profit/(Loss) after Taxation	175,710	(4,223)	(4,090)	(5,646)	(1,923)	112,880	**(21,104)**
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	(75,246)	(79,262)	(83,378)	(89,171)	(90,720)	244,139	**223,543**
Fixed Assets	15,061	13,839	12,754	11,790	10,931	240,240	**237,752**
Total Assets	57,082	53,520	60,603	70,588	67,101	410,664	**388,491**

No trading of shares have been carried out by the Chief Executive, Directors, Chief Financial Officer, Company Secretary, their spouses and minor children;

During the year five (05) meetings of the Board of Directors were held. The attendance of each Director is as follows:

S.NO.	NAME OF DIRECTOR	MEETING ATTENDED
1.	Mr. Rauf Alam	05
2.	Mr. Aftab Alam	05
3.	Mr. Saeed Alam	05
4.	Mr. Faraz Alam	05
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; and
Outstanding taxes and levies are given in the relevant notes to the audited financial statements.

Auditors' Observation:

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. In respect of revaluation of property owned by the Company in the investment category were bought for the Company's officers' residential use rather than for any financial gain. This year also 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, 2027.

Place: Hyderabad
Date: October 29, 2026

SAEED ALAM
Chief Executive

RAUF ALAM
Director

ڈائریکٹرز رپورٹ

برائے اختتامی سال 30 جون 2026

کمپنی کے بورڈ آف ڈائریکٹرز آپکے سامنے 30 جون 2026 کو اختتام ہونے والے مالی سال کے لیے آڈٹ شدہ حسابات پر مشتمل آڈیٹرز رپورٹ پیش کر رہے ہیں۔

دوران سال بھی مالیاتی مجبوریوں اور مجموعی معاشی صورتحال کی وجہ سے پیداواری سرگرمیاں معطل رہیں آپکے ڈائریکٹرز آپکے سامنے یہ حقائق رکھنا چاہتے ہیں کہ عالمی معیشت کی حالت اور خاص طور پر پاکستان کے سیاسی اور معاشی حالات کے پیش نظر ملک میں منافع بخش کاروبار کرنا انتہائی مشکل ہو گیا ہے اسی وجہ سے کمپنی میں اس سال کوئی فروخت ریکارڈ نہیں ہو سکی تاہم انتظامی اخراجات کی مد میں 5.51 ملین روپے، کرائے اور ڈیویڈنڈ کی آمدنی کی مد میں 1.83 ملین روپے اور غیر ملکی زرمبادلہ کے تبادلے کی مد میں 1.00 ملین کا منافع ریکارڈ کیا گیا۔ کمپنی نے مالیاتی اور دیگر اخراجات کی مد میں 17.70 ملین روپے کے اخراجات ریکارڈ کئے جسکے بعد کمپنی کو 20.80 روپوں کا قبل از ٹیکس نقصان ہوا۔ خالص نقصان بعد از ٹیکس 21.10 ملین روپے بیلنس شیٹ پر منتقل کیا گیا مکمل وسیع نقصان 20.56 ملین روپے رہا جبکہ بنیادی نقصان فی شیئر 10.55 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۔

صنفی تنخواہوں کا فرق: رپورٹنگ کی مدت کے دوران کاموں کی معطلی اور پے رول پر خواتین ملازمین کی غیر موجودگی کی وجہ سے صنفی تنخواہوں کے فرق کا حساب کتاب زیر نظر مالی سال پر لاگو نہیں ہوتا تاہم کمپنی کی انتظامیہ اس بات کو یقینی بنانے پر پوری طرح پر عزم ہے کہ مستقبل کی تمام بھرتیوں اور آپریشنل طریقوں میں مساوی مواقع کے اصول شامل ہوں۔

ڈیویڈنڈ: کیش فلو کی صورتحال اور جمع شدہ نقصانات کو مدنظر 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 آپکی کمپنی کی توجہ انکے منفی اثرات کو کم کرنے پر مرکوز رہے گی۔

بنیادی خطرات اور غیر یقینی صورتحال: کمپنی بعض موروثی 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 انکے 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 وضبط کا اسٹیٹمنٹ اور مالیاتی رپورٹنگ کا فریم ورک 2019:

اختتامی سال جون 2026 کے لئے لسٹڈ کمپنیز کے کوڈ آف کارپوریٹ گورننس ریگولیشن 2019 پر عملدرآمد کیا ہے سوائے ان شقوں کے جو کہ اسٹیٹمنٹ آف کمپلائنس میں ظاہر کر دی گی ہیں۔ ڈائریکٹرز کی جانب سے اسٹیٹمنٹ آف کمپلائنس کی تصدیق اس رپورٹ کے ساتھ منسلک ہے۔

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

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

مناسب محاسبی پالیسی کے تسلسل کو مالیاتی گوشوارے کی تیاری میں لاگو کیا گیا ہے۔محاسبی کے اندازے ماہرانہ اور محتاط فیصلوں پر مبنی ہوتے ہیں۔
مالیاتی گوشوارے کی تیاری میں بین الاقوامی مالیاتی رپورٹنگ معیارات، جو کہ پاکستان میں نافذ العمل ہیں، ان کی پیروی کی گئی ہے۔
اندرونی کنٹرول کے نظام منظم ہیں اور اسکے موثر طریقے سے عملدرآمد اور نگرانی کی جاتی ہے۔
آنے والے سالوں میں کمپنی کے کاروباری تسلسل پر کسی قسم کے شکوک وشبہات نہیں ہیں۔
نظم وضبط کے حوالے سے کوئی بھی مواد قانون کے خلاف نہیں ہے جس کی تفصیلات لسٹ میں دی گئی ہے۔
گزشتہ چھ سالوں کے لئے کمپنی کے اہم امور اور مالیاتی تفصیلات منسلک ہیں۔
کسی بھی ڈائریکٹرز، سی ایف او، کمپنی سیکریٹری، ان کی بیگمات و بچوں نے اس سال کے دوران کمپنی کے شیئرز میں کوئی تجارت نہیں کی ہے جس کا اندراج شیئر ہولڈنگ کے طریقہ کار میں پہلے ہی درج کر دیا گیا ہے۔دوران سال بورڈ آف ڈائریکٹرز کی پانچ میٹنگز منعقد ہو چکی ہیں۔ان میٹنگز میں درج ذیل ڈائریکٹرز نے شرکت کی ہے۔

ڈائریکٹرز کے نام	میٹنگز میں شرکت کرنے کی تعداد
جناب رؤف عالم	5
جناب آفتاب عالم	5
جناب سعید عالم	5
جناب فراز عالم	5
جناب اشہر عالم	4
جناب جمال عالم	3
محترمہ سیما رؤف	1

کمپنیز ایکٹ کے سیکشن 227 کے مطابق پیٹرن آف شیئر ہولڈنگ اس مالیاتی رپورٹ کے ساتھ منسلک ہے؛اور
مالیاتی اسٹیٹمنٹ میں درج کئے گئے ٹیکس کے علاوہ کمپنی پر اور کوئی ٹیکس واجب الادا نہیں ہے۔ بقایا ٹیکس اور لیوی سے متعلقہ نوٹس اس آڈٹ شدہ مالیاتی اسٹیٹمنٹ میں درج کئے گئے ہیں۔

آڈیٹرز کا مشاہدہ :

کمپنی کی طرف سے تمام قرض دہندگان کو بقایا جات کی تصدیق کے لئے خطوط ارسال کئے گئے ہیں بعدازاں یاددہانی کے خطوط بھی ارسال کئے گئے ہیں تاہم کسی کی جانب سے تصدیقی جواب موصول نہیں ہوا۔ آڈیٹرز کی طرف سے کمپنی کی جائداد کی دوبارہ تشخیص کروانے کی نشاندہی کی گئی ہے جو کہ کمپنی نے کئی سال پہلے کمپنی کے آفیسرز کی ذاتی رہائشی سہولت کے لئے خریدی گئی تھیں جس سے کبھی بھی کسی قسم کا کوئی مالی فائدہ نہیں اٹھایا گیا ہے۔ اس سال کے اکاؤنٹ بھی گوئنگ کنسرنڈ بیس پر تیار کئے گئے ہیں کیونکہ انتظامیہ اپنے موقف پر قائم ہے کہ جب بھی ضرورت پڑی انتظامیہ کمپنی کے ضروری اخراجات کے لئے ممکن مالی تعاون جاری رکھے گی۔

آڈیٹرز کی تقرری:

موجودہ آڈیٹرز میسرز کلارکسن ہائیڈ سعود انصاری ،چارٹرڈ اکاؤنٹنٹس سالانہ اجلاس عام کے اختتام کے فوری بعد سبکدوش ہو جائیں گے۔سبکدوش ہونے والے آڈیٹرز میسرز کلارکسن ہائیڈ سعود انصاری چارٹرڈ اکاؤنٹنٹس نے خود کو دوبارہ تقرری کے لئے پیش کیا ہے۔ آڈٹ کمیٹی اور بعدازاں بورڈ آف ڈائریکٹرز نے میسرز کلارکسن ہائیڈ سعود انصاری چارٹرڈ اکاؤنٹنٹس کو 30 جون 2027 کو ختم ہونے والے مالی سال کے لئے دوبارہ تقرری کی سفارش کی ہے۔

حیدرآباد:29 اکتوبر2026

سعید عالم
چیف ایگزیکٹو

رؤف عالم
ڈائریکٹر

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

Name of Company: **Fateh Industries Limited**
Year ending: **30th June, 2026**

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 business activities are suspended whereas 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.

SAEED ALAM
Chief Executive

RAUF ALAM
Director

Hyderabad: October 29, 2026

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 contained in 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, 2026, 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 form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and practices 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 applicable to the Company for the year ended June 30, 2026.

Clarkson Hyde Saud Ansari
Chartered Accountants
Engagement Partner – Saud Ansari
Karachi
Dated: 29th October, 2026
UDIN:CR202610149rkcy5TGEI

INDEPENDENT AUDITOR'S REPORT

To the members of : **FATEH INDUSTRIESLIMITED**

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, 2026, 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 material accounting policy information 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 other comprehensive income, the statement of changes in equity, and the statement of cash flows, together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2026 and of the loss and the comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Qualified Opinion

i. We have been unable to receive balance confirmations for balances of trade creditors amounting to Rs.3,411,654other payables amounting to Rs.4,662,249and payable to others as described in Note No.16.2 to the financial statements amounting to Rs.82,688,107, hence these balances remained unverified.

ii. The Company measures its investment property under the fair value model in accordance with IAS 40, Investment Property, as stated in Note 3.2 to the financial statements. IAS 40 requires investment property to be measured at fair value as at the end of each reporting period, and any gain or loss arising from a change in fair value to be recognised in profit or loss for the period in which it arises. The investment property is carried at Rs.120,000,000 (2025: Rs.120,000,000) as disclosed in Note 5 to the financial statements, which represents the fair value determined by an independent valuer as at June 30, 2025. The Company has not revalued its investment property as at June 30, 2026, and no gain or loss on remeasurement to fair value has been recognised in the statement of profit or loss for the year then ended, which is not in accordance with the requirements of IAS 40. No valuation or other evidence of the fair value of the investment property as at June 30, 2026 is available. Consequently, it is not practicable to quantify the financial effects of this departure on the carrying amount of investment property, the loss for the year, earnings per share and equity as at and for the year ended June 30, 2026, or on the related disclosures in Note 5.

iii. The previous year's audit opinion on the financial statements was also qualified with respect to balances of trade creditors and payables to others as described in Note No.16.2 to the financial statements, 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 2.4 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 business operations are suspended, due to the reasons as stated in Note No.1. The current liabilities exceeds current assets by Rs.123.5 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 2.4 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. Except for the matters described in the Basis for Qualified Opinion and Material Uncertainty Related to Going Concern sections, we have determined that there are no other key audit matters to communicate in our report.

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 with respect of those 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 other comprehensive income, the statement of changes in equity and the statement of cash flows, together with notes thereon have been drawn up in conformity with the Companies Act,2017(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).

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

Clarkson Hyde Saud Ansari
Chartered Accountants
Karachi
Date: 29th October, 2026
UDIN:AR202610149kZ6w93unm

Statement of Financial Position as at June 30, 2026

	NOTE NO.	30-06-2026 Rupees	30-06-2025 Rupees
NON CURRENT ASSETS			
Property, Plant and Equipment	4	**237,751,854**	240,240,302
Investment Property	5	**120,000,000**	120,000,000
Investments	6	**1,481,566**	938,037
		359,233,420	361,178,339
CURRENT ASSETS			
Stores, Spare and Loose Tools	7	**0**	0
Inventories	8	**1,000,000**	18,157,249
Trade Receivables	9	**23,452,717**	26,734,717
Advances, Deposits and Prepayments	10	**1,896,219**	1,422,219
Income Tax Refundable		**2,750,475**	2,849,221
Other Receivables	11	**0**	0
Cash and Bank Balances	12	**157,689**	322,034
		29,257,100	49,485,440
		388,490,520	410,663,779
SHARE CAPITAL AND RESERVES			
Share Capital	13	**20,000,000**	20,000,000
Capital Reserve			
Revaluation Surplus	14	**218,525,162**	219,858,906
Fair Value Reserve - Investment		**1,463,999**	920,470
		219,989,161	220,779,376
Revenue Reserve			
Accumulated Loss		**(16,446,442)**	3,359,348
		223,542,719	244,138,724
NON-CURRENT LIABILITIES			
Security Deposits from Tenant		**1,530,000**	1,530,000
Deferred Taxation	15	**10,639,498**	10,291,438
		12,169,498	11,821,438
CURRENT LIABILITIES			
Trade and Other Payables	16	**121,950,987**	121,855,878
Loan from Directors	17	**30,827,315**	32,847,739
		152,778,302	154,703,617
CONTINGENCIES AND COMMITMENTS	18		
		388,490,520	410,663,779

The annexed notes form an integral part of these financial statements

SAEED ALAM	**RAUF ALAM**	**MUHAMMAD ISMAIL**
Chief Executive	Director	Chief Financial Officer

Hyderabad: October 29, 2026

Statement of Profit or Loss

For the year ended June 30, 2026

	NOTE NO.	30-06-2026 Rupees	30-06-2025 Rupees
Sales	19	**0**	171,450
Less: Cost of Sales	20	**0**	(440,423)
Gross (Loss)/Profit		**0**	(268,973)
Less: Administration Expenses	21	**(5,508,687)**	(3,690,338)
Operating Loss		**(5,508,687)**	(3,959,311)
Other Income	22	**1,827,870**	1,717,857
Foreign Exchange Gain (Loss)		**1,001,161**	(2,114,818)
		(2,679,656)	(4,356,272)
Financial Expenses - Bank Charges		**(1,760)**	(1,964)
Other Charges	23	**(17,698,249)**	(755,721)
		(17,700,009)	(757,685)
Gain on remeasurement to fair value - Investment property		**0**	118,056,343
(Loss) / Profit before levy		**(20,379,665)**	112,942,386
Levy	24	**(411,809)**	(75,732)
(Loss) / Profit before Taxation		**(20,791,474)**	112,866,654
Taxation	25	**(312,788)**	13,201
Net (Loss) /Profit For the Year		**(21,104,262)**	112,879,855
(Loss) Earnings per share	26	**(10.55)**	56.44

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

SAEED ALAM Chief Executive | **RAUF ALAM** Director | **MUHAMMAD ISMAIL** Chief Financial Officer

Hyderabad: October 29, 2026

Statement of Comprehensive Income

For the year ended June 30, 2026

	30-06-2026 Rupees	30-06-2025 Rupees
(LOSS) / PROFIT FOR THE YEAR	**(21,104,262)**	112,879,855
OTHER COMPREHENSIVE INCOME/(LOSS)		
Items that may be subsequently reclassified to profit or loss		
Unrealized Gain on Investment	**543,529**	122,291
Revaluation Surplus on Revaluation on Property, Plant & Equipment	**-**	230,302,747
Less: Related Deferred Tax	**-**	(10,276,199)
	-	220,026,548
Total Comprehensive (Loss)/Income for the year	**(20,560,733)**	**333,028,694**

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

	SAEED ALAM	**RAUF ALAM**	**MUHAMMAD ISMAIL**
Hyderabad: October 29, 2026	Chief Executive	Director	Chief Financial Officer

Statement of Cash Flows

For the year ended June 30, 2026

	30-06-2026 Rupees	30-06-2025 Rupees
Cash flow from Operating Activities		
(Loss) / Profit before Taxation	**(20,379,665)**	112,942,385
Adjustment for:		
Depreciation	**2,488,448**	909,023
Gain on remeasurement to fair value - Investment property	**-**	(118,056,343)
Other Income - Dividends	**(9,870)**	(29,260)
Provision for Inventories Obsolesence	**17,157,249**	0
Foreign Exchange (Gain)/Loss	**(1,001,161)**	2,114,818
Operating (Loss)before working capital changes	**(1,744,999)**	(2,119,377)
(Increase) /Decrease in Operating Assets		
Inventories	**0**	(268,097)
Trade Receivables	**3,282,000**	6,817,689
Advances, Deposits and Prepayments	**(474,000)**	(104,501)
	1,063,001	4,325,714
Increase /(Decrease) in Operating Liabilities		
Trade and Other Payables	**1,096,270**	(4,148,945)
Cash generated from/(used in) operations	**2,159,271**	176,769
Income Taxes Paid	**(313,062)**	(550,032)
Net Cash (used in) Operating Activities	**1,846,209**	(373,263)
Cash From Investing Activities		
Receipt of Deposit from Tenant	**0**	900,000
Dividend Received	**9,870**	29,260
Net Cash from /(used in) Investing Activities	**9,870**	929,260
Cash From Financing Activities		
Repayment of Loan from Directors	**(2,020,424)**	(453,975)
Net Cash from Financing Activities	**(2,020,424)**	(453,975)
Net (Decrease)/Increase in cash and cash equivalents	**(164,345)**	102,022
Cash and Cash equivalents at the beginning of the year	**322,034**	220,012
Cash and cash equivalents at the end of the year	**157,689**	322,034

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

	SAEED ALAM	RAUF ALAM	MUHAMMAD ISMAIL
Hyderabad: October 29, 2026	Chief Executive	Director	Chief Financial Officer

Statement of Changes in Equity

For the year ended June 30, 2026

	Issued, Subscribed & Paid Up Capital	Capital Reserves		Accumulated Loss	Total
		Investment Remeasurement Reserve	Revaluation Surplus		
	----------Rupees----------				
Balance as at July 1, 2024	20,000,000	798,179	-	(109,659,709)	(88,861,530)
Net Loss for the Year	-			112,879,855	112,879,855
Other Comprehensive Income for the year	-	122,291	220,026,548	-	220,148,839
Transfer due to Incremental Depreciation on Revaluation of Property, Plant and Equipment	-	-	(139,202)	139,202	-
Deferred Tax on Incremental Depreciation on Building	-	-	(28,440)	-	(28,440)
Balance as at June 30, 2025	**20,000,000**	**920,470**	**219,858,906**	**3,359,348**	**244,138,724**
Net Loss for the Year	-			(21,104,262)	(21,104,262)
Other Comprehensive Income for the year	-	543,529	-		543,529
	-	543,529	-	(21,104,262)	(20,560,733)
Transfer due to Incremental Depreciation on Revaluation of Property, Plant and Equipment	-	-	(1,298,472)	1,298,472	-
Deferred Tax on Incremental Depreciation on Building	-	-	(35,272)	-	(35,272)
Balance as at June 30, 2026	**20,000,000**	**1,463,999**	**218,525,162**	**(16,446,442)**	**223,542,719**

SAEED ALAM
Chief Executive

RAUF ALAM
Director

MUHAMMAD ISMAIL
Chief Financial Officer

Hyderabad: October 29, 2026

Notes to the Financial Statements

For the year ended June 30, 2026

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

(a) International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and

(b) Provisions of and directives issued under the Companies Act, 2017.

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

2.2 STANDARDS, AMENDMENTS OR IMPROVEMENTS TO APPROVED ACCOUNTING AND REPORTING STANDARDS THAT BECAME EFFECTIVE DURING THE YEAR

There are certain amendments and interpretations to the accounting and reporting standards which are mandatory for the Company's annual accounting period which began on 1 July 2025. However, these do not have any significant impact on the Company's financial statements.

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company:

-	IAS 7	Statement of Cash Flows (Amendments)	Effective date: January 1, 2026
-	IAS 21	The effects of changes in foreign exchange rates (Amendments)	Effective date: January 1, 2027

2.2 STANDARDS, AMENDMENTS OR IMPROVEMENTS TO APPROVED ACCOUNTING AND REPORTING STANDARDS THAT BECAME EFFECTIVE DURING THE YEAR (CONTINUED)

-	IAS 28	Investments in Associates and Joint Ventures (Amendments)	Effective date: January 1, 2027
-	IFRS 7	Financial Instruments: Disclosures (Amendments)	Effective date: January 1, 2026
-	IFRS 9	Financial Instruments (Amendments)	Effective date: January 1, 2026
-	IFRS 10	Consolidated Financial Statements (Amendments)	Effective date: January 1, 2026
-	IFRS 17	Insurance Contracts (Amendments)	Effective date: January 1, 2027
-	IFRS 18	Presentation and Disclosure in Financial Statements	Effective date: January 1, 2027
-	IFRS 19	Subsidiaries without Public Accountability: Disclosures	Effective date: January 1, 2027

The management anticipates that, the adoption of the above standards, amendments and interpretations in future periods, will have no material impact on the unconsolidated financial statements other than in presentation / disclosures.

Other than the aforesaid standards, interpretations and amendments, International Accounting Standards Board (IASB) has also issued the following standards and interpretation, which have not been notified locally or declared exempt by the Securities and Exchange Commission of Pakistan (SECP) as at June 30, 2026;

IFRS 1	First-time Adoption of International Financial Reporting Standards
IFRS 20	Regulatory Assets and Regulatory Liabilities
IFRIC 12	Service Concession Arrangement

2.4 Basis of Measurement

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

Going Concern Assumption

These financial statements have been prepared on going concern basis, yet there are factors which effect the Company's ability to continue as a going concern, for instance the operations of the Company have been closed since the year 2000, due to the reasons as stated in Note No.1. The business operations are suspended and the current liabilities exceed current assets by Rs.123.5 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 Honourable Foreign Exchange Regulation Appellate Board, Karachi against the order of Honourable 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 Honourable 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 Honourable 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. Sales has been disrupted during the year, yet management is confident that it will go up during the next twelve months. Export of wool is also being considered an alternative business activity. The Company has received advance for export amounting to Rs. 24.28 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.

2.5 Functional and Presentation Currency

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

2.6 Use of Estimates and Judgements

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

Depreciable amount and useful lives of Property, Plant and Equipment

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

Stores, Spares and Loose Tools

The Company reviews the net realisable 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 judgement. It is based on the lifetime expected credit loss, based on days overdue. In particular, judgement 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 by applying the reducing balance method, on pro-rata basis, full month's depreciation is charged in the month the asset is available for use while no depreciation is charged in the month of derecognition, 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 Investment Property

An investment property is a property (land or a building, part of a building or both) held to earn rentals or for capital appreciation or both which is not in the use for production or supply of goods, or for administrative purposes and is not held for sale in the ordinary course of business. Investment property is measured initially at cost and subsequent to initial recognition, investment property is measured at fair value model in accordance with requirements if IAS-40 " Investment Property " .

3.3 Stores, Spares and Loose Tools

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

3.4 Stock-in-Trade

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

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

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

3.5 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 mortised 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.

3.5 Financial Instruments (Continued)

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.

3.5.1 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.

3.5.2 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.

3.5.3 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.

3.5.4 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.

3.5.5 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

3.6 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.

3.7 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.

3.8 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 fulfil a contract can, subject to certain criteria, be capitalized as an asset and amortized over the contract period.

3.8.1 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.

3.8.2 Rent Income

The performance obligation is satisfied at the point in time when the rent becomes due in accordance with the rental contracts.

4. PROPERTY, PLANT AND EQUIPMENT

for the year ended June 30, 2026

PARTICULARS	COST / REVALUATION				DEPRECIATION			W.D.V
	As At 01-07-25	Addition/ (Deletion)	As At 30-06-2026	Rate (%)	As At 01-07-25	For the Year	As At 30-06-26	As At 30-06-26
	Rupees		Rupees		Rupees	Rupees	Rupees	Rupees
Land - free hold	215,600,000	-	215,600,000	-	-	-	-	215,600,000
Factory Building - (on free hold)	43,734,586	-	43,734,586	10	30,177,806	1,355,678	31,533,484	12,201,102
Plant & Machinery	112,279,447	-	112,279,447	10	103,900,302	837,915	104,738,217	7,541,230
Pressing & Other Machine	2,195,686	-	2,195,686	10	1,396,954	79,873	1,476,827	718,859
Air Conditioning Plant	2,237,634	-	2,237,634	10	2,092,626	14,501	2,107,127	130,507
Tools & Equipments	15,360,153	-	15,360,153	10	14,223,550	113,660	14,337,210	1,022,943
Furniture & Fixture	3,885,509	-	3,885,509	10	3,747,009	13,850	3,760,859	124,650
Office Equipment & Computers	1,616,825	-	1,616,825	10	1,554,551	6,227	1,560,778	56,047
Electric Fittings	5,028,629	-	5,028,629	10	4,853,159	17,547	4,870,706	157,923
Vehicles	3,830,250	-	3,830,250	20	3,586,066	48,837	3,634,903	195,347
Arms	143,550	-	143,550	10	139,947	360	140,307	3,243
	405,912,269	-	405,912,269		165,671,967	2,488,448	168,160,415	237,751,854

Rrevaluation of property, plant, and equipment was carried out for the first time on 30.06.2025 by an independent valuer, M/s SIPRA & Company (Pvt) Ltd., Suit # 1906, 19th Floor, Saima Trade Tower - B, I.I. Chundrigar Road, Karachi. The revaluation of Freehold land, Building & civil works, Plant & machinery, Pressing & other machines and Tools & Equipments resulted in Revaluation Surplus of Rs. 230.3 million.

Forced sale value as per revaluation report dated June 30, 2025 of freehold land, building & civil works, plant & machinery, pressing & other machines and tools & equipment is Rs. 215.7 million.

Had there been no revaluation, the values of specific classes of freehold land, building & civil works, plant & machinery and pressing & other machines as at June 30, 2025 would have been as follows:

	COST	ACCUMULATED DEPRECIATION	WRITTEN DOWN VALUE
Land - Freehold	3,585,601	-	3,585,601
Factory Building	30,908,554	30,250,880	657,674
Plant and Machinery	107,376,913	104,247,963	3,128,950
Pressing & Other machine	2,043,528	1,461,611	581,917
Tools & Equipments	14,952,529	14,296,448	656,081
	158,867,125	**150,256,901**	**8,610,224**

for the year ended June 30, 2025

PARTICULARS	COST / REVALUATION				DEPRECIATION			W.D.V
	As At 01-07-24	Addition/ (Deletion)	As At 30-06-2025	Rate (%)	As At 01-07-24	For the Year	As At 30-06-25	As At 30-06-2025
	Rupees		Rupees		Rupees	Rupees	Rupees	Rupees
Land - free hold	3,585,601	212,014,399	215,600,000	-	-	-	-	215,600,000
Factory Building - (on free hold)	30,908,554	12,826,032	43,734,586	10	29,977,852	199,954	30,177,806	13,556,780
Plant & Machinery	107,376,913	4,902,534	112,279,447	10	103,468,618	431,684	103,900,302	8,379,145
Pressing & Other Machine	2,043,528	152,158	2,195,686	10	1,323,704	73,250	1,396,954	798,732
Air Conditioning Plant	2,237,634	-	2,237,634	10	2,076,514	16,112	2,092,626	145,008
Tools & Equipments	14,952,529	407,624	15,360,153	10	14,138,778	84,772	14,223,550	1,136,603
Furniture & Fixture	3,885,509	-	3,885,509	10	3,731,620	15,389	3,747,009	138,500
Office Equipment & Computers	1,616,825	-	1,616,825	10	1,547,632	6,919	1,554,551	62,274
Electric Fittings	5,028,629	-	5,028,629	10	4,833,662	19,497	4,853,159	175,470
Vehicles	3,830,250	-	3,830,250	20	3,525,019	61,046	3,586,066	244,184
Arms	143,550	-	143,550	10	139,546	400	139,947	3,603
	175,609,522	230,302,747	405,912,269		164,762,944	909,023	165,671,967	240,240,302

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

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

Location	Usage	Area
Plot Survey Nos. 19, 18, 20, 291, 294, and 442, Deh Nareja, Tapo Laidu, Taluka Hyderabad, Sindh.	Head Office /Production facility	10.22 Acres

Allocation of Depreciation:

	2026	2025
	Rupees	Rupees
Cost of Sales	-	284,726
Administrative Expenses	2,448,448	624,297
	2,448,448	909,023

		30-06-2026 Rupees	30-06-2025 Rupees
5. INVESTMENTS PROPERTY			
Opening balance		**120,000,000**	1,943,657
Gain on remeasurement to fair value		**0**	118,056,343
		120,000,000	120,000,000

Location

Plot 9, 10, Unit No. 8, Latifabad, Autobhan, Hyderabad, Sindh. — 2 Bungalow 1200 sq yards
600 sq yards each

Rrevaluation of properties was carried out for the first time on 30.06.2025 by an independent valuer, M/s SIPRA & Company (Pvt) Ltd., Suit # 1906, 19th Floor, Saima Trade Tower - B, I.I. Chundrigar Road, Karachi. The revaluation resulted in fair value surplus of Rs. 118.05 million, which was credited to profit or loss as required by IAS-40.

6. INVESTMENTS			
At Fair Value through Other Comprehensive Income			
Shares in Bata Pakistan Limited		**161,411**	239,918
Shares in Service Industries Limited		**1,320,155**	698,119
		1,481,566	938,037

The above are fully paid ordinary shares of Rs.10 each for Bata Pakistan Limited and Rs. 1 each for Service Industries Limited. 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.

7. 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
8. INVENTORIES			
Raw and Packing Material		**26,037,075**	26,037,075
Less: Provision for Obsolescence		**(25,037,075)**	(7,879,826)
		1,000,000	18,157,249
9. TRADE RECEIVABLES			
Foreign Debtors	8.2	**318,183**	318,183
Domestic Debtors			
Related Party		**23,452,717**	26,734,717
Others		**896,862**	896,862
		24,349,579	27,631,579
		24,667,762	27,949,762
Less: Provisions for Expected Credit Losses	8.3	**(1,215,045)**	(1,215,045)
		23,452,717	26,734,717

9.1 This represents Company's unconditional right to receive consideration for the supply of goods under contract with customers.

9.2 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.

9.3 The aging of trade receivables is as under:

upto 1 year and above	**23,452,717**	26,734,717
upto 5 year and above	**1,215,045**	1,215,045
	24,667,762	27,949,762

9.4 Provision for Expected Credit Losses

Opening Balance	**1,215,045**	1,215,045
Less: Provided during the year	**0**	0
	1,215,045	1,215,045

		30-06-2026 Rupees	30-06-2025 Rupees
10. ADVANCES, DEPOSITS AND PREPAYMENTS			
Sales Tax		**172,619**	172,619
Rent Receivable		**1,723,600**	1,249,600
Other Advances		**123,062**	123,062
		2,019,281	1,545,281
Less: Provision for Expected Credit Losses		**(123,062)**	(123,062)
		1,896,219	1,422,219
11. OTHER RECEIVABLES			
Export Rebate Receivable		**3,555,524**	3,555,524
Less: Provision for Expected Credit Losses	11.1	**(3,555,524)**	(3,555,524)
		0	0
11.1 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
12. CASH AND BANK BALANCES			
Cash in hand		**48,070**	3,045
Cash at Bank - Current Accounts		**109,619**	318,989
		157,689	322,034
13. SHARE CAPITAL			
Authorized			
10,000,000 (2024: 10,000,000) Shares of Rs. 10 each		**100,000,000**	100,000,000
Issued, Subscribed and Paid up			
2,000,000 (2024 : 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.

14. REVALUATION SURPLUS

This represents revaluation surplus relating to freehold land, building on free hold land, plant & machinery, pressing & other machines and tools & equipments of the company (Refer Note No.4). The revaluation was carried on June 30, 2025 by Sipra & Company (Private) Limited, valuation consultants.The movement in the revaluation surplus during the year is as follows:

Revaluation Surplus as at July, 1		219,858,906	-
Surplus on Revaluation during the year net off Tax		-	220,026,548
Transferred to Unappropriated Profit			
due to incremental depreciation net off tax		(1,298,472)	(139,202)
Deferred Tax on incremental depreciation on bulding		(35,272)	(28,440)
		218,525,162	219,858,906
15. DEFERRED TAXATION			
The liability for deferred tax comprises temporary difference relating to:			
Revaluation of Property, Plant and Equipment	15.1	9,796,348	10,291,438
Accelerated depreciation		843,150	-
		10,639,498	10,291,438
16. TRADE AND OTHER PAYABLES			
Trade Creditors		**3,411,654**	3,411,654
Accrued Expenses		**1,887,810**	791,540
Advances from Customers	16.1	**24,543,707**	25,544,868
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	16.2	**82,688,107**	82,688,107
		121,950,987	121,855,878

	30-06-2026 Rupees	30-06-2025 Rupees

16.1 This represents Company's obligation to transfer goods under contract with customers, for which the Company has received consideration. This amount includes Rs. 23,287,580/- (2025 : Rs. 24,288,741/-) received from foreign customers.

16.2 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.

17. LOAN FROM DIRECTORS	**30,827,315**	32,847,739

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.

18. 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. 3,090,383/- including Annual Listing Fee of Rs. 2,746,546/,- SECP Supervisory Fee of Rs. 239,172/- and Sales Tax Rs. 104,665/- for the years from 2014-15 to 2025-26. Company has over this period charged an amount of Rs.650,000/- agianst this demand including Rs. 50,000/- per annum for eleven years and Rs. 5,000/- per annum for nine 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. 2,440,383/- is made in the financial statements.

19. SALES

Local Sales - Shoes	**0**	202,311
Less: Discount	**0**	0
Less: Sales Tax	**0**	(30,861)
	0	171,450

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

20. COST OF SALES

Raw and Packing Material Consumed

Opening Stock	**26,037,075**	25,768,978
Purchases	**0**	384,097
Closing Stock	**(26,037,075)**	(26,037,075)
	0	116,000
Production Expenses		
Salaries wages and benefits	**0**	39,697
Depreciation	**0**	284,726
	0	324,423
	0	440,423

21. ADMINISTRATIVE EXPENSES

Rent, rates and taxes	**29,414**	167,160
Fee and Subscription	**640,036**	958,690
Utilities	**2,350,789**	1,940,191
Depreciation	**2,488,448**	624,297
	5,508,687	3,690,338

		30-06-2026 Rupees	30-06-2025 Rupees
22.	**OTHER INCOME**		
	Rental Income	**1,704,000**	1,224,000
	Rebate received	**114,000**	464,597
	Dividend Income	**9,870**	29,260
		1,827,870	1,717,857
23.	**OTHER CHARGES**		
	Auditors' remuneration		
	Annual Audit Fee	**400,000**	400,000
	Half Yearly Review	**85,000**	85,000
	Out of pocket expense	**56,000**	56,000
		541,000	541,000
	Advance written off	**0**	214,721
	Provision for Inventories Obsolescence	**17,157,249**	0
		17,698,249	755,721
24.	**LEVY**		
	Current charge for the year	**411,809**	75,732
		411,809	75,732

This represents minimum income tax on sales under section 113 of the Income Tax Ordinance, 2001, which has been treated as levy as stated in Note No. 3.7.

25.	**TAXATION**		
	Current Tax charge for the year	**0**	0
	Deferred Tax	**312,788**	(13,201)
		312,788	(13,201)
25.1	**Tax Reconciliation**		
	(Loss)/Profit Before Taxation	**(20,791,474)**	112,866,654
	Tax Effect of Seprate Block of Income	**411,809**	0
	Reversal of taxable temporary difference	**312,788**	(13,201)
		724,597	(13,201)

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

	2026 Rupees	Expiry Date	2025 Rupees	Expiry Date
Deductible Temporary Differences				
Provision for Inventory Obsolescence	25,037,075	No expiry	7,879,826	No expiry
Provision for Expected Credit Losses	4,893,631	No expiry	4,893,631	No expiry
Provision for Stores and Spares Obsolescence	8,158,130	No expiry	8,158,130	No expiry
	38,088,836		20,931,587	
Unused Tax Losses				
Trading Loss - 2021	1,481,178	30.06.2027	1,481,178	30.06.2027
Trading Loss - 2025	3,750,827	30.06.2031	3,750,827	30.06.2031
Trading Loss - 2026	21,019,603	30.06.2032	-	30.06.2032
Unabsorbed Depreciation	54,594,793	No expiry	54,181,438	No expiry
	80,846,401		59,413,443	

26.	**EARNING/(LOSS) PER SHARE**		
	Net (Loss)/ Profit for the year	**(21,104,262)**	112,879,855
	Number of shares outstanding during the year	**2,000,000**	2,000,000
	Basic (Loss) / Earning per share	**(10.55)**	56.44

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

27. 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.

	30-06-2026 Rupees	30-06-2025 Rupees

28. FINANCIAL INSTRUMENTS BY CATEGORY

	Amortized Cost	FVTOCI - Equity Instruments	Total
As at June 30, 2026		----------Rupees----------	
Financial Assets			
Investment	-	1,481,566	1,481,566
Trade Receivables	24,667,762	-	24,667,762
Advances	2,019,281	-	2,019,281
Other Receivables	3,555,524	-	3,555,524
Cash and Bank	157,689	-	157,689
	30,400,256	**1,481,566**	**31,881,822**
Financial Liabilities			
Security Deposit from Tenant	1,530,000	-	1,530,000
Trade and Other Payables	121,950,987	-	121,950,987
Loan from Directors	30,827,315	-	30,827,315
	154,308,302	**-**	**154,308,302**
As at June 30, 2025			
Financial Assets			
Investment	-	938,037	938,037
Trade Receivables	27,949,762	-	27,949,762
Advances	1,545,281	-	1,545,281
Other Receivables	3,555,524	-	3,555,524
Cash and Bank	322,034	-	322,034
	33,372,601	**938,037**	**34,310,638**
Financial Liabilities			
Security Deposit from Tenant	1,530,000	-	1,530,000
Trade and Other Payables	121,855,878	-	121,855,878
Loan from Directors	32,847,739	-	32,847,739
	156,233,617	**-**	**156,233,617**

29. 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.

29.1 Fair Value Hierarchy

Judgements 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.

Level-2 fair value measurements are those inputs determined using valuation techniques which maximise the use observable market data and rely as little as possible on 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 In vestments

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

	30-06-2026 Rupees	30-06-2025 Rupees

30. FINANCIAL RISK EXPOSURE AND RISK MANAGEMENT

30.1 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	**24,667,762**	27,949,762
Advances	**2,019,281**	1,545,281
Other Receivables	**3,555,524**	3,555,524
Cash at Bank	**109,619**	318,989
	30,352,186	33,369,556

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. 23,452,717. (2025: Rs.26,734,717). The Company does not have any limits on its customers.

Quality of Financial Assets

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

Credit Risk Management

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

30.2 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.

30.2.1 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 1,481,566 (2025: Rs. 938,037) at the reporting date.

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 realised 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% (2025: 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, 2026		
Changes in Fair Value of Investment	**74,078**	**74,078**
As at June 30, 2025		
Changes in Fair Value of Investment	**46,902**	**46,902**

	30-06-2026 Rupees	30-06-2025 Rupees

30.2.2 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, 2026	**232,876**	**232,876**
Cash Flow Sensitivity - Foreign Advances		
As at June 30, 2025	**242,887**	**242,887**
Cash Flow Sensitivity - Foreign Advances		

30.3 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:

	Remaining Contractual Maturities			
	Payable on Demand	Payable within a year	Payable after one year	Total
		---------- Rupees ----------		
Non-Derivative Financial Liabilities as at June 30, 2026				
Security Deposit from Tenant	-	-	1,530,000	**1,530,000**
Trade and Other Payables	82,841,736	39,109,251	-	**121,950,987**
Loan from Directors	30,827,315	-	-	**30,827,315**
	113,669,051	39,109,251	1,530,000	**154,308,302**
Non-Derivative Financial Liabilities as at June 30, 2025				
Security Deposit from Tenant	-	-	1,530,000	**1,530,000**
Trade and Other Payables	82,841,736	39,014,142	-	**121,855,878**
Loan from Directors	32,847,739	-	-	**32,847,739**
	115,689,475	39,014,142	1,530,000	**156,233,617**

31. RELATED PARTY TRANSACTIONS

Related parties of the Company comprise companies with common directorship, businesses under common control, directors and key management personnel. The management considers that the terms of loans, advances and transactions with related parties are not equivalent to those that prevail in arm's length transactions. No impairment loss, if any, is recognised in respect of these balances. Similarly prices are set through internal negotiations between parties, without reference to market benchmarks. Amounts due from / to related parties are disclosed in respective notes to these financial statements. Transactions with related parties are as follows:

Name of Related Party	Nature of Transaction		
Finishers Limited - Under common management	Power cost charges	**1,200,000**	2,400,000
Branded Shop - Under Common Management	Rental Income	**132,000**	132,000
Arino - Under Common Management	Rental Income	**132,000**	132,000
Aftab Alam - Director	Loan received / (Repaid)	**(800,000)**	-
Saeed Alam - Director	Loan received / (Repaid)	**(1,220,424)**	(453,975)

32. FIGURES

Figures have been rounded off to the nearest rupee.

	30-06-2026 Rupees	30-06-2025 Rupees

33. DISCLOSURE REQUIREMENT FOR SHARIAH COMPLIANT COMPANIES

In accordance with the applicable requirements of the Companies Act, 2017 and Pakistan Stock Exchange Regulations, the Company has made the following disclosure in respect of Shariah compliance for the year ended June 30, 2026.

	June 30, 2026		June 30, 2025	
	Conventional	Shariah Compliant	Conventional	Shariah Compliant
Statement of financial position				
Bank Balances	109,619	-	318,989	-
Statement of profit or loss				
Remeasurement of Investments	-	543,529	-	122,291

Except for the above-mentioned conventional bank balances, the Company has no material Shariah non-compliant investments or financing arrangements as at June 30, 2026.

34. NUMBER OF EMPLOYEES

Total employees of the Company at year end	**4**	4
Average employees of the Company during the year	**4**	4

35. 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.

36. DATE OF AUTHORIZATION

These financial statements were authorized for issue on **October 29, 2026** by the Board of Directors of the Company.

SAEED ALAM	**RAUF ALAM**	**MUHAMMAD ISMAIL**
Chief Executive	Director	Chief Financial Officer

Hyderabad: October 29, 2026

Pattern of Share Holding - Form-34
Shareholders Statistics as at June 30, 2026
Fateh Industries Limited

Number of Shareholders	Shareholding				Total Shares Held
129	From	1	To	100	3,866
29	From	101	To	500	7,160
7	From	501	To	1000	4,860
8	From	1001	To	5000	16,434
1	From	5001	To	10000	14,591
4	From	15001	To	20000	67,828
1	From	20001	To	25000	23,118
1	From	30001	To	35000	32,437
1	From	120001	To	125000	121,967
1	From	165001	To	170000	169,333
1	From	170001	To	175000	172,803
1	From	210001	To	215000	214,811
1	From	235001	To	240000	236,025
1	From	260001	To	265000	264,000
1	From	290001	To	295000	294,406
1	From	355001	To	360000	356,361
188			**TOTAL**		**2,000,000**

Categories of Shareholders As At June 30, 2026

S. No.	Categories	No. of Share Holders	Total Share Held	Percentage
1.	Individuals	178	1,968,603	98.43%
2.	Mutual Funds	1	23,118	1.16%
3.	Investment Cc	2	1,046	0.05%
4.	Joint Stock Companies	4	4,316	0.22%
5.	Fiancial Instititions	1	2,823	0.14%
6.	Others	2	94	0.00%
	TOTAL	**188**	**2,000,000**	**100.00%**

Details of Pattern of Shareholding as per requirements of Code of Corporate Governance as on June 30, 2026

S.No.	Categories of Shareholders		No. of Shares Held	%
1.	**Associated Companies**			
	Fateh Sports Wear Limited		518	
		Total >	**518**	0.03%
2.	**NIT / ICP**			
	Investment Corporation of Pakistan		46	
	CDC Trustee - National Investment (Unit) Trust		23,118	
		Total >	**23,164**	1.16%
3.	**Directors, CEO and their spouse and minor children**			
	Mr. Rauf Alam - Director		264,000	
	Mr. Aftab Alam - Director		294,406	
	Mr. Saeed Alam - Chief Executive		356,361	
	Mr. Faraz Alam - Director		32,437	
	Mr. Ashhar Alam - Director		15,422	
	Mr. Jamal Alam - Director		15,372	
	Mrs. Seema Rauf - Director		214,811	
	Mr. Aneek Alam		18,392	
	Mr. Anhar Alam		18,642	
	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		2,823	
	Fateh Mohammad Akber		2,774	
	Pakistan Industrial Credit & Investment Corporation		1,000	
	Fateh Textile Mills Limited		1,023	
	NCC - Pre settlement Account		51	
	Abandoned Properties		43	
	Maple Leaf Capital Limited		1	
		Total >	**7,715**	0.39%


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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 41st Annual General Meeting to be held on **Thursday November 26, 2026 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 _____ 2026 in presence of _____

Signed this _____ day of _____ 2026

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