

Fateh Industries Limited

ANNUAL REPORT 98

Notice of Annual Meeting

Notice is hereby given that the 13th Annual General Meeting of the Shareholders of FATEH INDUSTRIES LIMITED, will be held on Monday the 28th December, 1998 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 Annual Meeting of the Company held on December 29, 1997.
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, 1998.
3. To appoint Auditors for the year 1998-99 and fix their remuneration.
4. Any other business with permission of the Chair.

By order of the Board
FATEH INDUSTRIES LIMITED

Hyderabad
7th December, 1998

Muhammad Iqbal Khan
Company Secretary

NOTES:

1. The share transfer books of the Company will remain closed for 7 days from 22nd to 28th December, 1998 (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.

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

We feel pleasure to welcome you on this occasion of 13th Annual General Meeting of Fateh Industries Limited and present before you the audited annual accounts along with the Auditors' report for the year ended June 30, 1998.

Operating Results

The Sales during the year under review were Rs. 22.685 million because the European markets were slow in demand while in USA the competition from other sectors of the world remained high and bulk demand for our goods remained under pressure.

The pressure on Exports had adversely effected the profitability and first time you company had faced a gross loss position despite of various measures for cutting costs were taken to balance the bottom line.

Financial results

Financial results for the year 1997-98 were as follows;

	Rupees (000)
Operating Loss	(18,365)
Other Income	68

	(18,297)
Financial & Other Charges	(8,595)

Loss before taxation	(26,892)
Provision for taxation	(1,827)

	(28,719)
Un-appropriated loss brought forward	(49,278)

Loss carried over to B/S	(77,997)

As regards the Auditors' 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.

The pattern of share holding required under sec. 236 of the Companies Ordinance, 1984 is annexed.

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

The Board of Directors express its' appreciation on the services of Company's employees and co-operation of the Bankers.

SAEED ALAM
CHAIRMAN
BOARD OF DIRECTORS

Dated: 30th November, 1998

Pattern of Shareholding as at June 30, 1998

NO. OF S SHAREHOLDERS	SHAREHOLDING		TOTAL SHARES HELD
456	From	1 To	38,262
119	From	101 To	32,850
39	From	501 To	26,625
5	From	1001 To	8,300
5	From	5001 To	42,719
1	From	10001 To	14,737
1	From	15001 To	16,174
2	From	30001 To	67,399
1	From	35001 To	38,269

2	From	40001	To	45000	87,122
2	From	50001	To	55000	102,524
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
-----					-----
647					2,000,000
=====					=====

CATEGORIES OF SHAREHOLDERS	SHARES		
	NUMBERS	HELD	PERCENTAGE
Individuals	643	1,946,917	97.35 %
Investment Companies	2	51,499	2.57%
Insurance Companies	0	0	0%
Joint Stock Companies	2	1,584	0.08%
Financial Institutions	0	0	0.00%
Modarba Companies	0	0	0.00%
-----			-----
647			2,000,000
=====			=====

Auditors' Report to the Members

We have audited the annexed balance sheet of Fateh Industries Limited as at June 30, 1998 and the related profit & loss account and statement of changes in financial position, 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 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, 1998 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.

MOOSA & COMPANY
Chartered Accountants

Karachi: 30th November, 1998

Balance Sheet as at June 30, 1998

CAPITAL AND LIABILITIES	NOTE NO.	30-06-98 RUPEES	30-06-97 RUPEES
SHARE CAPITAL AND RESERVES			

Authorised Capital			
10,000,000 ordinary shares of Rs. 10/- each		100,000,000	100,000,000
		=====	=====
S 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		(77,996,800)	(49,277,612)
		-----	-----
		(27,996,888)	722,388
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	57,951,068	53,736,155
Creditors, accrued and other liabilities	8	258,577,646	228,519,700
Workers' profit participation fund	9	6,708,127	5,881,571
Provision for taxation	10	200,000	500,000
		-----	-----
		323,436,841	288,637,426
		-----	-----
		318,078,997	311,998,770
		=====	=====

PROPERTY AND ASSETS**TANGIBLE FIXED ASSETS**

Operating fixed assets	11	97,949,417	99,446,107
LONG TERM INVESTMENTS	12	17,566	17,566
CURRENT ASSETS			
Stores, spare parts and loose tools	13	8,132,454	8,672,390
Stock-in-trade	14	83,327,463	82,931,830
Trade debts	15	56,523,898	51,172,725
Advances, deposits and prepayments	16	8,515,305	7,601,867
Other receivables	17	59,870,936	61,333,884
Cash and bank balances	18	3,741,958	822,401
		-----	-----
		220,112,014	212,535,097
		-----	-----
		318,078,997	311,998,770
		=====	=====

NOTES:

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

Date: 30th November, 1998

SAEED ALAM	RAUF ALAM	MOOSA & COMPANY
Chief Executive	Director	Chartered Accountants

Profit & Loss Account for the ended June 30, 1998

	NOTE NO.	30-06-98 RUPEES	30-06-97 RUPEES
Sales	19	22,685,424	84,622,361
Cost of Sales	20	29,810,947	64,964,401
		-----	-----
Gross Profit		(7,125,523)	19,657,960
Administration expenses	21	6,860,226	6,709,973
Selling expenses	22	4,379,656	3,584,726
		-----	-----
		11,239,882	10,294,699
		-----	-----
Operating Profit/(Loss)		(18,365,405)	9,363,261
Other income	23	68,424	24,637
		-----	-----
		(18,296,981)	9,387,898

Financial expenses	24	8,552,706	14,389,421
Other charges	25	41,930	161,390
		-----	-----
		8,594,636	14,550,811
		-----	-----
Loss before taxation		(26,891,617)	(5,162,913)
Taxation			
Current		200,000	500,000
Prior		1,627,571	108,871
		-----	-----
		1,827,571	608,871
Loss after taxation		(28,719,188)	(5,771,784)
Unappropriated loss brought forward		(49,277,612)	(43,505,828)
		-----	-----
Unappropriated loss carried to Balance Sheet		(77,996,800)	(49,277,612)
		=====	=====

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

**Statement of Charges in Financial Position for the year ended June 30, 1998
(Cash Flow Statement)**

	NOTE NO.	30-06-98 RUPEES	30-06-97 RUPEES
NET CASH INFLOW FROM OPERATING ACTIVITIES	A	8,900,229	18,563,375
		-----	-----
Return on investment and servicing of finance:			
Mark-up / interest paid		(6,655,624)	(33,086,588)
Dividend received		424	424
		-----	-----
Net cash outflow from return on investment and servicing of finance		(6,655,200)	(33,086,164)
Taxation			
Tax paid (including tax deducted at source)		(1,370,653)	(1,456,162)
		-----	-----
Net cash flow from taxation		(1,370,653)	(1,456,162)
Investing activities			
Fixed capital expenditure		(2,206,716)	(4,009,809)
Sale of fixed assets		36,984	0
		-----	-----
Net cash flow from investing activities		(2,169,732)	(4,009,809)
		-----	-----
Net cash flow before financing activities		(1,295,356)	(19,988,760)
Financing activities			
Increase/(Decrease) in:			
Long term loans (due to restructuring)		0	2,778,459
Short term borrowing		4,214,913	16,736,155
		-----	-----
Net cash flow from financing activities		4,214,913	19,514,614
		-----	-----
Increase/(decrease) in cash & cash equivalent	B	2,919,557	(474,146)
		=====	=====

	NOTE: A	30-06-98 RUPEES	30-06-97 RUPEES
Reconciliation of operating profit to net cash flow from operating activities:			
Net loss before taxation		(26,891,617)	(5,162,913)
Depreciation		3,666,422	3,847,893

Mark-up / interest expenses	7,726,150	13,562,865
Dividend received	(424)	(424)
Gain on disposal of fixed assets	0	0
	-----	-----
	11,392,148	17,410,334
	-----	-----
Operating profit before working capital change	(15,499,469)	12,247,421
	-----	-----
(Increase)/Decrease in current assets		
Stores, spare & loose tools	539,936	703,805
Stock-in-trade	(395,633)	(14,526,422)
Trade debtors	(5,351,173)	(29,000,060)
Advances, deposits & pre-payments	(1,670,356)	(1,409,627)
Other receivables	1,462,948	(14,347,536)
(Decrease)/Increase in current liabilities		
Creditors, accrued & other liabilities	28,987,420	64,069,238
Workers' Profit Participation Fund	826,556	826,556
	-----	-----
	24,399,698	6,315,954
	8,900,229	18,563,375
	=====	=====
NOTE: B		
Analysis of changes in cash and cash equivalents during the year:		
Cash and bank balances as at June 30, 1997	822,401	1,296,547
Increase/(decrease) in cash and cash equivalents	2,919,557	(474,146)
	-----	-----
Cash and bank balances as at June 30, 1998	3,741,958	822,401
	=====	=====

Dated: 30th November, 1998

SAEED ALAM
Chief Executive

RAUF ALAM
Director

Notes to the Account for the year ended June 30, 1998

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 Plant & Machinery and Tools & Equipments 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. 6.191 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, 1998 including for the current year amounts to approximately Rs. 2.880 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 approximately Rs. 0.398 million. 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 account have been prepared in the light. of provisions of Companies Ordinance, 1984.

	30-06-98	30-06-97
	RUPEES	RUPEES

3. ISSUED, SUBSCRIBED & PAID-UP SHARE CAPITAL

Fully paid ordinary shares of Rs. 10/- each		
50,000 (1997 - 50,000) issued for cash	500,000	500,000
1,950,000 (1997 - 1,950,000) issued for cash	19,500,000	19,500,000
	-----	-----
	20,000,000	20,000,000
	=====	=====

	30-06-98	30-06-97
	RUPEES	RUPEES

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 restructuring of the entire loan alongwith the mark-up was in process 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.

	30-06-98	30-06-97
	RUPEES	RUPEES

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	46,736,155
From Directors		
Un-secured interest free	7,000,000	7,000,000
	-----	-----
	57,951,068	53,736,155
	=====	=====

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 paisa 13 per cent per annum.

	30-06-98	30-06-97
	RUPEES	RUPEES

8. CREDITORS, ACCRUED AND

OTHER LIABILITIES

Creditors		
Trade	147,518,852	151,217,643
Others	7,673,482	5,417,614
Due to associated undertakings	89,392,363	57,161,425
Security deposits	16,000	24,000
Advance from customers	6,901,011	6,901,011
Tax deducted at source	2,590	3,335
Accrued expenses	1,419,219	3,211,069
Mark-up on secured loans	5,654,129	4,583,603
	-----	-----
	258,577,646	228,519,700
	=====	=====

9. WORKERS' PROFIT PARTICIPATION FUND

Opening balance	5,881,571	5,055,015
Add: Profit allocation for the year	0	0
Interest accrued	826,556	826,556
	-----	-----
	6,708,127	5,881,571
	=====	=====

10. PROVISION FOR TAXATION

Opening balance	500,000	300,000
Provided during the year		
Current	200,000	500,000

Prior	1,627,571	108,871
	-----	-----
	1,827,571	608,871
	-----	-----
	2,327,571	908,871
Less: Adjustment of income tax for earlier years due to completion of Income Tax assessment	2,127,571	408,871
	-----	-----
	200,000	500,000
	=====	=====

11. OPERATING FIXED ASSETS

Description	Cost		As at June 30, 1998	Accumulated Depreciation as at June 30, 1998	Book Value as at June 30, 1998	Depreciation Charged for the Year	Rate (%)
	As at July 01, 1997	Addition/ (Deletion/ Adjustments)					
Land	3,585,601	0	3,585,601	0	3,585,601	0	-
Factory Building	30,403,353	282,000	30,685,353	16,512,123	14,173,230	1,574,803	10
Plant & Machinery	107,142,135	0	107,142,135	46,901,283	60,240,852	544,009	10
Air Conditioning Plant	2,033,634	0	2,033,634	899,057	1,134,577	126,064	10
Tools & Equipment	12,523,527	1,702,109 (49,875)	14,175,761	3,322,096	10,853,665	476,253	10
Furniture & Fixture	3,858,646	89,048 (13,675)	3,934,019	1,518,606	12,415,413	268,379	10
Office Equipment and Computer	1,599,825	17,000	1,616,825	545,910	1,070,915	118,991	10
Electric Fittings	5,000,504	28,125	5,028,629	2,011,064	3,017,565	335,285	10
Vehicles	1,524,250	0	1,524,250	1,087,335	436,915	109,229	20
Arms	143,550	0	143,550	81,586	61,964	6,885	10
Other Buildings	1,522,728	88,434	1,611,162	652,442	958,720	106,524	10
Total 30-06-1998	169,337,753	2,206,716 (63,550)	171,480,919	73,531,502	97,949,417	3,666,422	
Total 30-06-1997	165,327,944	4,009,809	169,337,753	69,891,646	99,446,107	3,847,893	

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

	30-06-98 RUPEES	30-06-97 RUPEES
(a) Cost of Sales	3,056,414	3,175,543
(b) Administration expenses	610,008	672,350
	-----	-----
	3,666,422	3,847,893
	=====	=====

Disposal of Operating Assets By Negotiation

Particulars	Original Cost Rupees	Accumulated Depreciation Rupees	Book Value Rupees	Sale Proceeds Rupees	Profit (Loss) Rupees
Tools & Equipments	49,875	21,897	27,978	27,978	0
Furniture & Fixture	13,675	4,669	9,006	9,006	0
Total	63,550	26,566	36,984	36,984	0
	=====	=====	=====	=====	=====

12. LONG TERM INVESTMENTS

	30-06-98 RUPEES	30-06-97 RUPEES
Shares of quoted companies	17,566	17,566
	=====	=====

These are stated at cost, The market value of above shares on June 30, 1998 was Rs. 11,791 (1997 -Rs. 13,620). The company has earned dividend of Rs. 424 (1997 - Rs. 424) from the share investment in listed companies. Details of investment in different quoted companies are given below:

Name of Company	No. of Shares held	Purchase Price/Cost	Face Value per Share	Quoted Value 30-06-1998
Bata Pakistan Ltd.	160	11,280	10	6,240
Service Industries Ltd.	132	6,286	10	5,551
	-----	-----	-----	-----
Total	292	17,566	-	11,791
	=====	=====	=====	=====

30-06-98 30-06-97
RUPEES RUPEES

13. STORE, SPARE PARTS AND LOOSE TOOLS

Stores	351,173	567,555
Spare parts and tools	7,781,281	8,104,835
	-----	-----
	8,132,454	8,672,390
	=====	=====

14. STOCK-IN-TRADE

Raw and packing material	41,831,885	45,948,902
Goods in process	4,661,124	4,758,972
Finished goods	36,013,924	31,255,371
Goods-in-transit	820,530	968,585
	-----	-----
	83,327,463	82,931,830
	=====	=====

15. TRADE DEBTS

Considered good and recoverable (Unsecured)	56,523,898	51,172,725
	=====	=====
	30-06-98	30-06-97
	RUPEES	RUPEES

16. ADVANCES, DEPOSITS AND PREPAYMENTS

Considered good		
Advances		
Employees	534,340	684,707
Associated undertaking	178,816	184,216
Contractors	6,860	6,860
Suppliers	145,307	3,625,644
Others	6,066,783	748,960
Income tax	1,296,643	2,053,561
Against purchases	1,500	2,863
Deposits		
Securities - others	285,056	295,056
	-----	-----
	8,515,305	7,601,867
	=====	=====

17. OTHER RECEIVABLES

Export rebates	5,394,628	6,366,999
Others	54,476,308	54,966,885
	-----	-----
	59,870,936	61,333,884
	=====	=====

18. CASH & BANK BALANCES

Cash in hand	31,863	192,805
Cash with banks	3,710,095	629,596
	-----	-----
	3,741,958	822,401
	=====	=====

19. SALES

Shoes	22,885,076	85,492,644
Less: Sales commission	199,652	870,283
	-----	-----
	22,685,424	84,622,361
	=====	=====

20. COST OF SALES

Raw & packing material consumed (20-A)	19,204,147	40,943,405
Salaries, wages and other benefits	7,146,861	10,193,184
Stitching and cutting charges	268,927	1,332,714
Stores, spare parts, etc. consumed	1,373,165	2,082,517
Repairs and maintenance	192,985	144,786
Fuel and power	2,193,669	2,399,444
Rent, taxes and fees	0	17,535
Insurance	75,645	321,290
Other manufacturing expenses	959,839	4,028,408
Depreciation	3,056,414	3,175,543
	-----	-----
	34,471,652	64,638,826

Goods-in-process		
Opening inventory	4,758,972	7,795,757
Closing inventory	4,661,124	4,758,972
	-----	-----
	97,848	3,036,785
	-----	-----
Cost of goods manufactured	34,569,500	67,675,611
Finished goods		
Opening inventory	31,255,371	28,544,161
Closing inventory	36,013,924	31,255,371
	-----	-----
	(4,758,553)	(2,711,210)
	-----	-----
	29,810,947	64,964,401
	=====	=====

20-A RAW AND PACKING MATERIAL CONSUMED

Opening inventory	45,948,902	32,014,335
Purchases	15,087,130	54,877,972
	-----	-----
	61,036,032	86,892,307
Less: Closing Inventory	41,831,885	45,489,902
	-----	-----
	19,204,147	40,943,405
	=====	=====

21. ADMINISTRATION EXPENSES

Salaries, wages and benefits	2,442,123	2,537,128
Travelling, conveyance and entertainments	717,770	909,743
Rent, rates, taxes and fees	524,455	362,617
Repairs and maintenance	30,300	48,157
Printing and stationery	349,095	368,780
Communication	921,868	951,722
Legal and professional charges	25,000	60,000
Miscellaneous	885,755	14,162
Vehicle running expenses	299,947	629,407
Guest expenses	27,105	53,052
Computer consumables	26,800	102,855
Depreciation	610,008	672,350
	-----	-----
	6,860,226	6,709,973
	=====	=====

22. SELLING EXPENSES

Freight on exports	1,668,969	2,430,645
Insurance on exports	0	79,970
Clearing & forwarding charges	9,800	26,417
Advertisement and Publicity	157,470	26,787
Sampling	101,579	155,120
Export development surcharge/expenses	61,113	175,787
Sindh delev. & maint. infrast. Fees	28,335	26,283
Product development expenses	645,551	0
Sales Promotion	973,893	0
Miscellaneous expenses on export	732,946	663,717
	-----	-----
	4,379,656	3,584,726
	=====	=====

23. OTHER INCOME

Other income	1,000	4,551
Dividend income	424	424

Agriculture Income	67,000	0
Interest on N.D.F.C.	0	11,047
Interest on N.D.R.	0	8,615
	-----	-----
	68,424	24,637
	=====	=====

24. FINANCIAL EXPENSES

Interest, mark-up and other charges on		
Long-term loans	2,700,000	3,324,487
Export and running finances	4,863,789	9,486,030
Bank charges & commission	162,361	752,348
Worker's profit participation fund	826,556	826,556
	-----	-----
	8,552,706	14,389,421
	=====	=====

25. OTHER CHARGES

Auditors remuneration		
Audit fee	25,000	30,000
Out of pocket expenses	6,930	1,890
	-----	-----
	31,930	31,890
	10,000	129,500
	-----	-----
	41,930	161,390
	=====	=====

Recipient of donations do not include any entity in which a director or his spouse had any interest.

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:

	Chief Executive	Directors	Executives	Total 30-06-98	Total 30-06-97
Remuneration	240,000	240,000	175,742	655,742	8,260,632
House rent allowance	120,000	120,000	79,084	319,084	395,725
Utilities	0	0	17,574	17,574	34,612
Reimbursable expenses	0	0	3,600	3,600	10,800
	-----	-----	-----	-----	-----
	360,000	360,000	276,000	1,026,000	1,267,200
	-----	-----	-----	-----	-----
No. of persons	1	1	1	3	5
	=====	=====	=====	=====	=====

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 re-imbursment 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.

Dated: 30th November, 1998	SAEED ALAM Chief Executive	RAUF ALAM Director
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