

## **Fateh Industries Limited**

**Annual Report 2000**

### **Notice of Annual General Meeting**

Notice is hereby given that the 15th Annual General Meeting of the Shareholders of FATEH INDUSTRIES LIMITED, will be held on Monday the 18th December, 2000 at 8.30 a.m. at the registered office of the Company at Mirpurkhas Road, Hyderabad for the purpose of transacting the following business:-

1. To confirm the minutes of the last Annual General Meeting of the Company held on December 27th 1999.
2. To receive, consider and adopt the Audited Accounts for the year ended 30th June, 2000 together with Director's and Auditor's Reports thereon.
3. To appoint Auditors for the year 2000-2001 and fix their remuneration.
4. Any other business with the permission of the Chair.

By order of the Board  
FATEH INDUSTRIES LIMITED

Hyderabad  
26th November, 2000

Muhammad Iqbal Khan  
Company Secretary

#### **NOTES:**

1. The share transfer books of the Company will remain closed for 7 days from 12th to 18th December, 2000 (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 by the Company at the Registered Office not later than 48 hours before the time of holding the meeting.
4. Shareholders are required to notify the change of their address, if any, immediately.

### **Company Profile**

#### **MANAGING DIRECTOR & CHIEF EXECUTIVE**

Mr. Saeed Alam

#### **DIRECTORS**

Mr. Rauf Alam

Mr. Aftab Alam

Mr. Muhammad Mohsin

Mr. Muhammad Naveed

Mrs. Jamila Alam

Mrs. Najma Roshan

#### **SECRETARY**

Mr. Muhammad Iqbal Khan

**AUDITORS**

M/s. Moosa & Company  
Chartered Accountants,  
Karachi.

**BANKERS**

United Bank Limited

**REGISTERED OFFICE**

Mirpurkhas Road,  
Hyderabad.

**BRANCH OFFICE**

9th Floor Adamjee House,  
I. I. Chundrigar Road,  
Karachi.

**PLANT**

Mirpurkhas Road,  
Hyderabad.

**Directors Report to the Members**

On behalf of the Board of Directors I am pleased to welcome you on 15th Annual General Meeting of your company M/s. Fateh Industries Ltd., and present before you the Audited Accounts and the Auditors' Report for the year ended on June 30, 2000. The activities of the Company are summarized as follows.

**Operations**

The Factory remained closed for whole of this year as compared to half year in the last fiscal year as such no Sales were booked during 1999-2000. The net loss for the year was Rs. 41 million. The Company had lay off the labor and cut down all the expenses but only the running expenses. Out of this loss Rs. 33.2 million came from stock verification and reassessment of the inventory. While going through the physical stock taking it was noticed that many perishable items had gone expired, the re-assessment was done which is taken as an administrative expense in the books.

The financial expenses have come down to half of the previous year as the Company had stopped accruals after it went in to the legal options with the Bank.

**Financial results**

Financial results for the year 1999-2000 were as follows;

	Rupees (000)
Operating Loss	34,553
Other Income	(30)
	-----
	34,523
Financial & Other Charges	6525
	-----
Loss before taxation	41,048
Provision for taxation	142
	-----
	41,190
Un-appropriated loss brought forward	89,351

Loss carried over to Balance Sheet 130,541

### Auditors' Observation

The Auditors of the Company while qualifying their report under review have observed that accounts have been prepared on going concern basis the validity of which depends on the support of Directors towards providing working capital and other finance to the Company. Your Directors fully endorse the view point of the Auditors of the Company.

### Pattern of Shareholding

The pattern of shareholding required under section 236 of the Companies Ordinance 1984 is annexed.

### Appointment of Auditors

The retiring auditors M/s. Moosa & Company, Chartered Accountants, being eligible offer themselves for appointment.

### Staff and Management Relations

The Board of Directors places on record its sincere appreciations on the services rendered by the Company's employees and for the co-operation received from the Bankers.

**SAEED ALAM**

Chairman

Board of Directors

Dated: 20th November, 2000

### Pattern of Shareholdings as at June 30, 2000

NO. OF SHAREHOLDER	SHAREHOLDING		TOTAL SHARES HELD
453 From	1	To	100 38,133
120 From	101	To	500 32,979
39 From	501	To	1000 26,625
6 From	1001	To	5000 12,600
5 From	5001	To	10000 42,719
1 From	10001	To	15000 14,737
1 From	15001	To	20000 16,174
2 From	30001	To	35000 67,399
1 From	35001	To	40000 38,269
2 From	40001	To	45000 87,122
1 From	45001	To	50000 46,853
1 From	50001	To	55000 51,371
2 From	55001	To	60000 114,325
1 From	60001	To	65000 62,102
1 From	70001	To	75000 72,014
2 From	95001	To	100000 197,816
1 From	100001	To	105000 100,891
1 From	110001	To	115000 111,905
1 From	115001	To	120000 116,148
2 From	120001	To	125000 246,502
1 From	140001	To	145000 141,456
1 From	165000	To	170000 169,333
1 From	190001	To	195000 192,527
646	TOTAL		2,000,000

CATEGORIES OF SHAREHOLDERS	SHARES		
	NUMBERS	HELD	PERCENTAGE
Individuals	641	1,946,917	97.35%
Investment Companies	3	51,499	2.57%
Insurance Companies	0	0	0.00%
Joint Stock Companies	2	1,584	0.08%
Financial Institutions	0	0	0.00%
Modarba Companies others	0	0	0.00%
<b>TOTAL</b>	<b>646</b>	<b>2,000,000</b>	<b>100.00%</b>

## Auditors' Report to the Members

We have audited the annexed balance sheet of Fateh Industries Limited as at June 30, 2000, the related profit & loss account and cash flow statement together with the notes forming part thereof, for the year then ended 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 our audit.

The accounts have been prepared this year also on a going concern basis the validity of which depends on the support from Directors of the Company towards providing working capital and other finances in the absence of which the basis would not be valid and adjustment would have to be made for any gain or loss arising on realization of the Company's assets.

It is the responsibility of the company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standard as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit included examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that;

Subject to the above reservation :-

(a) in our opinion, proper books of account have been kept by the company as required by the Companies Ordinance, 1984:

(b) in our opinion :

(i) the balance sheet and profit & loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984 and are in agreement with the books of account and are further in accordance with the accounting policies consistently applied:

(ii) the expenditure incurred during the year was for the purpose of the company's business: and

(iii) the business conducted, investments made and the expenditure incurred

during the year were in accordance with the objects of the company;

(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit & loss account, cash flow statement together with the notes, forming part thereof, confirm with approved accounting standard as applicable in Pakistan, and give the information required by the Companies Ordinance, 1984 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, 2000 and of the loss, its cash flows for the year then ended; and

(d) in our opinion no zakat was deductible at source under the Zakat & Ushr Ordinance, 1980.

### MOOSA & COMPANY

Karachi: 20th November, 2000

Chartered Accountants

### Balance Sheet as at June 30, 2000

	<i>NOTE NO.</i>	<i>30-06-2000 RUPEES</i>	<i>30-06-99 RUPEES</i>
<b>CAPITAL AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorised Capital 10,000,000 ordinary shares of Rs. 10/- each		100,000,000	100,000,000
=====			
Shareholders' Equity			
Issued, subscribed and paid up share capital	3	20,000,000	20,000,000
General reserve	4	30,000,000	30,000,000
Unappropriated loss		(130,541,558)	(89,351,249)
		-----	-----
		(80,541,558)	(39,351,249)
<b>LONG TERM LOAN</b>	5	19,138,956	22,638,956
<b>CURRENT LIABILITIES</b>			
Current portion of long term liabilities	6	0	0
Short term running finances	7	245,319,772	246,374,022
Creditors, accrued and other liabilities	8	79,512,415	75,125,099
Workers' profit participation fund	9	0	0
Provision for taxation	10	200,000	200,000
		-----	-----
		325,032,187	321,699,121
		-----	-----
		263,629,585	304,986,828
=====			
<b>PROPERTY AND ASSETS</b>			
<b>TANGIBLE FIXED ASSETS</b>			
Operating fixed assets	11	98,398,115	98,153,312
LONG TERM INVESTMENTS	12	17,566	17,566
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools	13	8,158,130	8,158,130
Stock-in-trade	14	40,885,483	74,133,629
Trade debts	15	58,658,212	60,011,410
Advances, deposits and prepayments	16	14,310,187	14,663,879
Other receivables	17	43,106,933	49,721,015

Cash and bank balances	18	94,959	127,887
		-----	-----
		165,213,904	206,815,950
		-----	-----
		263,629,585	304,986,828
		=====	=====

## NOTES:

1. The annexed notes form an integral part of these accounts.
2. Auditor's report is attached.

Date: 20th November, 2000	<b>SAEED ALAM</b> Chief Executive	<b>RAUF ALAM</b> Director	<b>MOOSA &amp; COMPANY</b> Chartered Accountants
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**Profit & Loss Account for the year ended June 30, 2000**

	<i>NOTE</i>	<i>30-06-2000</i>	<i>30-06-99</i>
	<i>NO.</i>	<i>RUPEES</i>	<i>RUPEES</i>
Sales	19	0	23,085,795
Cost of Sales	20	0	15,532,826
		-----	-----
Gross Profit		0	7,552,969
Administration expenses	21	34,512,141	4,305,788
Selling expenses	22	41,300	1,374,071
		-----	-----
		34,553,441	5,679,859
		-----	-----
Operating Profit/(Loss)		(34,553,441)	1,873,110
Other income	23	30,290	66,000
		-----	-----
		(34,523,151)	1,939,110
Financial expenses	24	6,517,156	13,132,353
Other charges	25	15,000	19,590
		-----	-----
		6,532,156	13,151,943
Prior period adjustment		7,500	0
		-----	-----
Loss before taxation		(41,047,807)	(11,212,833)
Taxation			
Current		200,000	200,000
Prior		(57,498)	(58,384)
		-----	-----
		142,502	141,616
		-----	-----
Loss after taxation		(41,190,309)	(11,354,449)
Unappropriated loss brought forward		(89,351,249)	(77,996,800)
		-----	-----
Unappropriated loss carried to Balance Sheet		(130,541,558)	(89,351,249)
		=====	=====

Note: The annexed notes form an integral part of these accounts.

Date: 20th November, 2000	<b>SAEED ALAM</b> Chief Executive	<b>RAUF ALAM</b> Director	<b>MOOSA &amp; COMPANY</b> Chartered Accountants
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**Statement of Changes in Financial Position for the year ended June 30, 2000**  
**(Cash Flow Statement)**

	<i>NOTE</i>	<i>30-06-2000</i>	<i>30-06-99</i>
	<i>NO.</i>	<i>RUPEES</i>	<i>RUPEES</i>
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	A	10,095,171	(180,504,053)
Return on investment and servicing of finance:			
Mark-up / interest paid		(5,234,346)	(10,432,353)
Dividend received		(290)	0
		-----	-----
Net cash outflow from return on ' investment and servicing of finance		(5,234,636)	(10,432,353)
<b>Taxation</b>			
Tax paid (including tax deducted at source)		(94,410)	(48,198)
		-----	-----
Net cash flow from taxation		(94,410)	(48,198)
<b>Investing activities</b>			
Fixed capital expenditure		(244,8003)	(1,098,226)
Sale of fixed assets		0	45,805
		-----	-----
Net cash flow from investing activities		(244,803)	(1,052,421)
		-----	-----
Net cash flow before financing activities		4,521,322	(192,037,025)
<b>Financing activities</b>			
Increase/(Decrease) in:			
Long term loans		(3,500,000)	0
Short term borrowing		(1,054,250)	188,422,954
		-----	-----
Net cash flow from financing activities		(4,554,250)	188,422,954
		-----	-----
Increase/(decrease) in cash & cash equivalent	B	(32,928)	(3,614,071)
		=====	=====
		<b><i>30-06-2000</i></b>	<b><i>30-06-99</i></b>
		<b><i>RUPEES</i></b>	<b><i>RUPEES</i></b>

**NOTE: A**

Reconciliation of operating profit to net cash flow from operating activities:

Net loss before taxation	(41,047,807)	(11,212,833)
Depreciation	0	848,526
Mark-up / interest expenses	6,517,156	13,132,353
Dividend received	290	0
	6,517,446	13,980,879
Operating profit before working capital changes	(34,530,361)	2,768,046
(Increase)/Decrease in current assets		
Stores, spare & loose tools	0	(25,676)
Stock-in-trade	33,248,146	9,193,834

Trade debtors	1,353,198	(3,487,512)
Advances, deposits & pre-payments	305,600	(6,241,992)
Other receivables	6,614,082	10,149,921
(Decrease)/Increase in current liabilities		
Creditors, accrued & other liabilities	3,104,506	186,152,547
Workers' Profit Participation Fund	0	(6,708,127)
	-----	-----
	44,625,532	(183,272,099)
	-----	-----
	10,095,171	(180,504,053)
	=====	=====

**NOTE: B**

Analysis of changes in cash and cash equivalents during 'the year:

Cash and bank balances as at June 30, 1999	127,887	3,741,958
Increase/(decrease) in cash and cash equivalents	(32,928)	(3,614,071)
	-----	-----
Cash and bank balances as at June 30, 2000	94,959	127,887
	=====	=====

Dated: 20th November, 2000

**SAEED ALAM**  
Chief Executive

**RAUF ALAM**  
Director

**Notes to the Accounts for the year ended June 30, 2000****1. THE COMPANY AND ITS OPERATIONS**

Fateh Industries Limited is incorporated in Pakistan as a public limited company and is listed on the Karachi Stock Exchange.

The company is engaged mainly in the manufacturing and sales of footwear of all kinds.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****2.1 Accounting convention**

The accounts have been prepared under the historical cost convention. The company has not adopted any procedure to determine the impact on the accounts of inflation or changes in the general level of prices.

**2.2 Fixed Assets**

These are stated at cost less accumulated depreciation except land which is stated at cost.

Depreciation is calculated on the written down value of assets. Full year's depreciation is charged on additions, while no depreciation is charged on fixed assets deleted during the year.

However Depreciation is not charged on fixed assets of the company, because the company was not in operation during the year under consideration.

**2.3. Taxation**

Charge for current taxation is based on taxable income at current tax rates after considering the rebates and tax credits available, if any.



The company does not account for or provide deferred tax liability. It is the practice of the management for providing tax liability for current year's only. The management is of the opinion that time difference tax liability will not materially reverse in foreseeable future.

The deferred taxation liability due to accelerated rate of depreciation allowance at the current rate of taxation as at June 30, 2000 including for the current year amounts to Rs. 2.810 million.

#### 2.4. Stores and spares

These are valued at average cost except items in transit which are stated at invoice value plus other charges incurred thereon.

#### 2.5. Stock-in-Trade

These are valued:

Raw materials	At cost plus expenses incurred.
Goods in process and packing material.	At average cost.
Finished goods	Lower of the net realisable value or cost. The net realisable value signifies estimated selling price in ordinary course of business.
Goods in transit	At invoice value plus charges and expenses incurred thereon.

#### 2.6. Trade debts

Bad debts are written off against the profit of the Company during the year in which it is incurred.

#### 2.7. Provision for Gratuity

Provision for gratuity has not been made in the accounts. The gratuity is charged to the current profit when it is paid. The actual amount of liability not provided for in the accounts is Rs. NIL. No material payment of gratuity is likely to arise in foreseeable future.

#### 2.8. Revenue recognition

Sales are recorded on dispatch of goods. Income other than sales are recorded on accrual basis.

#### 2.9. Sales

Sales include rebates on export sales. However, there were no sales during the year under consideration.

2.10. The account have been prepared in the light of provisions of Companies Ordinance, 1984

### 3. ISSUED, SUBSCRIBED & PAID-UP SHARE CAPITAL

Fully paid ordinary shares of Rs. 10/- each

50,000 (1998 - 99 50,000) issued for cash

1,950,000 (1998-99 1,950,000) issued as bonus shares

	<i>30-06-2000</i>	<i>30-06-99</i>
	<i>RUPEES</i>	<i>RUPEES</i>
	500,000	500,000
	19,500,000	19,500,000
	-----	-----
	20,000,000	20,000,000
	=====	=====

**4. GENERAL RESERVE**

Opening balance	30,000,000	30,000,000
	=====	=====

**5. LONG TERM LOAN**

Secured		
United Bank Limited (5.1)		
Loan No. UBL-NIDF-2648	19,138,956	22,638,956
	=====	=====

5.1 The loan is secured by first equitable charge of the company's present and future immovable properties including fixed plant and machinery of the company. A first pari passu charge by way of hypothecation in respect of all present and future machinery of the company and first floating charge on all other present and future assets of the company.

The Bank has restructured entire out standing loan liability alongwith mark up repayment schedule in this respect is still awaited from the bank till accounts were Finalized

**6. CURRENT PORTION OF LONG TERM LIABILITIES (Secured)**

Long term loan	0	0
	=====	=====

**7. SHORT TERM RUNNING FINANCES**

From banking companies		
Secured (note 7.1)	49,361,068	50,951,068
From Directors		
Un-secured interest free	195,958,704	195,422,954
	-----	-----
	245,319,772	246,374,022
	=====	=====

7.1 The loan is secured against hypothecation of stock in trade and stores, book debts, lien on export contracts letters of credit as well as equitable mortgage of immovable and movable assets of the company.

The extent of short term running finance facility extended to the company is Rs. 55.00 million.

Mark-up is paid at 13 per cent per annum.

	<b>30-06-2000</b>	<b>30-06-99</b>
	<b>RUPEES</b>	<b>RUPEES</b>

**8. CREDITORS, ACCRUED AND OTHER LIABILITIES**

Creditors		
Trade	15,351,287	13,699,861
Others	463,210	470,704
Due to associated undertakings	45,960,184	44,500,427
Security deposits	0	11,000
Advance from customers	6,901,011	6,901,011
Tax deducted at source	57,208	28,544
Accrued expenses	1,142,576	1,159,423

Mark-up on secured loans	9,636,939	8,354,129
	-----	-----
	79,512,415	75,125,099
	=====	=====

**9. WORKERS' PROFIT PARTICIPATION FUND**

Opening balance	0	6,708,127
Add: Profit allocation for the year	0	0
Interest accrued	0	0
	-----	-----
	0	6,708,127
Less: Paid during the year	0	6,708,127
	-----	-----
	0	0
	=====	=====

**10. PROVISION FOR TAXATION**

Opening balance	200,000	200,000
Provided during the year		
Current	200,000	200,000
Prior	(57,498)	(58,384)
	-----	-----
	142,502	141,616
	-----	-----
	342,502	341,616
Less: Adjustment of income tax for earlier years due to completion of Income Tax assessment	142,502	141,616
	-----	-----
	200,000	200,000
	=====	=====

**11. OPERATING FIXED ASSETS**

Description	Cost		Accumulated		Book Value	Depreciation Charged for the Year	Rate %
	As at July 01, 1999	Addition/ (Deletion/ Adjustments)	As at June 30, 2000	Depreciation as at June 30, 2000			
Land	3,585,601	0	3,585,601	0	3,585,601	0	--
Factory Building	30,833,522	75,032	30,908,554	16,870,158	14,038,396	0	10
Plant & Machinery	107,371,913	5,000	107,376,913	47,016,164	60,360,749	0	10
Air Conditioning Plant	2,033,634	0	2,033,634	927,422	1,106,212	0	10
Tools & Equipment	14,702,529	0	14,702,529	3,442,422	11,260,107	0	10
Furniture & Fixture	3,885,509	0	3,885,509	1,563,265	2,322,244	0	10
Office Equipment and Computer	1,616,825	0	1,616,825	572,683	1,044,142	0	10
Electric Fittings	5,028,629	0	5,028,629	2,086,503	2,942,126	0	10
Vehicles	1,524,250	0	1,524,250	1,109,181	415,069	0	20
Arms	143,550	0	143,550	83,135	60,415	0	10
Other Buildings	1,778,886	164,771	1,943,657	680,603	1,263,054	0	10
	-----	-----	-----	-----	-----	-----	-----
Total 30-06-2000	172,504,848	244,803	172,749,651	74,351,536	98,398,115	0	
	=====	=====	=====	=====	=====	=====	=====
Total 30-06-1999	171,480,919	1,098,226 (74,297)	172,504,848	74,351,536	98,153,312	848,526	
	=====	=====	=====	=====	=====	=====	=====

Note: The company had not done any business activity during the year, accordingly depreciation on fixed assets has not been charged.

	<i>30-06-2000</i>	<i>30-06-99</i>
	<i>RUPEES</i>	<i>RUPEES</i>
(a) Cost of Sales	0	710,652
(b) Administration expenses	0	137,874
	-----	-----
	0	848,526
	=====	=====

**12. LONG TERM INVESTMENTS**

Shares of quoted companies	17,566	17,566
	=====	=====

These are stated at cost. The market value of above shares on June 30, 2000 was Rs. 9,663 (1998-99 - Rs. 11,367). The company has earned dividend of Rs.290 (1998 - 99 Rs. NIL) from the share investment in listed companies. Details of investment in different quoted companies are given below:

<b>Name of Company</b>	<i>No. of Shares held</i>	<i>Purchase Price/Cost</i>	<i>Face Value per Share</i>	<i>Quoted Value</i>
				<i>as on 30-06-2000</i>
Bata Pakistan Ltd.	160	11,280	10	4,640
Service Industries Ltd.	132	6,286	10	5,023
	-----	-----	-----	-----
Total	292	17,566		9,663
	=====	=====		=====

	<i>30-06-2000</i>	<i>30-06-99</i>
	<i>RUPEES</i>	<i>RUPEES</i>
<b>13. STORE, SPARE PARTS AND LOOSE TOOLS</b>		
Stores	465,584	465,584
Spare parts and tools	7,692,546	7,692,546
	-----	-----
	8,158,130	8,158,130
	=====	=====

**14. STOCK-IN-TRADE**

Raw and packing material	9,079,638	39,980,780
Goods in process	0	2,347,004
Finished goods	31,805,845	31,805,845
	-----	-----
	40,885,483	74,133,629
	=====	=====

**15. TRADE DEBTS**

Considered good and recoverable (Unsecured)	58,658,212	60,011,410
	=====	=====

**16. ADVANCES, DEPOSITS AND PREPAYMENTS**

Considered good		
Advances		
Employees	381,368	506,049
Associated undertaking	714,566	178,816
Contractors	0	6,860
Suppliers'	4,727	4,727

Others	11,788,337	12,481,646
Income tax	1,155,133	1,203,225
Against purchases	0	1,500
Deposits		
Securities - others	266,056	281,056
	-----	-----
	14,310,187	14,663,879
	=====	=====

**17. OTHER RECEIVABLES**

Export rebates	4,227,958	5,606,005
Others	38,878,975	44,115,010
	-----	-----
	43,106,933	49,721,015
	=====	=====

**18. CASH & BANK BALANCES**

Cash in hand	2,228	26,912
Cash with banks	92,731	100,975
	-----	-----
	94,959	127,887
	=====	=====

**19. SALES**

Sales	0	23,167,686
Less · Sales commission	0	81,891
	-----	-----
	0	23,085,795
	=====	=====

**20. COST OF SALES**

Raw & packing material consumed (20-A)	0	3,222,519
Salaries, wages and other benefits	0	2,999,496
Stores, spare parts, etc. consumed	0	265,576
Repairs and maintenance	0	45,335
Fuel and power	0	1,448,388
Insurance	0	224,138
Other manufacturing expenses	0	94,523
Depreciation	0	710,652
	-----	-----
	0	9,010,627
Goods-in-process		
Opening inve I	2,347,004	4,661,124
Closing inventory	0	2,347,004
	-----	-----
	2,347,004	2,314,120
Less: Transferred to administration expenses (Note 21-A)	2,347,004	0
	-----	-----
	0	2,314,120
Cost of goods manufactured	0	31,324,747
Finished goods		
Opening inventory	31,805,845	36,013,924
Closing inventory	31,805,845	31,805,845
	-----	-----
	0	4,208,079

-----	-----
0	15,532,826
=====	=====

**20-A RAW AND PACKING MATERIAL CONSUMED**

Opening inventory	39,980,780	41,831,885
Purchases	0	1,371,414
	-----	-----
	39,980,780	43,203,299
Less: Closing Inventory	9,079,638	39,980,780
Transferred to administration expenses (Note 21-A)	30,901,142	0
	-----	-----
	0	3,222,519
	=====	=====

**21. ADMINISTRATION EXPENSES**

Salaries, wages and benefits	670,138	1,464,601
Travelling, conveyance and entertainments	0	195,398
Rent, rates, taxes and fees	122,718	520,459
Repairs and maintenance	2,850	22,950
Printing and stationery	29,793	101,626
Legal and professional charges	40,000	54,500
Inventory losses (21-A)	33,248,146	0
Communication	4,589	450,340
Miscellaneous	393,907	1,147,359
Vehicle running expenses	0	209,706
Computer consumables	0	975
Depreciation	0	137,874
	-----	-----
	34,512,141	4,305,788
	=====	=====

**21-A INVENTORY LOSSES IN**

Goods-in- process (Note No. 20)	2,347,004	0
Raw & Packing Material (Note No. 20-A)	30,901,142	0
	-----	-----
	33,248,146	0
	=====	=====

**22. SELLING EXPENSES**

Freight on exports	0	185,866
Insurance on exports	0	1,500
Clearing & forwarding charges	0	4,400
Advertisement and Publicity	23,000	11,000
Export development surcharge/expenses	0	36,601
Sindh delev. & maint. infrast. Fees	0	7,320
Product development expenses	18,300	47,133
Miscellaneous expenses on export	0	1,080,251
	-----	-----
	41,300	1,374,071
	=====	=====

**23. OTHER INCOME**

Dividend income	290	0
Agriculture Income	30,000	66,000
	-----	-----
	30,290	66,000

**24. FINANCIAL EXPENSES**

Interest, mark-up and other charges on

Long-term loans	1,282,780	2,700,300
Export and running finances	5,233,540	10,272,000
Bank charges & commission	836	160,053
	-----	-----
	6,517,156	13,132,353

**25. OTHER CHARGES**

Auditors remuneration

Audit fee	15,000	15,000
Out of pocket expenses	0	4,590
	-----	-----
	15,000	19,590
	-----	-----
	15,000	19,590

**26. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND OTHER EXECUTIVES**

The aggregate amount charged in the accounts during the year for remunerations, including benefits to the Chief Executive, full time working Directors and other Executives of the Company is as follows:

	<i>Chief Executive</i>	<i>Directors</i>	<i>Executives</i>	<i>Total 30-06-2000</i>	<i>Total 30-06-99</i>
Remuneration	0	0	0	0	342,192
House rent allowance	0	0	0	0	165,984
Utilities	0	0	0	0	10,224
Reimbursable expenses	0	0	0	0	3,600
	-----	-----	-----	-----	-----
	0	0	0	0	522,000
	-----	-----	-----	-----	-----
No. of persons	0	0	0	0	3

Remuneration and meeting fees were forgone by the Directors and Chief Executive and as such no remuneration and perquisites were paid to them during the year.

There were no loans or advances granted to Directors during the year.

**27. AGGREGATE OF TRANSACTIONS WITH ASSOCIATED UNDERTAKINGS**

i) Purchase of goods & services	
ii) Sales of goods & services	0
iii) Brokerages, discount and commission	0
iv) Interest on loans	0
v) Any other transactions	0

**28. PRODUCTION CAPACITY**

The capacity and production of the company's plant is indeterminable as it varies for different varieties of shoes.

## 29. FIGURES

Figures have been rounded off to the nearest rupee. Previous year's figures have been re-arranged wherever necessary, for the purpose of comparison.

Dated: 20th November, 2000

**SAEED ALAM**  
Chief Executive

**RAUF ALAM**  
Director



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