

Fateh Industries Limited

Annual Report 2001

Notice of Annual General Meeting

Notice is hereby given that the 16th Annual General Meeting of the Shareholders of FATEH INDUSTRIES LIMITED, will be held on Monday the 10th December, 2001 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 18th, 2000.
2. To receive, consider and adopt the Audited Accounts for the year ended 30th June, 2001 together with Director's and Auditor's Reports thereon.
3. To appoint Auditors for the year 2001-2002 and fix their remuneration.
4. Any other business with the permission of the Chair.

**By order of the Board
FATEH INDUSTRIES LIMITED**

Hyderabad
19th November, 2001

**Muhammad Iqbal Khan
Company Secretary**

NOTES:

1. The share transfer books of the Company will remain closed for 7 days from 4th to 10th December, 2001 (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

7th Floor, Suit # 706,

Business & Finance Centre,

I. I. Chundrigar Road,

Karachi.

PLANT

Mirpurkhas Road,

Hyderabad.

Directors' Report to the Members

On behalf of the Board of Directors I welcome you on the 16th Annual General Meeting of your Company M/s. Fateh Industries Ltd., and present before you the audited accounts and Auditors' Report for the year ended on June 30, 2001.

Operations

The Factory remained closed for the whole year 2000-2001. The net loss for the year was Rs. 31.9 million. This figure includes loss of Rs. 31.7 million being the depleted value of finished and semi finished inventory. This is taken as an administrative expense in the books.

Accrual of financial expense has not been done as the Company has gone in to the legal options with the bank.

Financial Results & Appropriations

In view of the accumulated losses the Board of Directors has decided to transfer the general reserves amounting to Rs. 30 million to the Profit and Loss Account and a not accumulated loss of Rs. 132.5 million has been transferred to Balance Sheet

Auditors Observation

The Auditors of the company while qualifying their report under review have observe 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 viewpoint 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 reappointment.

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 Banker.

SAEED ALAM
CHAIRMAN
BOARD OF DIRECTORS

Dated: 12th November, 2001

Pattern of Shareholdings as at June 30, 2001

**No. of
Share
Holders**

Shareholding

**Total
Shares
Held**

453	From	1	To	100	38,133
120	From	101	To	500	32,970
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
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2,000,000
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**Categories of
Shareholders**

Numbers

**Shares
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%

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Auditors' Report to the Members

We have audited the annexed balance sheet of FATEH INDUSTRIES LIMITED as at June 30, 2001, the related profit & loss Account, cash flow statement and statement of changes in equity 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 purpose 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 Finance 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 Company' s assets.

We draw attention to the fact that the company has been incurring losses for a number of years and accumulated losses exceed the issued, subscribed and paid-up capital by Rs. 112.521 million. The current liabilities of the company exceeded its current assets by Rs.191.798 million .Tim ability of the company to continue as a going concern is dependent on the prospect of operating profitably in the future and to be able to continue to obtain working capital finance.

It is the responsibility of the company's management to establish and maintain a system for 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 conduct 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 for any materials misstatement. An audit included examining, on it test basis, evidence supporting the amount 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:

(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 accounts 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 and statement of changes in equity 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, 2001 and of the loss, its cash flows and changes in equity for the year then ended; and

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

Karachi: 12 November, 2001

MOOSA & COMPANY
Chartered Accountants

Accounts 2000-2001

Balance Sheet as at June 30, 2001

CAPITAL AND LIABILITIES

NOTE
NO.

30-06-2001
RUPEES

30-06-2000
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
Unappropriated loss		(132,521,776)	(130,541,558)
		-----	-----
		(112,521,776)	(80,541,558)
LONG TERM LOAN	5	19,138,956	19,138,956
CURRENT LIABILITIES			
Current portion of long term liabilities	6	0	0
Short term running finances	7	245,319,772	245,319,772
Creditors, accrued and other liabilities	8	74,075,978	79,512,415
Provision for taxation	9	200,000	200,000
		-----	-----
		319,595,750	325,032,187
		-----	-----
		226,212,930	263,629,585
		=====	=====

NOTES:

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

Date: 12th November, 2001

PROPERTY AND ASSETS**TANGIBLE FIXED ASSETS**

Operating fixed assets	10	98,398,115	98,398,115
LONG TERM INVESTMENTS			
	11	17,566	17,566
CURRENT ASSETS			
Stores, spare parts and loose tools	12	8,158,130	8,158,130
Stock-in-trade	13	9,172,038	40,885,483
Trade debts	14	58,120,352	58,658,212
Advances, deposits and prepayments	15	9,210,517	14,310,187
Other receivables	16	43,045,828	43,106,933

Cash and bank balances	17	90,384	94,959
		-----	-----
		127,797,249	165,213,904
		-----	-----
		226,212,930	263,629,585
		=====	=====

SAEED ALAM
Chief Executive

RAUF ALAM
Director

MOOSA & COMPANY
Chartered Accountants

Profit & Loss Account for the year ended June 30, 2001

	<i>NOTE NO.</i>	<i>30-06-2001 RUPEES</i>	<i>30-06-2000 RUPEES</i>
Sales	18	0	0
Cost of Sales	19	0	0
		-----	-----
Gross Profit		0	0
Administration expenses	20	31,965,828	34,512,141
Selling expenses	21	0	41,300
		-----	-----
		31,965,828	34,553,441
Operating Profit/(Loss)		(31,965,828)	(34,553,441)
Other income	22	610	30,290
		-----	-----
		(31,965,218)	(34,523,151)
Financial expenses	23	0	6,517,156
Other charges	24	15,000	15,000
		-----	-----
		15,000	6,532,156
Prior period adjustment		0	7,500
		-----	-----
Loss before taxation		(31,980,218)	(41,047,807)
Taxation		--	200,000
Prior		--	(57,498)
		-----	-----

	0	142,502
	-----	-----
Loss after taxation	(31,980,218)	(41,190,309)
Unappropriated loss brought forward	(130,541,558)	(89,351,249)
	-----	-----
Appropriations	(162,521,776)	(130,541,558)
Transferred from General Reserve	30,000,000	0
	-----	-----
Unappropriated Loss Carried to Balance Sheet	(132,521,776)	(130,541,558)
	=====	=====

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

SAEED ALAM
Chief Executive

RAUF ALAM
Director

MOOSA & COMPANY
Chartered Accountants

Dated: 12th November, 2001

Statement of Changes in Financial Position for the year ended June 30, 2001
(Cash Flow Statement)

	<i>NOTE</i> <i>N O.</i>	<i>30-06-2001</i> <i>RUPEES</i>	<i>30-06-2000</i> <i>RUPEES</i>
NET CASH INFLOW FROM OPERATING ACTIVITIES	A	96,365	10,095,171
Return on investment and servicing of finance:			
Mark-up / interest paid		0	(5,234,346)
Dividend received		(610)	(290)
		-----	-----
Net cash outflow from return on investment and servicing of finance		(610)	(5,234,636)
Taxation			
Tax paid (including tax deducted at source)		(100,330)	(94,410)
		-----	-----
Net cash flow from taxation		(100,330)	(94,410)

Investing activities

Fixed capital expenditure	0	(244,803)
	-----	-----
Net cash flow from investing activities	0	(244,803)
	-----	-----
Net cash flow before financing activities	(4,575)	4,521,322

Financing activities

Increase/(Decrease) in:		
Long term loans	0	(3,500,000)
Short term borrowing	0	(1,054,250)
	-----	-----
Net cash flow from financing activities	0	(4,554,250)
	-----	-----
Increase/(decrease) in cash & cash equivalent	B	(4,575)
	=====	=====

30-06-2001
RUPEES

30-06-2000
RUPEES

NOTE: A

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

Net loss before taxation	(31,980,218)	(41,047,807)
Mark-up / interest expenses	0	6,517,156
Dividend received	610	290
	-----	-----
	610	6,517,446
	-----	-----
Operating profit before working capital changes	(31,979,608)	(3,1,530,361)
((Increase)/Decrease in current assets		
Stock-in-trade	31,713,445	33,248,146
Trade debtors	537,860	1,353,198
Advances, deposits & pre-payments	5,200,000	305,600
Other receivables	61,105	6,614,082
(Decrease)/Increase in current liabilities		
Creditors, accrued & other liabilities	(5,436,437)	3,104,500

-----	-----
32,075,973	44,625,532
-----	-----
96,365	10,095,171
=====	=====

NOTE: B

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

Cash and bank balances as at June 30, 2000	94,959	127,887
Increase/(decrease) in cash and cash equivalents	(4,575)	(32,9280)
	-----	-----
Cash and bank balances as at June 30, 2001	90,384	94,959
	=====	=====

Statement of Changes in Equity for the year ended June 30, 2001

	<i>Share Capital</i>	<i>General Reserve</i>	<i>Unappropriated Profit/(Loss)</i>	<i>Total</i>
Balance as at June 30, 1999	20,000,000	30,000,000	(89,351,249)	(39,351,249)
Net Profit/(Loss) for the year	0	0	(41,190,309)	(41,190,309)
Transfer to/from unappropriated p	0	0	0	0
Dividend @ per share	0	0	0	0
	-----	-----	-----	-----
Balance as at June 30, 2000	20,000,000	30,000,000	(130,541,558)	(80,541,558)
Net Profit/(Loss) for the year	0	0	(31,980,218)	(31,980,218)
Transfer to/from unappropriated p	0	(30,000,000)	30,000,000	0
Dividend @ per share	0	0	0	0
	-----	-----	-----	-----
Balance as at June 30, 2001	20,000,000	0	(132,521,776)	(112,521,776)
	=====	=====	=====	=====

Note: 1. The annexed notes form an integral part of these accounts.

Dated: 12th November, 2001

SAEED ALAM
Chief Executive

RAUF ALAM
Director

Notes to the Accounts for the year ended June 30, 2001

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, 2001 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 not 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 accounts have been prepared in the light of provisions of Companies Ordinance, 1984.

30-06-2001
RUPEES

30-06-2000
RUPEES

3. ISSUED, SUBSCRIBED & PAID-UP SHARE CAPITAL

Fully paid ordinary shares of Rs. 10/- each

50,000 (1999-00 50,000) issued for cash	500,000	500,000
1,950,000 (1999-00 1,950,000) issued for cash	19,500,000	19,500,000
	-----	-----
	20,000,000	20,000,000
	=====	=====

4. GENERAL RESERVE

Opening balance	30,000,000	30,000,000
Less: Transferred to Profit and Loss Account	30,000,000	0
	-----	-----
	0	30,000,000
	=====	=====

5. LONG TERM LOAN

Secured		
United Bank Limited (5.1)		
Loan No. UBL-NIDF-2648	191,387,956	19,138,956
	=====	=====

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	49,361,068	49,361,068
Secured (Note 7.1)		
From Directors		
Un-secured interest free	195,958,704	195,958,704
	-----	-----
	245,319,772	245,319,772
	=====	=====

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.

8. CREDITORS, ACCRUED AND OTHER LIABILITIES

Creditors

Trade	12,712,759	15,351,287
Others	463,210	463,210
Due to associated undertakings	43,162,275	45,960,184
Advance from customers	6,901,011	6,901,011
Tax deducted at source	57,208	57,208
Accrued expenses	1,142,576	1,142,576
Mark-up on secured loans	9,636,939	9,636,939
	-----	-----
	743,175,978	79,512,415
	=====	=====

9. PROVISION FOR TAXATION

Opening balance	200,000	200,000
Provided during the year		
Current	0	200,000
Prior	0	(57,498)
	-----	-----
	0	142,502
	-----	-----
	200,000	342,502
Less: Adjustment of income tax for earlier years due to completion of Income Tax assessment	0	142,502
	-----	-----
	200,000	200,000
	=====	=====

10. SCHEDULE OF OPERATING FIXED ASSETS AS AT JUNE 30, 2001.

COST

Accumulated

Book

DEPRECIATION

<i>PARTICULARS</i>	<i>As on 01-Jul-2000</i>	<i>Additions/ Deletion/ Adjustment</i>	<i>As at 30-Jun-2001</i>	<i>depreciation as at 30-Jun-2001</i>	<i>value as at 30-Jun-2001</i>	<i>Charge for the year</i>	<i>Rate (%)</i>
Land	3,585,601	0	3,585,601	0	3,585,601	0	--
Factory Building	30,908,554	0	30,908,554	16,870,158	14,038,396	0	10
Plant & Machinery	107,376,913	0	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 & Equipments	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 Equipments and Computers	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	1,943,657		1,943,657	680,603	1,263,054	0	10
TOTAL 30-JUN-2001	172,749,651	0	172,749,651	74,351,536	98,398,115	0	
TOTAL-30-JUN-2000	172,504,848	244,803	172,749,651	74,351,536	98,398,115	0	

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

11. 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, 2001 was Rs. 6,820 (1999-00 Rs. 9,663). The company has earned dividend of Rs. 610 (1999-00 Rs. 290) from the share investment in listed companies. Details of investment in different quoted companies are given below:

<i>Name of Company</i>	<i>No. of Shares held</i>	<i>Purchase Price/Cost</i>	<i>Face Value per Share</i>	<i>Quoted Value as on 30-06-2001</i>
Bata Pakistan Ltd.	160	11,280	10	3,520
Service Industries Ltd.	132	6,286	10	3,300
Total	292	17,566	--	6,820

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30-06-2001**30-06-2000****RUPEES****RUPEES****12. STORES, SPARE PARTS AND LOOSE TOOLS**

Stores	465,584	465,584
Spare parts and tools	7,692,546	7,692,546
	-----	-----
	8,158,130	8,158,130
	=====	=====

13. STOCK-IN-TRADE

Raw and packing material	9,079,638	9,079,638
Finished goods	92,400	31,805,845
	-----	-----
	9,172,038	40,885,483
	=====	=====

14. TRADE DEBTS

Considered good and recoverable (Unsecured)	58,120,352	58,658,212
	=====	=====

15. ADVANCES, DEPOSITS AND PREPAYMENTS

Considered good		
Advances		
Employees	381,368	381,368
Associated undertaking	714,506	714,506
Suppliers	4,727	4,727
Others	6,588,337	11,788,337
Income tax	1,255,463	1,155,133
Deposits		
Securities-others	266,056	266,056
	-----	-----
	9,210,517	14,310,187
	=====	=====

16. OTHER RECEIVABLES

Export rebates	4,161,818	4,227,958
Others	38,884,010	38,878,975
	-----	-----
	43,045,828	43,106,933
	=====	=====

17. CASH & BANK BALANCES

Cash in hand	2,228	2,228
Cash with banks	88,156	92,731
	-----	-----
	90,384	94,959
	=====	=====

18. SALES

Sales	0	0
Less: Sales commission	0	0
	-----	-----
	0	0
	=====	=====

19. COST OF SALES

Raw & Packing Material Consumed (19-A)		
Goods-in-process		
Opening inventory	0	2,347,004
Closing inventory	0	0
	-----	-----
	0	2,347,004
Less: Transferred to administration expenses (Note 20-A)	0	2,347,004
	-----	-----
	0	0
	-----	-----
Cost of goods manufactured	0	0
Finished goods		
Opening inventory	31,805,845	31,805,845
Closing inventory	92,400	31,805,845
	-----	-----
	31,713,445	0
Less: Transferred to Administration expenses (Note 21-A)	31,713,445	0
	-----	-----
	0	0
	=====	=====

19-A RAW AND PACKING MATERIAL CONSUMED

Opening inventory	9,079,638	39,980,780
Less: Closing inventory	9,079,638	9,079,638
	-----	-----
	0	30,901,142
Transfer to Administration expenses (Note 20-A)	0	30,901,142
	-----	-----
	0	0
	=====	=====

20. ADMINISTRATION EXPENSES

Inventory losses (20-A)	31,713,445	33,248,146
Salaries, wages and benefits	0	670,138
Rent, rates, taxes and fees	189,422	122,718
Repairs and maintenance	3,000	2,850
Printing and stationery	30,311	29,793
Communication	0	4,589
Legal and professional charges	20,000	40,000
Miscellaneous expenses	9,650	393,907
	-----	-----
	31,965,828	34,512,141
	=====	=====

20-A. INVENTORY LOSSES IN

Raw & Packing Material	(Note No. 19)	0	30,901,142
Goods-in-process	(Note No. 19)	0	2,347,004
Finished Goods	(Note No. 19)	31,713,445	0
		-----	-----
		31,713,445	33,248,146
		=====	=====

21. SELLING EXPENSES

Advertisement and publicity	0	23,000
Product Development expenses	0	18,300
	-----	-----
	0	41,300
	=====	=====

22. OTHER INCOME

Dividend income	610	290
Agriculture Income	0	30,000
	-----	-----
	610	30,290

23. FINANCIAL EXPENSES

Interest, mark-up and other charges on

Long-term loans	0	1,282,780
Export and running finances	0	5,233,540
Bank charges & commission	0	836
	-----	-----
	0	6,517,156
	=====	=====

24. OTHER CHARGES

Auditors remuneration

Audit fee	15,000	15,000
	-----	-----
	15,000	15,000
	-----	-----
	15,000	15,000
	=====	=====

25. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND OTHER EXECUTIVES

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.

**26. 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

27. PRODUCTION CAPACITY

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

28. 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: 12th November, 2001

SAEED ALAM
Chief Executive

RAUF ALAM
Director