

FATEH INDUSTRIES LIMITED ANNUAL REPORT 2004

MANAGING DIRECTOR &
CHIEF EXECUTIVE
Mr. Saeed Alam

DIRECTORS

Mr. Rauf Alam

Mr. Aftiab Alam

Mr. Muhammad ;Mohsin

Mr. Muhammad Naveed

Mrs. Jamila Alam

Mrs. Najma Roshan

SECRETARY

Mr. Ghous MuNMnpad iian

CHIEF FINANCIAL OFFICER

Mr. Muhammad Ishaque Essani

AUDIT COMMITTEE

Mr. Rauf Alam (Chairraa.n]M

Mr. Muhammad Mohsin (Merpber)

Mr. Muhammad Naveed (Member)

AUDIT COMMITTEE

M/s. Hafizullah & Co.

Chartered Accquntants,
Hyderabad.

BANKERS

United Bank Limited.

REGISTERED OFFICE

Mirpurkhas Road,
Hyderabad.

BRANCH OFFICE

7th Floor, Suit*. 706,
Business & Finance Centre,
I.I. Chundrigar Road,
Karachi.

PLANT

Mirpukhas Road,
Hyderabad.

- No trading of shares have been carried out by the Chief Executive, Direc Company Secretary, their spouses and minor children;
- During the year four (04) meetings pf the Board of Directors were held. The is as follows:

S.NO.	NAME OF DIRECTOR	MEETING ATTENDED
1.	Mr. RaufAlam	04
2.	Mr.AftabAlam	04

Auditors'Observation

1. During the years from 1998-99 to 2002-03 depreciation was not charged on fixed assets due to suspension of the production activities. However, from the current year depreciation is computed; and charged to administration expenses considering it as a period cost. The management is of the view that carrying amount of fixed assets depends on the useful life of the assets which is subject to its usage and, not the age, provided the asset become obsolete.
2. No provision has been made in the accounts for receivables amounting to Rs.33.312 million since this amount is recoverable, soon after, realization of outstanding debts.

Auditors

The retiring Auditors M/s. Hafizullah & Company, Chartered Accountants, being eligible offer themselves for reappointment.

Your Directors welcome you on the 19th Annual General Meeting of your Company and present before you the audited financial statements and auditors' report for the year ended June 30, 2004.

The management of your Company is continuously making efforts for recovery of the stuck up funds from abroad thereby to come out of the financial constraints and start production activities. As soon as the funds are realized the company intends to start its business anew. It is expected that the efforts of the management will be materialized shortly.

Financial Results

During the year under review there were no operational activities of the Company for want of working capital. The Company incurred loss of Rs.7.985 million mainly due to financial expenses and charge of depreciation. The accumulated loss carried to balance sheet amounts to Rs.139.66 million.

The accounts of the Company are prepared on going concern basis as the management intends to revive its production activities after realization of the stuck up funds from abroad. The management will support the company financially till the recovery of outstanding debts and for revival of its operational activities.

Compliance with the Code of Corporate Governance:

The requirements of Code of Corporate Governance set out by Karachi Stock Exchange in their listing rules, relevant for the year ended June 30, 2004, have been duly complied with. The Directors confirm the compliance of Corporate Governance, statement to this effect is annexed.

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 therefrom has been adequately disclosed;
- The System on internal control is sound in design and has been effectively implemented and monitored;
- 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;

	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04
Sales	22,685	23,086	0	0	0	0	0
Gross Profit / (Loss)	-7,126	7,553	0	0	0	0	0
Selling & Administration Expenses	11,240	5,680	34,553	31,966	146	9,319	9,641
Profit / (loss) before Taxation	-26,892	-11,213	-41,047	-31,980	-160	-756	-7,035
Profit/(Loss) after Taxation	-28,719	-11,354	-41,190	-31,980	1,456	-609	-7,985
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 equity	-27,997	-39,351	-80,542	-112,522	-11,066	-11,675	-119,660
Fixed Assets	97,949	98,153	98,398	98,398	98,398	98,398	88,876
Total Assets	318,079	304,987	263,630	226,213	227,034	215,091	208,023

11. The financial statements of the company were duly endorsed by GEO and CFO before approval of the Board. .
12. The directors, CEO and executive do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.
13. The company has complied with all the corporate and financial reporting requirements of the Code.
14. The Board has already formed an Audit Committee which comprises three members of , whom two (02) are non-executive directors.
15. The meeting of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the Code. The terms of references of the committee have been formed and advised to the committee for compliance.
16. The Board has set up an effective internal audit, function manned by suitably qualified and experienced personnel who are conversant with the policies and procedures of the company and are involved in the internal audit function on a full time basis.
17. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review Programme of the Institute of Chartered Accountant 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 Accountant (IFAC) guidelines on Code of Ethics as adopted by the Institute of Chartered Accountants of Pakistan.
18. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
19. We confirm that all other material principles contained in the Code have been compiled with.

This statement is being presented to comply with the Code of Corporate Governance contained in the listing regulations of Karachi Stock Exchanges for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The company has applied the principles contained in the Code in the following manner:

1. The company encourages the presentation of independent non-executive directors and directors representing minority interests on its Board of Directors. However there is no representation of non-executive independent directors and minority shareholders on the Board.
2. The directors have confirmed that none of them is serving as a director in more than ten listed companies, including this company.
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DPI or an NBFIs or, being a member of stock exchange, has been declared as a defaulter by that stock exchange.
4. No casual vacancy occurred in the Board till June 30, 2004.
5. The company has prepared a 'Statement of Ethics and Business Practices' which has been signed by all the directors.
6. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the company.
7. All the power of the Board have been duly exercised and decisions on material

transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer (CEO) and other executive directors, have been taken by the Board.

8. The meeting of the Board were presided over by the Chairman and the Board met at least once in every quarter. Written notices of the Board Meeting, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. Officers having position of Chief Financial Officer (CFO), Company Secretary and Head of Internal Audit were appointed prior to the implementation of the Code of Corporate Governance.

10. The Directors' Report for the period ended June 30, 2004 has prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.

i) the balance sheet and profit and 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 accounting policies consistently applied, except for charge of depreciation at full rate during the year;*

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;

in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statements and statements of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required, except for paras 2 & 3 above and the adjustments that may be required, these respectively give a true and fair view of the state of the Company's affairs as at 30th June, 2004 and of the Loss, its cash flow and changes in equity for the year then ended; and

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

We have audited the annexed balance sheet . of Fateh Industries Limited as at 30th June, 2004 and the related profit and loss account, cash flow statement and statement of changes in equity together with 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.

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 standards 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 includes examining, on 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;

1. Without qualifying our report we draw your attention to the fact that the company has incurred loss at Rs. 7.985 million mainly due to depreciation and interest expenses incurred. The accumulated loss upto June 30, 2004 is Rs. 139.66 million. The current liabilities exceeded current assets by Rs. 201.483 million. The accounts have been prepared this year also on a going concern basis validity of which depends on the support from directors of the company towards providing working capital and other finance in absence of which the basis would not be valid and adjustment would have to be made for any gain or loss arising on realisation of company's assets.

2. The written down value of fixed assets of the company is in excess and the loss is understated by Rs.39.044 million as the Company has not charged the depreciation from 1998-99 through 2002-03 as mentioned in note 10 to the accounts.

3. That the company has not made provision for doubtful balances in other receivables, amounting to Rs.33.312 million as mentioned in note 9.1 to the accounts. Had this provision been made, loss for the year would have increased by Rs.33. 312 million.

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

	NOTE	30-06-2004 RUPEES	30-06-2003 RUPEES
Sales			
Cost of Sales	17		0
Gross Loss		-	
Administration Expenses	18	9,641,049	9,318,732
Operating Loss		-9,641,049	-9,318,732
Other Income	19	16,563	43,993,146
Exchange Gain		5,180,440	
		-4,444,046	34,674,414
Financial Expenses	20	3,512,073	35,401,328
Other Charges	21	29,000	29,000
		3,541,073	35,430,328
Loss before Taxation		-7,985,119	-755,914
Taxation			
Current		-	0
Prior - reversal		-	-146,852
		*	-146,852
Loss after Taxation		-7,985,119	-609,062
Accumulated Loss Carried forward		-131,674,733	-131,065,671
Accumulated Loss brought forward to Balance Sheet		-139,659,852	-131,674,733
Loss per share basic and diluted.		-3.99	-0.3

	NOTE	30-06-2004 RUPEES	30-06-2003 RUPEES
PROPERTY & ASSETS			
TANGIBLE FIXED ASSETS			
Operating fixed assets	10	88,875,356	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
Trade debts	13	73,319,296	64,062,676
Advances, deposits and prepayments	14	145,000	835,486
Other receivables	15	37,489,694	43,533,027
Cash and bank balances	16	20,113	85,891
		119,132,233	116,675,210

	Share Capital	Accumulated (Loss) / Profit	Total
Balance as at June/ 30 2002	20,000,000	-131,065,671	-111,065,671
Loss for the year		-609,062	-609,062
Balance as at June 30, 2003	20,000,000	(131,674,733)	-111,674,733
Loss for the year		-7,985,119	-7,985,119
Balance as at June 30, 2004	20,000,000	-139,659,852	-119,659,852

Cash Flow Statement	NOTE	30-06-2004 RUPEES	30-06-2003 RUPEES
Cash generated from operating activities	A.	24,586,053	8,621,108
Markup / interest paid		-20,515,265	-15,674,307
Markup received from .associated company		487,199	12,512,423
Exchange gain		5,180,440	0
Taxes refunded		0	2,789,827
		-14,847,626	-372,057
Net Cash Flow from .operating activities		9,738,427	8,249,051
Cash flow from investing activities			
Dividend received		746	1,592
Fixed Capital Expenditure		0	
Net Cash Flow from investing activities		746	1,592
Cash flow from financing activities			
Repayment of long term loans		-9,804,951	-8,251,000
Net cash flow from financing activities		-9,804,951	-8,251,000
Increase / (decrease) in cash & cash equivalent	B.	-65,778	-357
NOTE: A			
Cash Generated from operating activities :			
Net (loss) before taxation		-7,985,119	-755,914
Stock Written off		0	9,172,038
Mark-up charged from associated companies		-15,817	-12,999,622
Depreciation		9,522,759	0
Mark-up / interest expenses		3,512,073	35,399,178
Dividend received		-746	-1,592
Exchange gain		-5,180,440	0
Gain due to rescheduling of loan		0	-30,991,932
		7,837,829	578,070
Operating loss before working capital changes		-147,290	-177,844
(Increase) / Decrease in current assets			
Trade debtors		-9,256,619	387,635
Advances, deposits & pre-payments		690,486	226,832
Other receivables		5,571,951	0
(Decrease) / Increase in current liabilities			
Creditors, accrued & other liabilities		27,727,525	8,184,485
		24,733,343	8,798,952
Cash (used in) / generated from operations		24,586,053	8,621,108
NOTE:B			
Analysis of changes in cash and cash equivalent during the year :			
Cash and bank balances as at June 30, 2003		85,891	86,248
Increase/(Decrease) in cash and cash equivalents		-65,778	-357
Cash and bank balances as at June 30, 2004		20,113	85,891

Trade Debts

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

Foreign Currency Transaction

Transactions in foreign currencies are accounted for in Pak Rupee at exchange rate approximating those prevailing on the date of transactions, Monetary assets and liabilities denominated in foreign currencies are translated into Pak Rupee at the rates of exchange which approximate those prevalent at the balance sheet date except for liabilities obferved under forward exchange contract which are translated at the contracted rates.

Borrowing- Cost

Borrowing cost that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as a part of the cost of that asset. All other borrowing costs are charged to income.

Provision for Gratuity

The Company operates an unfunded gratuity scheme for its all eligible employees and provision is made annually to cover the obligations under the scheme. Provision for gratuity has not been made in the accounts as there was no staff employed in the company to whom gratuity is to be paid.

Revenue Recognition

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

Sales •

Sales include rebates ort exptirt sales.

Offsetting of Financial Assets and Financial Liabilities

A financial asset and a financial liability is offset and the net amount is reported: in the balance sheet if the company has the legal enforceable right to set off the transaction and also tends either to settle on a net basis or to realize the asset and .settle the liability simultaneously.

Impairment of Assets

The Company assesses at each balance sheet date whether there is any indication that an asset has been impaired. If any such indication exists, the company estimates the recoverable amount of the asset. If, and only if, the recoverable amount of an asset is less than its carrying amount, the carrying amount of the assets is reduced to its recoverable amount and is recognized as an expense in the income statement.

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 sale of footwear of all kinds, however, manufacturing is suspended since 1999 - 2000.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Accounting Convention

These 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 Basis of Preparation

These accounts have been prepared in accordance with the requirements of the Companies Ordinance, 1984, the International Accounting Standards and interpretations issued by the standing interpretations committee of the IASC, as applicable in Pakistan.

2.3 Fixed Assets and Depreciation

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

2.4 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 records deferred tax liability and assets on all temporary difference. The management is of the opinion that timing difference relating to deferred tax will not be materially reverse in foreseeable future, as the company's income is covered under presumptive tax regime.

2.5 Stores, Spare Parts and Loose Tools

These are valued at moving average cost except items in transit which are stated at cost accumulated up to the date of balance sheet.

2.6 Stock in trade

These are valued at lower of cost and net, realizable value, cost is calculated on the following basis:

Raw materials	At moving average cost.
Goods in transit	At cost accumulated upto balance sheet date.
Goods in process	At manufacturing cost.
Finished goods	At average manufacturing cost.

Net realizable value signifies the estimated selling price prevailing in the market less estimated selling expenses incidental to sales.

	30-06-2004	30-06-2003
	RUPEES	RUPEES
CURRENT PORTION OF LONG TERM LIABILITIES (Secured)		
Current portion of Long term loan	22,019,049	17,680,000
SHORT TERM RUNNING FINANCES		
From Directors	227,660,083	227,660,083
	227,660,083	227,660,083
6.1 The loan is un-secured and interest free, repayable on demand.		
CREDITORS, ACCRUED AND OTHER LIABILITIES		
Creditors		
Trade	11,613,248	11,852,294
Others	292,984	292,984
Due to associated companies	44,183,274	20,453,522
Advance from customers	11,145,830	6,901,011
Income Tax deducted at source	28,544	30,544
Accrued expenses	950,314	956,314
Mark-up on secured finances	2,721,681	479,931
Mark-up on loan from associated company	0	19,244,941
	70,935,875	60,211,541
PROVISION FOR TAXATION		
Opening Balance	0	0
Provided during the year		
Prior - reversal	0	-146,852
	0	-146,852
Less: Adjustment of. Income Tax for earlier year due to completion of Income Tax assessment	0	146,852
	0	0

	30-06-2004	30-06-2003
	RUPEES	RUPEES
ISSUED, SUBSCRIBED & PAID-UP SHARE CAPITAL		
Fully paid ordinary shares of Rs.. 10/- each	500,000	500,000
50,000 (2002-03 -50,000) issued for cash	19,500,000	19,500,000

1,950,000 (2002-03 - 1,950,000) issued for cash	20,000,000	20,000,000
LONG TERM LOAN		
Secured		
United Bank Limited	9,294,000	9,294,000
Karachi	37,851,000	37,851,000
Hyderabad	47,145,000	47,145,000
Less Payments	4,225,951	1,627,000
UBL Karachi	13,830,000	6,624,000
UBL Hyderabad	18,055,951	8,251,000
	29,089,049	38,894,000
Balance		
Less: Current Maturity of Loans	3,674,049	3,485,000
UBL Karachi	18,345,000	14,195,006
UBL Hyderabad	22,019,049	17,680,000
	7,070,000	21,214,000

The loan is rescheduled by the bank and is payable in 12 quarterly installment of Rs. 697,000/- each plus markup @ 10% p.a. commencing from 31st March, 2003.

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 part passu charge by way of hypothecation in respect of all present and future machinery of the company and first floating charge on all present and future assets of the company.

The loan is rescheduled by the bank and payable in 12 quarterly installment of Rs. 2,839,000/- each plus markup @ 10% p.a. commencing from 31st March, 2003.

The loan is secured against hypothecation of stock in trade and store, lien on export contract, letters of credit as well as equitable mortgage on immovable and movable assets of the company.

OPERATING FIXED ASSETS COST

PARTICULARS	Accumulated Depreciation					Rate (%)	Book Value	
	As on 01 Jul-03	Addition / (Deduction)	As on 30 Jun-04	as at 01-Jul-03	for the year		as at 30 Jun-04	as at 30-Jun-04
	1	2	3	4	5	6	7	8
Land	3,585,601	0	3,585,601	0	0		0	3,585,601
Factory Building	30,908,554	0	30,908,554	16,870,158	1,403,840	10	18,273,998	12,634,556
Plant & Machinery	107,376,913	0	107,376,913	47,016,164	6,036,075	10	53,052,239	54,324,674
Ah- Conditioning Plant	2,033,634	0	2,033,634	927,422	110,621	10	1,038,043	995,591
Tools & Equipments	14,702,529	0	14,702,529	3,442,422	1,126,011	10	4,568,433	10,134,096
Furniture & Fixture	3,885,509	0	3,885,509	1,563,265	232,224	10	1,795,489	2,090,020
Office Equipment & Computers	1,616,825	0	1,616,825	572,683	104,414	10	677,097	939,728
Electric Fittings	5,028,629	0	5,028,629	2,086,503	294,213	10	2,380,716	2,647,913
Vehicles	1,524,250	0	1,524,250	1,109,181	83,014	20	1,192,195	332,055
Amis	143,550	0	143,550	83,135	6,042	10	89,177	54,373
Other Buildings	1,943,657	0	1,943,657	680,603	126,305	10	806,908	1,136,749
Total 30.06.2004	172,749,651	0	172,749,651	74,351,536	9,522,759		83,874,295	88,875,356
Total 30.06.2003	172,749,651			74,351,536			74,351,536	98,398,115
			30-06-2004	30-06-2003				
			RUPEES	RUPEES				

ADMINISTRATION EXPENSES

Inventory losses	0	9,172,038
Rent, rate and taxes	35,000	106,694
Property Tax	73,290	0
Legal and professional fees	10,000	40,000
Depreciation	9,522,759	0
	9,641,049	9,316,732
18.1 Inventory Losses include :		
a) Raw and Packing materials	0	9,079,638
b) Finished Goods	0	92,400
	0	9,172,038
OTHER INCOME		
Dividend income	746	1,592
Income due to rescheduling of loan	0	30,991,932
Interest on loans charged to associated companies	15,817	12,999,622
	16,563	43,993,146
FINANCIAL EXPENSES		
Interest and other charges on :		
Export and running finances	3,441,799	0
Long-term loans	0	3,641,813
Interest charged by associated undertakings	0	31,757,365
T.T. and D.D. Charges (ACB)	4,061	1,350
Bank charges & commission	66,213	800
	3,512,073	35,401,328
OTHER CHARGES		
Auditors' remuneration		
Audit fee	25,000	25,000
Half yearly review	4,000	4,000
	29,000	29,000

	30-06-2004	30-06-2003
	RUPEES	RUPEES

OTHER RECEIVABLE		
Markup receivable from associated companies	15,817	487,199
Export rebate	4,161,818	4,161,818
Others	33,312,059	38,884,010
	37,489,694	43,533,027

CASH & BANK BALANCES		
Cash in hand	1,853	2,228
With Banks on current account	18,260	83,663
	20,113	85,891

COST OF SALE		
Raw & packing material consumed (17-A)		
Goods-in-process		
Opening inventory	0	0
Closing inventory	0	0
	0	0
Less: Transferred to administration expenses	0	0
	0	0
Cost of goods manufactured		
Finished goods		
Opening inventory	0	92,400
Closing inventory	0	0

	0	92,400
Amount- Written off ¹ & Transferred to Administration Expense	0	92,400
	0	
17-A RAW AND PACKING MATERIAL CONSUMED		
Opening inventory	0	9,079,638
Less: Stock Written off	0	9,079,638
Less: Closing Stock	0	0
	0	0

Risk Management

Overall, risks arising from the Company's financial assets and liabilities are limited.

a) Interest rate risk management.

The loan has been rescheduled by the bank as disclosed in the relevant notes with their markup.

b) Foreign Exchange rate risk management.

No foreign currency loan is repayable except an advance from the customer amounting to Rs. 11,145,8307-

c) Credit Risk Management.

The Company is exposed to a concentration of credit risk on its trade debts amounting to Rs 66,374,267/- by virtue of all its customers being foreign. The Company do not have any limits on its customers and avail credit facilities from only one bank.

23.3 Fair value of Financial assets and liabilities

The carrying value of all financial assets and liabilities reflected in the financial statements approximate their fair values.

AGGREGATE OF TRANSACTIONS WITH ASSOCIATED UNDERTAKINGS

	30-Jun-04	30-Jun-03
I) Purchase of goods & services	0	0
ii) Sales of goods & services	0	0
iii) Brokerages, discount and commission	0	0
iv) Interest on loans		
a) Charged to associated companies	15,817	12,999,622
b). Charged by associated company	0	31,757,365
v) Loans and Advances		
a) Advance provided	0	0
b) Advance received	23,729,752	8,261,452
vi) Any other transaction	0	0

23. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

2004

23.1 Financial Assets and Liabilities

	Interest / Markup bearing			Non-Interest / Markup bearing			Total Rupees
	Effective yield Markup Rate	(Maturity upto • one year	Maturity after one year	Total Rupees	Maturity upto one year	Maturity after one year	
Financial Assets							
Loans and advances		0	0	0	0	0	0
Trade debts		0	0	0	73,319,296	0	73,319,296
Other receivables		0	0	0	37,489,694	0	37,489,694
Cash & Bank Balances		0	0	0	20,113	0	20,113
		0	0	0	110,829,103	0	110,829,103
Financial Liabilities							
Accrued mark-up		0	0	0	2,721,681	0	2,721,681
Long Term loans and related payable.	10%	22,019,049	7,070,000	29,089,049	0	0	0
Short Term Kunnmg Finance		0	0	0	227,660,083	0	227,660,083

Creditors Accrued. & Other Liabilities	0	0	0	68,214,194		68,214,194
Dividend	0	0	0	0	0	0
	22,019,049	7,070,000	29,089,049	298,595,958	0	298,595,958

2003

Financial Assets and Liabilities

	Interest / Markup bearing			Non-Interest / Markup bearing		
	Maturity upto one year.	Maturity aftet one year	Total Rupees	Maturity upto one year	Maturity after one year	Total Rupees
Financial Assets						
Loans and advances	13.31%	688,486	0	688,486	0	0
Trade debts		0	0	0	64,062,676	0
Other receivables		0	0	0	43,533,027	0
Cash & Bank Balances		0	0	0	85,891	0
		588,486	0	688,486	107,681,594	0
Financial Liabilities						
Accrued M arK-up		0	0	0	19,724,872	0
Long Term Loans anti related payable.	10°	17,680,000	21,214,000	38,894,000	0	0
Short Term Running Ffnance		0	0	0	227,660,083	0
Creditors Accrued & Other Liabilities		0	0	0	40,486,669	0
Dividend		0	0	0	0	0
		17,680,000	21,214,000	38,894,000	287,871,624	0
					287,87	19624

NO. OF SHAREHOLDERS	SHAREHOLDERS		TOTAL SHARES HELD	
455	From	1	To	100
				38,235
120	From	101	To	500
				33,377
39	From	501	To	1000
				26,625
6	From	1001	To	5000
				12,100
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
				100491
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
648		TOTAL		2,000,000

S. NO.	CATEGORIES	NUMBERS	SHARES HELD	PERCENTAGE
1	Individuals	624	719,701	36.00%
2	Associated Comp.	2	1,584	0.08%

3	NIT / ICP	1	346	0.02%
4	Directors, CEO &	19	1,227,216	61.36%
5	Bank, Financial In	2	51,153	2.56%
	TOTAL	648	2,000,000	100.00%