

Fateh Industries Limited

Annual Report 1999

Notice of Annual General Meeting

Notice is hereby given that the 14th Annual General Meeting of the Shareholders of FATEH INDUSTRIES LIMITED, will be held on Monday the 27th December, 1999 at 9.00 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 Extra Ordinary General Meeting of the Company held on June 28, 1999.
2. To receive and adopt the Directors' Report and Audited Balance Sheet together with the Profit & Loss Account of the Company for the year ended 30th June, 1999.
3. To appoint Auditors for the year 1999-2000 and fix their remuneration.
4. Any other business with permission of the Chair.

Hyderabad
6th December, 1999

By order of the Board
FATEH INDUSTRIES LIMITED

Muhammad Iqbal Khan
Company Secretary

NOTES:

1. The share transfer books of the Company will remain closed for 7 days from 21st to 27th December, 1999 (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

I, on behalf of the Board of directors welcome you on 14th 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, 1999. The activities of the Company are summarized as follows.

Operating Results

Sales during the year 1998-99 1.75% higher than the previous year but continuity in the Sales Orders was not observed and most of the sales were made out of the stock. Therefore the Management had to take a bitter pill by deciding temporary close down of production activities and lay off remaining workers with effect from January 1 st 1999. The Management is however, considering different aspects of manoeuvring activities of your company in order to vitalize the business.

During the year under review the Company has earned an operating profit of Rs. 1.9 million which was eaten away by the heavy load of financial cost. However the net loss went down to Rs. 11.2 million from Rs. 26.89 million of last years.

Financial results

Financial results for the year 1998-99 were as follows;

	Rupees (000)
Operating Profit	1,873
Other Income	66

	1,939
Financial & Other Charges	13,152

Loss before taxation	11,213
Provision for taxation	141

	11,354
Un-appropriated loss brought forward	77,997

Loss carried over to Balance Sheet 89,351

=====

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.

As regards the Auditor's note on providing gratuity and deferred taxation, our company's policy is consistent to record actual gratuity on payment while taxation is provided in the accounts.

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 Accountant, 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 the co-operation received from the Bankers.

SAEED ALAM

Chairman

Board of Directors

Dated: 29th November, 1999

Pattern of Shareholdings as at June 30, 1999

NO. OF SHAREHOLDERS	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 1000130 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 141.46
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%
Modaraba Companies others	0	0	0.00%
Total	646	2,000,000	100.00%

Auditors' Report to the Members

We have audited the annexed balance sheet of Fateh Industries Limited as at June 30, 1999 and the related profit & loss account and statement of changes in financial position (cash flow statement) together with the notes forming part thereof for the year then ended.

The accounts have been prepared on a going concern basis the validity of which depends on the support from the 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.

Subject to the above, we state that we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and after due verification thereof, we report that,

(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 except as the notes given 2.2, 2.3 and 2.7 with which we concur:

(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 and the statement of changes in financial position, together with the notes forming part thereof, 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, 1999 and of the loss and the changes in financial position for the year then ended; and

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

Karachi: 29th November, 1999

MOOSA & COMPANY
Chartered Accountants**Balance Sheet as at June 30, 1999**

CAPITAL AND LIABILITIES	NOTE NO.	30-06-99 RUPEES	30-06-98 RUPEES
SHARE CAPITAL AND RESERVES			
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		(89,351,249)	(77,996,800)
		-----	-----
		(39,351,249)	(27,996,800)
LONG TERM LOAN	5	22,638,956	22,638,956
CURRENT LIABILITIES			
Current portion of long term liabilities	6	0	0
Short term running finances	7	246,374,022	57,951,068
Creditors, accrued and other liabilities	8	75,125,099	258,577,646
Workers' profit participation fund	9	0	6,708,127
Provision for taxation	10	200,000	200,000
		-----	-----
		321,699,121	323,436,841
		-----	-----
		304,986,828	318,078,997
		=====	=====
PROPERTY AND ASSETS			
TANGIBLE FIXED ASSETS			
Operating fixed assets	11	98,153,312	97,949,417
LONG TERM INVESTMENTS	12	17,566	17,566
CURRENT ASSETS			
Stores, spare parts and loose tools	13	8,158,130	8,132,454
Stock-in-trade	14	74,133,629	83,327,463
Trade debts	15	60,011,410	56,523,898
Advances, deposits and prepayments	16	14,663,879	8,515,305
Other receivables	17	49,721,015	59,870,936
Cash and bank balances	18	127,887	3,741,958
		-----	-----
		304,986,828	318,078,997
		=====	=====

NOTES:

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

Date: 29th November, 1999

SAEED ALAM
Chief ExecutiveRAUF ALAM
DirectorMOOSA & COMPANY
Chartered Accountants**Profit & Loss Account for the year ended June 30, 1999**

	<i>NOTE NO.</i>	<i>30-06-99 RUPEES</i>	<i>30-06-98 RUPEES</i>
Sales	19	23,085,795	22,685,424
Cost of Sales	20	15,532,826	29,810,947
Gross Profit/(Loss)		7,552,969	(7,125,523)
Administration expenses	21	4,305,788	6,860,226
Selling expenses	22	1,374,071	4,379,656
		5,679,859	11,239,882
Operating Profit/(Loss)		1,873,110	(18,365,405)
Other income	23	66,000	68,424
		1,939,110	(18,296,981)
Financial expenses	24	13,132,353	8,552,706
Other charges	25	19,590	41,930
		13,151,943	8,594,636
Loss before taxation		(11,212,833)	(26,891,617)
Taxation			
Current		200,000	200,000
Prior		(58,384)	1,627,571
		141,616	1,827,571
Loss after taxation		(11,354,449)	(28,719,18'8)
Unappropriated loss brought forward		(77,996,800)	(49,277,612)
Unappropriated loss carried to Balance Sheet		(89,351,249)	(77,996,800)

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

Dated: 29th November, 1999

SAEED ALAM
Chief ExecutiveRAUF ALAM
DirectorMOOSA & COMPANY
Chartered Accountants**Statement of Changes in Financial Position for the year ended June 30,1999
(Cash Flow Statement)**

<i>NOTE NO.</i>	<i>30-06-99 RUPEES</i>	<i>30-06-98 RUPEES</i>
---------------------	----------------------------	----------------------------

NET CASH INFLOW FROM OPERATING A	(180,504,053)	8,900,229
	-----	-----
Return on investment and servicing of finance:		
Mark-up / interest paid	(10,432,353)	(6,655,624)
Dividend received	0	424
	-----	-----
Net cash outflow from return on investment and servicing of finance	(10,432,353)	(6,655,200)
Taxation		
Tax paid (including tax deducted at source)	(48,198)	(1,370,653)
	-----	-----
Net cash flow from taxation	(48,198)	(1,370,653)
Investing activities		
Fixed capital expenditure	(1,098,226)	(2,206,716)
Sale of fixed assets	45,805	36,984
	-----	-----
Net cash flow from investing activities	(1,052,421)	(2,169,732)
	-----	-----
Net cash flow before financing activities	(192,037,025)	(1,295,356)
Financing activities		
Increase/(Decrease) in:		
Short term borrowing	188,422,954	4,214,913
	-----	-----
Net cash flow from financing activities	188,422,954	4,214,913
	-----	-----
Increase/(decrease) in cash & cash equivalent	B (3,614,071)	2,919,557
	=====	=====

NOTE: A

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

Net loss before taxation	(112,12,833)	(26,891,617)
Depreciation	848,526	3,666,422
Mark-up/interest expenses	13,132,353	7,726,150
Dividend received	0	(424)
	-----	-----
	13,980,879	11,392,148
	-----	-----
Operating profit before working capital change	2,768,046	(15,499,469)
(Increase)/Decrease in current assets		
Stores, spare & loose tools	(25,676)	539,936
Stock-in-trade	9,193,834	(395,633)
Trade debtors	(3,487,512)	(5,351,173)
Advances, deposits & pre-payments	(6,241,992)	(1,670,356)
Other receivables	10,149,921	1,462,948
(Decrease)/Increase in current liabilities		

Creditors, accrued & other liabilities	(186,152,547)	28,987,420
Workers' Profit Participation Fund	(6,008,127)	826,556
	-----	-----
	(183,272,099)	24,399,698
	-----	-----
	(180,504,053)	8,900,229
	=====	=====

NOTE: B

Analysis of changes in cash and cash equivalent during the year:

Cash and bank balances as at June 30, 1998	3,041,958	822,401
Increase/(decrease) in cash and cash equivalents	(3,614,071)	2,919,557
	-----	-----
Cash and bank balances as at June 30, 1999	127,887	3,741,958
	=====	=====

Dated · 29th November, 1999

SAEED ALAM
Chief Executive

RAUF ALAM
Director

Notes to the Accounts for the year ended June 30, 1999**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. Depreciation on fixed assets however is charged on pro-rata basis for the period of use during the year. This change has been made for appropriate presentation of financial statements of the company. Had there been no change, the depreciation and loss for the year would have been higher by Rs. 8.737 million.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalized. Gain or losses on disposal of operating fixed assets is recognized in current year's income.

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, 1999 including for the current year amounts to approximately Rs. 3.350 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 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 actual basis.

2.9. Sales

Sales include rebates on export sales.

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

30-06-99 **30-06-98**
RUPEES **RUPEES**

3. ISSUED, SUBSCRIBED & PAID-UP SHARE CAPITAL

Fully paid ordinary shares of Rs. 10/- each		
50,000 (1997 - 98 50,000) issued for cash	500,000	500,000
1,950,000 (1997 - 98 1,950,000) issued as bonus shares	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	22,638,956	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 along with markup Re-payment schedule in this respect is still awaited from the bank till accounts were finalized.

Interest is payable at the rate of 1% above the prime rate of interest or 14% per annum which ever is higher.

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)	50,951,068	50,951,068
From Directors		
Un-secured interest free	195,422,954	7,000,000
	-----	-----
	246,374,022	57,951,068
	=====	=====

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.

30-06-99	30-06-98
RUPEES	RUPEES

8. CREDITORS, ACCRUED AND OTHER LIABILITIES

Creditors		
Trade	13,699,861	147,518,852
Others	470,704	7,673,482
Due to associated undertakings	44,500,427	89,392,363
Security deposits	11,000	16,000
Advance from customers	6,901,011	6,901,011
Tax deducted at source	28,544	2,590
Accrued expenses	1,159,423	1,419,219
Mark-up on secured loans	8,354,129	5,654,129
	-----	-----
	75,125,099	258,577,646
	=====	=====

9. WORKERS' PROFIT PARTICIPATION FUND

Opening balance	6,708,127	5,881,571
Add: Profit allocation for the year	0	0
Interest accrued	0	826,556
	6,708,127	6,708,127
Less: Paid during the year	6,708,127	0
	0	6,708,127

10. PROVISION FOR TAXATION

Opening balance	200,000	500,000
Provided during the year		
Current	200,000	200,000
Prior	(58,384)	1,627,571
	-----	-----
	141,616	1,827,571
	-----	-----
	341,616	2,327,571
Less: Adjustment of income tax for earlier years due to completion of Income Tax assessment	141,616	2,127,571
	-----	-----
	200,000	200,000
	=====	=====

11. OPERATING FIXED ASSETS

<i>Description</i>	<i>As at July 01, 199g</i>	<i>Cost Addition/ (Deletion/ adjustments)</i>	<i>As at June 30, 1999</i>	<i>Accumulated Depreciation as at 'June 30. 1999</i>	<i>Book Value as at June 30. 1099</i>	<i>Depreciation Charged for the Year</i>	<i>Rate %</i>
Land	3,585,601	0	3,585,601	0	3,585,601	0	--
Factory Building	30,085,353	148,169	30,833,522	16,870,158	13,963,364	358,035	10
Plant & Machinery	107,142,135	254,715 (24,937)	107,371,91	47,016,164	60,355,749	128,487	10
Air Conditioning Plant	2,033,634	0	2,033,634	927,422	1,106,212	28,365	10
Tools & Equipment	14,175,761	526,768	14,702,529	3,442,422	11,260,107	120,326	10
Furniture & Fixture	3,934,019	850 (49,360)	3,885,509	1,563,265	2,322,244	59,545	10
Office Equipment and Computer	1,616,825	0	1,616,825	572,683	1,044,142	26,773	10
Electric Fittings	5,028,629	0	5,028,629	2,086,503	2,942,126	75,439	10

Vehicles	1,524,250	0	1,524,250	1,109,181	415,069	21,846	20
Arms	143,550	0	143,550	83,135	60,415	1,549	10
Other Buildings	1,611,162	167,724	1,778,886	680,603	1,098,283	28,161	10
		1,098,226					
Total 30-06-1999	171,480,919	(74,297)	172,504,848	74,351,536	98,153,312	848,526	
		2,206,716					
Total 30-06-1998	169,337,753	(63,550)	171,480,919	73,531,502	97,949,417	3,666,422	

Note: Depreciation charged for the year has been allocated as follows :

	30-06-99	30-06-98
	RUPEES	RUPEES
(a) Cost of Sales	710,652	3,056,414
(b) Administration expenses	137,874	610,008
	-----	-----
	848,526	3,666,422
	=====	=====

11.1 Disposal of operating assets by negotiation

Particular	Original cost Rupees	Accumulated Depredation Rupees	Book Value Rupees	Sales Proceeds Rupees	Profit (loss) Rupees
Plant & Machinery	24,937	13,606	11,331	11,331	0 Fateh Sports wear Ltd.
Furniture & Fixture	49,360	14,886	34,474	34,474	0 Fateh Sports wear Ltd.
	-----	-----	-----	-----	-----
Total	74,297	28,492	45,805	45,805	0
	=====	=====	=====	=====	=====
				30-06-99	30-06-98
				RUPEES	RUPEES

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, 1999 was Rs. 11,367 (1998 - Rs. 11,791). The company has earned dividend of Rs. NIL (1997 - 98 Rs. 424) from the share investment in listed companies. Details of investment in different quoted companies are given below :

S. No.	Name of Company	No. of Shares held	Purchase Price/Cost	Face Value per Share	Quoted Value as on 30-06-1999
1.	Bata Pakistan Ltd.	160	11,280	10	6,080
2.	Service Industries Ltd.	132	6,286	10	5,287
		-----	-----	-----	-----
	Total	292	17,566		11,367
		=====	=====	=====	=====

No provision is made as at 30-6-99 of shares of Bata Pakistan Ltd. and Service Industries Ltd than the price at which these shares were purchased.

	30-06-99	30-06-98
--	-----------------	-----------------

13. STORE, SPARE PARTS AND LOOSE TOOLS

	<i>RUPEES</i>	<i>RUPEES</i>
Stores	465,584	351,173
Spare parts and tools	7,692,546	7,781,281
	-----	-----
	8,158,130	8,132,454
	=====	=====

14. STOCK-IN-TRADE

Raw and packing material	39,980,780	41,831,885
Goods in process	2,347,004	4,661,124
Finished goods	31,805,845	36,013,924
Goods-in-transit	0	820,530
	-----	-----
	74,133,629	83,327,463
	=====	=====

15. TRADE DEBTS

Considered good and recoverable (Unsecured)	60,011,410	56,523,898
	=====	=====

30-06-99 **30-06-98**
RUPEES **RUPEES**

16. ADVANCES, DEPOSITS AND PREPAYMENTS

Considered good Advances		
Employees	506,049	534,340
Associated undertaking	178,816	178,816
Contractors	6,860	6,860
Suppliers	4,727	145,307
Others	12,481,646	6,066,783
Income tax	1,203,225	1,296,643
Against purchases	1,500	1,500
Deposits		
Securities - others	281,056	285,056
	-----	-----
	14,663,879	8,515,305
	=====	=====

17. OTHER RECEIVABLES

Export rebates	5,606,005	5,394,628
Others	44,115,010	54,476,308
	-----	-----
	49,721,015	59,870,936
	=====	=====

18. CASH & BANK BALANCES

Cash in hand	26,912	31,863
Cash with banks	100,975	3,710,095
	-----	-----
	127,887	3,741,958
	=====	=====

19. SALES

Sales	23,167,686	22,885,076
Less : Sales commission	81,891	199,652

-----	-----
23,085,795	22,685,424
=====	=====

20. COST OF SALES

Raw & packing material consumed (20-A)	3,222,519	19,204,147
Salaries, wages and other benefits	2,999,496	7,146,861
Stitching and cutting charges	0	268,927
Stores, spare parts, etc. consumed	265,576	1,373,165
Repairs and maintenance	45,335	192,985
Fuel and power	1,448,388	2,193,669
Insurance	224,138	75,645
Other manufacturing expenses	94,523	959,839
Depreciation	710,652	3,056,414
	-----	-----
	9,010,627	34,471,652
Goods-in-process		
Opening inventory	4,661,124	4,758,972
Closing inventory	2,347,004	4,661,124
	-----	-----
	2,314,120	97,848
	-----	-----
Cost of goods manufactured	11,324,747	34,569,500
Finished goods		
Opening inventory	36,013,924	31,255,371
Closing inventory	31,805,845	36,013,924
	-----	-----
	4,208,079	(4,758,553)
	-----	-----
	15,532,826	29,810,947

20-A RAW AND PACKING MATERIAL CONSUMED

Opening inventory	41,831,885	45,948,902
Purchases	1,371,414	15,087,130
	-----	-----
	43,203,299	61,036,032
Less: Closing Inventory	39,980,780	41,831,885
	-----	-----
	3,222,519	19,204,147

30-06-99	30-06-98
RUPEES	RUPEES

21. ADMINISTRATION EXPENSES

Salaries, wages and benefits	1,464,601	2,442,123
Travelling, conveyance and entertainments	195,398	717,770
Rent, rates, taxes and fees	520,459	524,455
Repairs and maintenance	22,950	30,300
Printing and stationery	101,626	349,095
Communication	450,340	921,868
Legal and professional charges	54,500	25,000
Miscellaneous	1,147,359	885,755
Vehicle running expenses	209,706	299,947
Guest expenses	0	27,105

Computer consumables	975	26,800
Depreciation	137,874	610,008
	-----	-----
	4,305,788	6,860,226
	=====	=====

22. SELLING EXPENSES

Freight on exports	185,866	1,668,969
Insurance on exports	1,500	0
Clearing & forwarding charges	4,400	9,800
Advertisement and Publicity	11,000	157,470
Sampling	0	101,579
Export development surcharge/expenses	36,601	61,113
Sindh devop. & maint. infrast. Fees	7,320	28,335
Product development expenses	47,133	645,551
Sales Promotion	0	973,893
Miscellaneous expenses on export	1,080,251	732,946
	-----	-----
	1,374,071	4,379,656
	=====	=====

23. OTHER INCOME

Other income	0	1,000
Dividend income	0	424
Agriculture Income	66,000	67,000
	-----	-----
	66,000	68,424
	=====	=====

24. FINANCIAL EXPENSES

Interest, mark-up and other charges on		
Long-term loans	2,700,300	2,700,000
Export and running finances	10,272,000	4,863,789
Bank charges & commission	160,053	162,361
Worker's profit participation fund	0	826,556
	-----	-----
	13,132,353	8,552,706
	=====	=====

25. OTHER CHARGES

Auditors remuneration		
Audit fee	15,000	25,000
Out of pocket expenses	4,590	6,930
	-----	-----
	19,590	31,930
Donations	0	10,000
	-----	-----
	19,590	41,930
	=====	=====

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 30-06-99</i>	<i>Total 30-06-98</i>
Remuneration	120,009	120,000	102,192	342,192	655,742
House rent allowance	60,000	60,000	45,984	165,984	319,084

Utilities	0	0	10,224	10,224	17,574
Reimbursable expenses	0	0	3,600	3,600	3,600
	-----	-----	-----	-----	-----
	180,000	180,000	162,000	522,000	996,000
	-----	-----	-----	-----	-----
No. of persons	1	1	1	3	3
	=====	=====	=====	=====	=====

There was no loans or advances granted to them during the year. The Company provides to Chief Executive and one full time working Director free transport with petrol and driver and reimbursement of utilities viz. electricity, gas and telephone expenses.

27. AGGREGATE OF TRANSACTIONS WITH ASSOCIATED UNDERTAKINGS

i) Purchase of goods & services	0
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.

	SAEED ALAM	RAUF ALAM
Dated · 29th November, 1999	Chief Executive	Director