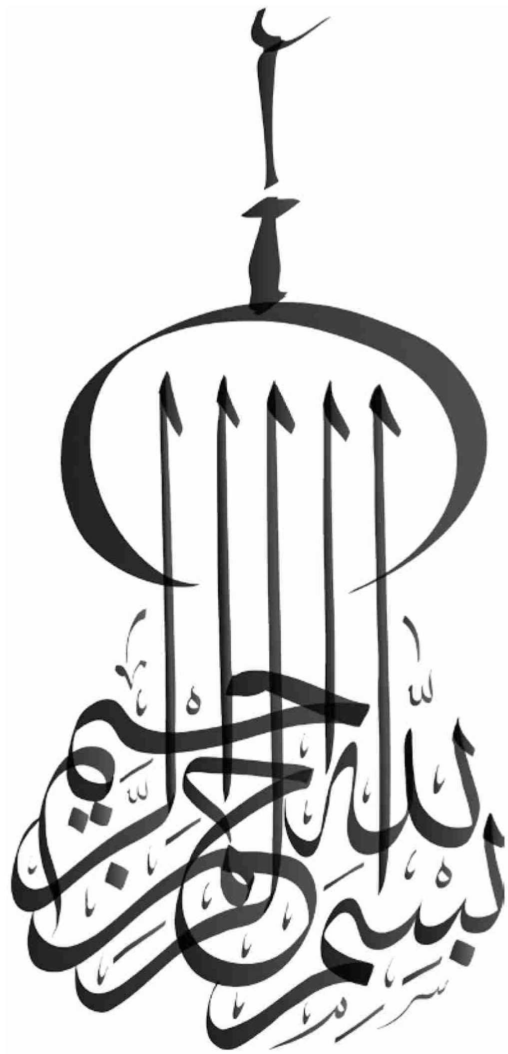
ANNUAL REPORT 2015

EMCO INDUSTRIES LIMITED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EMCO

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Company Information

COMPANY INFORMATION

Board of Directors

Mr. Tariq Rehman
Mr. Shafiq A. Siddiqi
Mr. Haris Noorani
Mr. Suhail Mannan
Mr. Javaid Shafiq Siddiqi
Mr. Usman Haq
Mr. Salem Rehman
Mr. Ahsan Suhail Mannan

Audit Committee

Mr. Usman Haq
Mr. Javaid Shafiq Siddiqi
Mr. Salem Rehman
Mr. Ahsan Suhail Mannan

Chief Financial Officer/Manager (F & A)

Mr. Riaz Ahmad

Auditors

M/s. Horwath Hussain Chaudhury & Co.,
Chartered Accountants, Lahore.

Bankers

Habib Bank Limited
National Bank of Pakistan
Standard Chartered Bank (Pakistan) Limited
Faysal Bank Limited
Bank of Punjab
NIB Bank Limited

Share Registrar

Corplink (Pvt) Limited
Wings Arcade. I-K , Commercial,
Model Town, Lahore.

Registered Office

4th Floor, National Tower,
28-Egerton Road,
Lahore.

Factory

19-Kilometre, Lahore Sheikhupura Road, Lahore.

BUSINESS ITEMS

Porcelain Insulators

- Suspension Insulator
- Pin Insulator
- Line Post Insulator
- Cap and pin Insulator
- Station Post Insulator
- Indoor Switch and Bus Insulator
- Apparatus Insulator
- Insulator for Railway Electrification
- Telephone Insulator
- Low Voltage Insulator
- Dropout Cutout Insulator
- Bushings

Switchgear

- Disconnect Switch upto 145 kv
- Metal Oxide Surge Arresters upto 430 kv

(Under License from Siemens Genmany)

Chemical Porcelain

- Acid Proof Wares and Bricks
- Rasching Ring and Saddles
- Acid Proof Porcelain Pipes and Fitting
- Acid Proof Cement

Special Porcelain

- High Alumina Porcelain
- Lining Special Refractories
- & Grinding Media

Ceramic Glazed Wall Tiles

- Coloured & Decorative Glazed Wall Tiles
  20 cm x 20 cm x 7 mm
  20 cm x 30 cm x 7 mm
  25 cm x 33 cm x 7 mm

Ceramic Glazed Floor Tiles

- Vitreous & Semi Vitreous
  Decorative Glazed Floor Tiles
  30 cm x 30 cm x 8 mm
  38 cm x 38 cm x 8 mm

Notice of Annual General Meeting

Notice is hereby given that 60th Annual General Meeting of Members of EMCO Industries Limited will be held on 26th October, 2015 at 11.00 a.m at the Registered Office of the Company, 4th floor, National Tower, 28-Egerton Road, Lahore, to transact the following business;

1. To confirm the minutes of the last Annual General Meeting held on 31st October, 2014.

2. To receive, approve and adopt the Audited Accounts of the Company for the year ended 30th June, 2015 together with Directors' and Auditors' Report thereon.

3. To appoint Auditors for the next financial year and to fix their remuneration. The present auditors M/s. Horwath Hussain Chaudhury & Co. Chartered Accountants retire and being eligible, offer themselves for re-appointment.

4. To transact any other business with the permission of the Chair.

By Order of the Board

Place: Lahore
Dated: 18.09.2015

(HARIS NOORANI)
DIRECTOR CORPORATE AFFAIRS

NOTES;-

1. The Share Transfer Books of the Company will remain closed and no transfer of Shares will be accepted for registration from 19.10.2015 to 26.10.2015 (both days inclusive). No transfer will be accepted for registration during this period.

2. A member entitled to attend and vote at the General Meeting may appoint another member as his/her proxy to attend and vote instead of him/her at the meeting. Proxies must be deposited at the Company's Registered Office not less than forty-eight hours before the time of holding the meeting.(Form of proxy is enclosed.)

3. Members through CDC, entitled to attend and vote at this meeting, must bring his/her NIC or passport to prove his/her identity and in case of Proxy must enclose an attested copy of his/her NIC or Passport. Representatives of corporate members should bring the usual documents required for such purpose.

4. Members are requested to promptly notify the change in their address, if any, to the Company's Share Registrar M/s. Corplink (Pvt) Limited, Wings Arcade, I-K Commercial, Model Town, Lahore.

5. Transmission of Audited Financial Statements & Notices to members through email

   In terms of S.R.O.787(1)2014 of SECP, the Company has made available on its website, a Standard Request Form, which members may use to communicate their e-mail address and consent for electronic transmission of Audited Financial Statements and Notice, along with postal and email address of Share Registrar to whom such requests shall be sent.

Directors' Report

On behalf of the Board of Directors I welcome you to the 60th Annual General Meeting of the Company and present you Audited Accounts for the year ending 30th June 2015. The financial results are given in Table below.

	2015 Rupees	2014 Rupees
Loss before Tax	(124,679,390)	(105,878,525)
Taxation	11,214,727	2,118,963
Loss after Tax	(113,464,663)	(103,759,562)
Other Comprehensive Income	108,392	1,337,042
Total Comprehensive Loss	(113,356,271)	(102,422,520)
Accumulated Loss brought forward	(546,330,321)	(463,345,211)
Incremental Depreciation on Revaluation	19,641,443	19,437,410
	(526,688,878)	(443,907,801)
Accumulated Loss carried forward	(640,045,149)	(546,330,321)
Loss per Share	(3.24)	(2.96)

At the last Annual General Meeting held on 31st October 2014, the Management had informed the Members that owing to severe shortage of gas the Tile Division was shut down completely by January 2014 and therefore, results for the period ending 30th June 2014 had been prepared on the basis of the operations of Insulator & Tile Divisions in accordance with the International Accounting Standards.

For the year ending 30th June 2015, it will be the first full financial year in which only the Insulator Plant was operating. Results for this year, therefore, are based on the Insulator Plant bearing the complete costs of depreciation, receivables and financial charges. This decision is based on the fact that the Management, as stated earlier, will review the restarting of the Tile Division by early 2016 after assessing availability of gas during winter this year. Thus the applicable costs of the Tile Division have been included in the cost of sale.

As can be seen from the results, the production of the Insulator Plant has increased by 116% and sales by 85% during this financial year. By the Grace of Allah the total orders in hand for Insulators is 2600 tons and another 2000 tons are in the pipeline.

The financial results for this year show a higher loss as compared to last year but the Management would like to bring on record that it has exercised prudence by charging depreciation of Rs. 53M on the Tile Division as well as creating a provision of more than Rs. 22M against doubtful receivables.

The Company has taken strong steps to optimize operations of the Insulator Plant through innovative structural financing arrangements with banks against confirmed orders from DISCOs and NTDC. The Company has already successfully negotiated revised terms with SCB, NIB, BOP and HBL. Final negotiations with NBP are in process and we are Insha Allah very optimistic about our proposal being accepted. As mentioned in the financial statements (Note 1.2), the Management has already injected Rs. 89 Million during the year and is committed to support the liquidity requirements of the Company.

As stated above, in order to improve efficiency the company is in the process of adopting the SAP system that is expected to become fully operational by December 2015.

With the reduction in the interest rate as well as transportation cost we have already seen an improvement in the operative results of the last quarter of the financial year. This trend continued in the months of July and August 2015 and your Company has already showed a nominal profit for the months of July & August. This trend is expected to continue and Insha Allah operations will show better profitability for the financial year 2015-16.

The Company's contribution to the exchequer in the year under review is Rs. 175.087 Million in the shape of import duty, sales tax, income tax and other government levies.

Code of Corporate Governance

The requirements of the Code of Corporate Governance set out by the Karachi, Lahore, and Islamabad Stock Exchanges in their Listing Regulations, relevant for the year ended June 30, 2015 have been adopted by the Company and have been duly complied with. A statement to this effect is annexed with the report.

In compliance with the provisions of the Code, the Board members are pleased to place the following statement on record:

- The financial statements for the year ended June 30, 2015 present fairly its state of affairs, the results of its operations, cash flow and changes in equity;
- Proper books of accounts have been maintained;
- Appropriate accounting policies have been consistently applied in preparation of financial statements for the year ended June 30, 2015 accounting estimates are based on reasonable and prudent judgment;
- International Accounting Standards (IAS), as applicable in Pakistan, have been followed in preparation of financial statements except application of IAS 39 relating to amortization of long term financing (unsecured - interest free) obtained from associated companies and directors / members and of deferred markup;
- The system of internal control is sound in design and has been effectively implemented and monitored;
- There are certain financial indicators creating doubts regarding going concern assumption of the company. However, management has adequate mitigating plans to address those indicators as fully explained in Note 1.2 to the financial statements.
- There has been no material departure from the best practices of corporate governance, as detailed in listing regulations;
- The value of investment of Provident Fund based on its audited accounts as at December 31, 2014 was Rs 223.971 Million. The value of investment includes accrued interest.

Board Meetings

The Board of Directors, which consist of eight members, have responsibility to independently and transparently monitor the performance of the company and take strategic decisions to achieve sustainable growth in the company value. All members of the Board are elected in the general meeting after every three years. The term of the existing members of the Board will expire on 30-06-2017, along with their consent to act so, filed a declaration on the prescribed form as requirements of the Code of Corporate Governance.

A written notice of the Board meeting along with working papers was sent to the members seven days before meetings. A total of five meetings of the Board of Directors were held during the year ended June 30, 2015. The attendance of the board members was as follows: -

Sr. #	Name of Director	Meetings Attended
1.	Mr. Tariq Rehman	04
2.	Mr. Shafiq A. Siddiqi	04
3.	Mr. Haris Noorani	05
4.	Mr. Suhail Mannan	05
5.	Mr. Javaid Shafiq	04
6.	Mr. Usman Haq	05
7.	Mr. Salem Rehman	05
8.	Mr. Ahsan Suhail Mannan	05

Leave of absence was granted to Directors who could not attend the meetings.

During the financial year the trading in shares of the company by the Directors, CEO, CFO, Company Secretary and their spouses and minor children is as follows:

S. No.	Name	Purchase	Sale
1.	Mr. Usman Haq	948,771*	Nil

* inherited from mother

Audit Committee

The AC reviews the annual and quarterly financial statements, internal audit report, and information before dissemination to stock exchanges and proposes appointment of the external auditors for approval of the shareholders, apart from other matters of significant nature. The AC holds its meeting prior to the Board meeting. A total of four meetings of Audit Committee were held during the year under review. It includes statutory meeting with external auditors before start of annual audit and meeting with external auditors without CFO and head of internal audit being present. Name of the members of Audit Committee are as follows:

1.	Mr. Usman Haq	Chairman
2.	Mr. Javaid S. Siddiqi	Member
3.	Mr. Salem Rehman	Member
4.	Mr. Ahsan Suhail Mannan	Member

Employees' relations

Despite the inflationary pressure the management would like to place on record a very positive and cooperative role of employees during the year. The management would like to place on record its appreciation in this regard and will look forward to their continuous support during the difficult time that the nation is presently undergoing. The management would also like to place on record the very cooperative role played by the Union in increasing the output on virtually each stage of production and reducing losses wherever possible.

Acknowledgement

We would like to thank our valued customers, dealers and especially the banks which have shown not only cooperation but patience in some payments which were delayed over which the management has no control and finally we would like to thank our shareholders for their unwavering support.

Dividend

Considering the brought forward losses, no dividend is recommended for the year ended June 30, 2015.

Pattern of Shareholding

The pattern of shareholding as on June 30, 2015 and its disclosure, as required by the Code of Corporate Governance is annexed with this report.

Financial Highlights

The key financial highlights for the last 10 years performance of the company are available in this report.

Auditors

As recommended by the Audit Committee, the present auditors M/s Horwath Hussain Chaudhary & Co., Chartered Accountants, retire and being eligible, offer themselves for re-appointment.

For and on behalf of the board of Directors

[Tariq Rehman]
Chief Executive

Lahore: September 18, 2015

Financial Highlights of Last Ten Years

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
	...(Rupees in Million)...									
Net Total sales	783	932	1,596	1,856	1,855	1,861	1,550	1,260	1,208	1,045
Exports	44	51	46	61	104	164	93	79	151	164
Employees Costs	222	213	313	285	325	307	301	271	241	219
Profit/(Loss) before tax	(125)	(106)	(39)	(14)	(35)	(76)	(103)	(16)	11	(14)
Profit/(Loss) after tax	(113)	(104)	(35)	(21)	(46)	(71)	(81)	(14)	20	(56)
Earning per share	(3.24)	(2.96)	(0.99)	(0.61)	(1.32)	(2.05)	(2.39)	(0.09)	1.30	(3.66)
Capital Expenditure	17	13	23	37	8	18	149	222	55	99
Cash Dividend Rate	-	-	-	-	-	-	-	-	5%	-
Stock Dividend Rate	-	-	-	-	-	-	-	-	-	-
Shareholder’s Equity	(160)	(66)	17	33	36	64	118	(16)	(34)	(84)

REVIEW REPORT TO THE MEMBERS

ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance ("the Code") prepared by the Board of Directors of EMCO Industries Limited for the year ended June 30, 2015 to comply with requirements of the Listing Regulation No.35 (Chapter XI) of the Karachi Stock Exchange, Lahore Stock Exchange and Islamabad Stock Exchange, where the Company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

As a part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Following instances of non-compliance with the requirements of the Code were observed which are not stated in the Statement of Compliance:

a) Executive directors exceed one-third of the elected directors, including the chief executive, of the company.
b) There is no representation of minority shareholders on the Board of Directors.
c) The mechanism for annual evaluation of the Board's own performance has not been put in place.
d) The Company has not appointed a new CFO in place of the outgoing CFO.
e) Transactions with related parties were not placed before the Audit Committee and the Board of Directors for their approval.
f) The internal audit function is not operating effectively in the Company.

Based on our review, except for the above instances of non-compliance, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended June 30, 2015.

Further, we highlight below instances of non-compliance with the requirements of the Code as reflected in the note reference where these are stated in the Statement of Compliance:

Serial #:	Description
1	There are no independent directors on the Board of Directors of the Company.
9	Directors' training program was not conducted during the year.
12	The financial statements of the Company for the year ended June 30, 2015 have not been endorsed by the CFO.
15	Audit Committee comprises four members of which two are executive directors and chairman is not an independent director.
17	The Board has not formed an HR and Remuneration Committee

Horwath Hussain Ch & Co.

Lahore
September 18, 2015

HORWATH HUSSAIN CHAUDHURY & CO.
Chartered Accountants
(Engagement partner: Amin Ali)

Statement of Complience

With the Code of Corporate Governance for the year ended June 30, 2015

This statement is being presented to comply with the Code of Corporate Governance in the listing regulations of Karachi, Lahore & Islamabad 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. At present the Board includes::

Category	Names
Independent Director	Nil
Executive Director	Mr. Tariq Rehman Mr. Haris Noorani Mr. Suhail Mannan Mr. Salem Rehman Mr. Ahsan Suhail Mannan
Non-Executive Director	Mr. Shafiq A. Siddiqi Mr. Javaid S. Siddiqi Mr. Usman Haq

2. The Directors have confirmed that none of them is serving as a director in more than seven 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 DFI or an NBFI or, being a member of stock exchange, has been declared as a defaulter by that stock exchange.

4. No casual vacancy occurred during the year under review.

5. The Company has prepared a “Code of Conduct” and has ensured that appropriate steps have been taken to disseminate throughout the Company along with its supporting Policies and Procedures.

6. The Board has developed a vision statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the date on which they were approved or amended has been maintained.

7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment, 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 meetings of the Board were presided over by the Chairman, the Board met at least once in every quarter. Written notices of the Board meetings, 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. The directors were apprised about the changes in the Code, applicable laws and their duties and responsibilities to effectively manage the affairs of the Company for and on behalf of the shareholders. The directors of the Company having 15 years of experience on the board of a listed company are exempt from the requirements of directors training program. All the board members except two qualify for exemption under this provision of the Code. The Company will arrange the training program for the directors as provided under Code in future.

10. No new appointment of CFO, Company Secretary and Head of Internal Audit made during the year.

11. The directors' report for the year ended June 30, 2015 has prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.

12. The financial statements of the Company were duly endorsed by CEO and M (F&A) before approval of the Board.

13. 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.

14. The company has complied with all the corporate and financial reporting requirements of the CCG.

15. The Board has formed an audit committee. It comprises four members.

Member		Status
Mr. Usman Haq	Chairman	Non-Executive Director
Mr. Javaid Shafiq Siddiqi	Member	Non-Executive Director
Mr. Saleem Rehman	Member	Executive Director
Mr. Ahsan Suhail Mannan	Member	Executive Director

16. The meetings of the audit committee were held at least once every quarter prior to recommend the approval of interim and final results of the company and as required by the CCG. The terms of references of the committee have been formed and advised to the committee for compliance.

17. The board has not formed an HR and Remuneration Committee. The board intends to form an HR and Remuneration Committee in future.

18. The board has setup an internal audit function manned by 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.

19. The statutory auditors of the company have confirmed that they have been given satisfactory rating under the quality control review programmed of the Institute of Chartered Accountants 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 Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan.

20. 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.

21. The ‘closed period’ prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of Company’s securities, was determined and intimated to directors, employees and stock exchanges.

22. Material/price sensitive information has been disseminated among all market participants at once through stock exchanges.

23. We confirm that all material principles enshrined in the CCG have been complied with.

(Haris Noorani)
Director

Auditors' Report To The Members

We have audited the annexed balance sheet of Emco Industries Limited as at June 30, 2015 and the related profit and loss account, statement of comprehensive income, 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 purposes 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 a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

a) The Company has not amortized the long term financing (unsecured and interest free) obtained from associated companies and directors / members amounting to Rs. 125.478 million and deferred markup of Rs. 39.528 million (disclosed in Note 7 to the accompanying financial statements) as required by IAS 39 (Financial Instruments - Recognition and Measurement). In the absence of terms of repayment of loans from associated companies and directors / members, the related impact of their amortization on balance sheet and profit and loss account could not be determined. Had the deferred markup been stated at amortized cost, the long term financing and loss before tax would have been reduced and retained earnings would have been increased by Rs. 15.274 million.

b) in our opinion, proper books of accounts have been kept by the Company as required by the Companies Ordinance, 1984;

c) in our opinion;

((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 account and are further in accordance with the accounting policies consistently applied;

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

(iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company

(d) in our opinion and to the best of our information and according to the explanations given to us, except for the effect of the matter described in preceding paragraph "a", the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement 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 and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2015 and of the loss, total comprehensive loss, its cash flows and changes in equity for the year then ended; and

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

We draw attention to Note 1.2 of accompanied financial statements which states that the Company has incurred net loss of Rs. 113.465 million during the year ended June 30, 2015 while the accumulated loss stands at Rs. 640.045 million as at June 30, 2015. As of June 30, 2015 the current liabilities of the Company exceed its current assets by Rs. 252.314 million. Further, the Company has shut down its tile manufacturing unit since January 2014. These situations along with the matters as explained in Note 15, indicates the existence of an uncertainty, which may cast doubt about the Company's ability to continue as going concern. Our opinion is not qualified in respect of this matter.

Horwath Hussain Ch. & Co.

HORWATH HUSSAIN CHAUDHURY & CO.
Chartered Accountants
(Engagement partner: Amin Ali)

Lahore
September 18, 2015

BALANCE SHEET
AS AT JUNE 30, 2015

	Note	2015 Rupees	2014 Rupees
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Authorized share capital			
40,000,000 (2014: 40,000,000) ordinary shares of Rs 10 each		400,000,000	400,000,000
Issued, subscribed and paid up capital	4	350,000,000	350,000,000
35,000,000 (2014: 35,000,000) ordinary shares of Rs 10 each			
Reserves	5	129,898,526	129,898,526
Accumulated loss		(640,045,149)	(546,330,321)
		(160,146,623)	(66,431,795)
Surplus on Revaluation of Property, Plant and Equipment	6	582,459,878	594,237,181
Non Current Liabilities			
Long term financing	7	411,405,492	382,813,470
Liabilities against assets subject to finance lease	8	-	-
Deferred liabilities	9	36,852,344	37,458,473
Deferred taxation	10	63,483,695	90,343,639
		511,741,531	510,615,582
Current Liabilities			
Trade and other payables	11	318,162,045	279,742,209
Accrued finance cost	12	160,564,677	144,359,698
Short term borrowings	13	713,672,757	525,699,008
Current portion of non-current liabilities	14	75,894,854	133,875,204
		1,268,294,333	1,083,676,119
Contingencies and Commitments	15	-	-
Total Equity and Liabilities		2,202,349,119	2,122,097,087
ASSETS			
Non Current Assets			
Property, plant and equipment	16	1,182,068,047	1,243,187,839
Intangible assets	17	1,997,830	3,455,661
Long term loans	18	2,031,638	3,206,109
Long term deposits		271,163	271,163
		1,186,368,678	1,250,120,772
Current Assets			
Stores, spares and loose tools	19	112,231,865	105,971,710
Stock in trade	20	369,573,296	317,276,956
Trade debts	21	379,227,299	322,931,715
Advances, deposits, prepayments and other receivables	22	75,965,661	86,524,491
Income tax refundable from the Government		72,283,110	37,417,388
Cash and bank balances	23	6,699,210	1,854,055
		1,015,980,441	871,976,315
Total Assets		2,202,349,119	2,122,097,087

The annexed notes form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2015

	Note	2015 Rupees	2014 Rupees
Sales	24	782,866,717	932,348,371
Cost of sales	25	(680,083,656)	(788,553,281)
Gross Profit		102,783,061	143,795,090
Administrative expenses	26	(56,010,946)	(57,726,420)
Selling and distribution expenses	27	(59,145,817)	(101,246,108)
		(115,156,763)	(158,972,528)
Operating Loss		(12,373,702)	(15,177,438)
Other operating expenses	28	(24,345,866)	(4,576,015)
Other income	29	4,266,146	13,131,019
Finance cost	30	(92,225,968)	(99,256,091)
Loss before Taxation		(124,679,390)	(105,878,525)
Taxation	31	11,214,727	2,118,963
Net Loss for the Year		(113,464,663)	(103,759,562)
Loss per Share - Basic and Diluted	32	(3.24)	(2.96)

The annexed notes form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2015

	Note	2015 Rupees	2014 Rupees
Net Loss for the Year		(113,464,663)	(103,759,562)
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurement of retirement benefits asset		155,982	1,960,472
Less: Related tax impact		(47,590)	(623,430)
Other comprehensive income for the year		108,392	1,337,042
Total Comprehensive Loss for the Year		(113,356,271)	(102,422,520)

The annexed notes form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2015

	Note	2015 Rupees	2014 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash (used in) / generated from operations	33	(14,199,047)	15,336,371
Finance cost paid		(76,020,989)	(59,484,781)
Gratuity paid		(3,017,504)	(10,761,440)
Payments against discontinued provident fund		(2,576,786)	(4,846,968)
Income tax paid / refunded		(42,694,389)	18,541,803
		(124,309,668)	(56,551,386)
Net Cash used in Operating Activities		(138,508,715)	(41,215,015)
CASH FLOWS FROM INVESTING ACTIVITIES			
Property, plant and equipment purchased		(4,497,291)	(7,395,830)
Capital work in progress		(13,133,583)	(5,150,000)
Long term loans		1,834,711	(841,972)
Proceeds from disposal of property, plant and equipment		1,202,575	4,293,844
Net Cash used in Investing Activities		(14,593,588)	(9,093,958)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term financing repaid - net		(29,695,668)	(26,070,763)
Lease rentals paid		(330,623)	(2,451,716)
Short term borrowings acquired - net		187,973,749	33,584,411
Net Cash generated from Financing Activities		157,947,458	5,061,932
Net Increase / (Decrease) in Cash and Cash Equivalents		4,845,155	(45,247,041)
Cash and cash equivalents at the beginning of the year		1,854,055	47,101,096
Cash and Cash Equivalents at the End of the Year		6,699,210	1,854,055

The annexed notes form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2015

Particulars	Issued, Subscribed and Paid up Capital	Reserve			Total
		Share Premium Reserve	General Reserve	Accumulated Loss	
	Rupees	Rupees	Rupees	Rupees	Rupees
Balance as at June 30, 2013	350,000,000	39,898,526	90,000,000	(463,345,211)	16,553,315
Comprehensive loss for the year					
Net loss for the year	-	-	-	(103,759,562)	(103,759,562)
Other comprehensive income for the year	-	-	-	1,337,042	1,337,042
Total comprehensive loss for the year	-	-	-	(102,422,520)	(102,422,520)
Incremental depreciation for the year on surplus on revaluation of property, plant and equipment net of deferred tax	-	-	-	19,437,410	19,437,410
Balance as at June 30, 2014	350,000,000	39,898,526	90,000,000	(546,330,321)	(66,431,795)
Comprehensive loss for the year					
Net loss for the year	-	-	-	(113,464,663)	(113,464,663)
Other comprehensive income for the year	-	-	-	108,392	108,392
Total comprehensive loss for the year	-	-	-	(113,356,271)	(113,356,271)
Incremental depreciation for the year on surplus on revaluation of property, plant and equipment net of deferred tax	-	-	-	19,641,443	19,641,443
Balance as at June 30, 2015	350,000,000	39,898,526	90,000,000	(640,045,149)	(160,146,623)

The annexed notes form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

1. THE COMPANY AND ITS OPERATIONS

1.1 EMCO Industries Limited ("the Company") is incorporated in Pakistan and is listed on Karachi, Lahore and Islamabad Stock Exchanges. The Company was incorporated as a Joint Stock Company in Pakistan under the Companies Act, 1913, (now the Companies Ordinance 1984) as a private limited company on August 17, 1954 by the name of Electric Equipment Manufacturing Company (Private) Limited. Later, it was converted into a public company on August 20, 1983 and its name was changed to EMCO Industries Limited on September 12, 1983. The Company was listed on the stock exchanges on December 29, 1983. Its registered office is situated at 4th Floor, National Tower, 28 Egerton Road, Lahore.

The Company is principally engaged in the manufacture and sale of high / low tension electrical porcelain insulators, switchgear and ceramic tiles.

1.2 Going concern assumption

The Company has incurred net loss of Rs. 113.465 million (2014: Rs. 103.760 million) during the year ended June 30, 2015 while the accumulated loss stands at Rs. 640.045 million (2014: Rs. 546.330 million) as at June 30, 2015. Current liabilities of the Company exceed its current assets by Rs. 252.314 million (2014: Rs. 211.700 million) as at the balance sheet date. The existing bank borrowing facilities are fully utilized and there are overdue payments of Rs. 51.333 million relating to loan repayments and Rs. 46.010 million relating to the accrued finance costs. Further, the Company has shut down its tile manufacturing unit since January 2014. These factors along with matters set forth in Note 15 raise doubts about the Company being a going concern and therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business.

The directors have injected interest free funds of Rs. 89.25 million during the year and are committed to support the liquidity requirements of the Company. Further, the entire outstanding loan and mark-up thereupon of Standard Chartered Bank (Pakistan) Limited and NIB have been rescheduled during the year. Keeping in view the continuous support from directors and favourable negotiation with lenders, the going concern assumption is considered appropriate and, therefore, these financial statements have been prepared on going concern basis.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except to the extent of the following:

Certain property, plant and equipment	Note 16	Revalued amount
Employee retirement benefits (Gratuity)	Note 9	Present value

2.3 Functional and presentation currency

These financial statements are prepared and presented in Pak Rupees which is the Company's functional and presentation currency. All the figures have been rounded off to the nearest rupee, unless otherwise stated.

2.4 Use of estimates and judgments

The preparation of financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and related assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances.

These estimates and related assumptions are reviewed on an on going basis. Accounting estimates are revised in the period in which such revisions are made. Significant management estimates in these financial statements relate to the useful life and residual values of property, plant and equipment; amortization of intangible assets; provisions for doubtful receivables; provisions for defined benefit obligations; slow moving and obsolete inventory and taxation. However, the management believes that the change in outcome of estimates would not have a material effect on the amounts disclosed in these financial statements.

2.5 Changes in accounting standards, interpretations and pronouncements

2.5.1 Standards, interpretations and amendments to approved accounting standards which became effective during the year

The following key amendments to standards are relevant that became effective during the year. These amendments are not likely to have any impact on the Company's financial statement.

i) Amendments to IAS 32 – that address inconsistencies in applying the offsetting criteria in IAS 32 (Financial Instruments: Presentation). These amendments clarify the meaning of "currently has a legally enforceable right of set-off" and certain gross settlement systems that may be considered equivalent to net settlement.

ii) Amendments to IAS - 36 “Impairment of Assets” address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal and require the disclosure of additional information about the fair value measurement and discount rates used in present value technique.

iii) Amendments to IAS 19 “Employee Benefits” that introduce a narrow scope amendment to simplify the requirements for contributions from employees or third parties to a defined benefit plan, when those contributions are applied to a simple contributory plan that is linked to services.

2.5.2 Standards, interpretations and amendments to approved accounting standards which became effective during the year but are not relevant

There were certain amendments to the approved accounting standards which became effective during the year but are considered not to be relevant or have any significant effect on the Company's operations and are, therefore, not disclosed in these financial statements.

2.5.3 Standards, interpretations and amendments to approved accounting standards that are relevant but not yet effective

The following standards, amendments and interpretations of approved accounting standards are relevant and will be effective for accounting periods beginning on or after July 01, 2015. These amendments are not likely to have any impact on the Company’s financial statements:

i) Amendments to IAS 38 Intangible Assets and IAS 16 Property, Plant and Equipment (effective for annual periods beginning on or after 1 January 2016) introducing severe restrictions on the use of revenue-based amortization for intangible assets. This amendment explicitly states that revenue-based methods of depreciation cannot be used for property, plant and equipment. These amendments have no impact on Company's financial statements as the Company has the policy of depreciating / amortizing its property, plant and equipment and intangible assets based on the assessed useful lives.

ii) Amendments to IFRS 13 'Fair Value Measurement' (effective for annual periods beginning on or after 1 January 2015) aim to improve consistency and reduce complexity by providing a precise definition of fair value. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs. The adoption of this standard is not likely to have an impact on the Company's financial statements.

2.5.4 Standards, interpretations and amendments to approved accounting standards that are neither relevant and nor yet effective

Revision / improvements / amendments to IFRS and interpretations	Effective Date (Period beginning on or after)
- IFRS 10 'Consolidated Financial Statements'	January 1, 2016
- IFRS 11 'Joint Arrangements'	January 1, 2016
- IFRS 12 'Disclosure of Interest in Other Entities'	January 1, 2016
- IFRS 14 'Regulatory Deferral Accounts'	January 1, 2016
- IFRS 15 'Revenue from Contracts with Customers'	January 1, 2018
- IAS 27 'Separate Financial Statement'	January 1, 2016
- Agriculture: Bearer Plants [Amendment to IAS 16 and IAS 41]	January 1, 2016
- Investment entities applying the consolidation exception (amendments to IFRS 10, IFRS 12, and IAS-28)	January 1, 2016

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

3.1 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources shall be required to settle the obligation and the amount has been reliably estimated. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

3.2 Employee retirement benefits

The main features of the schemes operated by the Company for its employees are as follows:

Defined contribution plan

The Company operates a recognised provident fund for all its permanent workmen employees. Equal monthly contributions are made by the Company and employees into the fund at the rate of 10% of the basic salary for officers and 10% of basic salary plus cost of living allowance for workers. Obligation for contributions to defined contribution plan is recognised as an expense in the profit and loss account as and when incurred.

Defined benefit plan

The Company operates an unfunded gratuity scheme for non-workmen employees who are not covered under the provident fund scheme. The unfunded gratuity scheme is a defined benefit final salary plan. Provisions are made in the financial statements to cover obligations on the basis of actuarial valuations carried out by an independent actuary.

Retirement benefits are payable to staff on resignation, retirement or termination from service, subject to the completion of prescribed qualifying period of service under these schemes.

3.3 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the profit and loss account except to the extent that relates to items recognised directly in equity, in which case it is recognised in equity.

Current

The charge for current tax is based on taxable income for the year determined in accordance with the prevailing laws of taxation. All tax credits and tax rebates are taken into account in calculating this charge. However, in case of loss for the year, income tax expense is recognised as minimum tax liability on turnover of the Company in accordance with the provisions of the Income Tax Ordinance 2001.

Deferred

Deferred tax is recognised using the balance sheet liability method on all temporary differences between the carrying amount of assets and liabilities and their tax bases.

Deferred tax liabilities are recognised for all major taxable temporary differences.

Deferred tax assets are recognised for all major deductible temporary differences to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilised.

Carrying amount of deferred tax asset are reviewed at each balance sheet date and is recognised only to the extent that it is probable that future taxable profits will be available against which assets may be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unrecognised deferred tax assets are reassessed at each balance sheet date and are recognised to the extent of probable future taxable profit available that will allow deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rate that are expected to apply to the year when the asset is utilised or the liability is settled, based on the tax rates that have been enacted or substantially enacted at the balance sheet date.

3.4 Leases

Finance leases

Leases where the Company has substantially all the risks and rewards of ownership are classified as 'finance lease'. Assets subject to finance lease are initially recognized at the lower of present value of minimum lease payments under the lease agreements and the fair value of the assets. Subsequently these assets are stated at cost less accumulated depreciation and any identified impairment loss.

Related rental obligations, net of finance charges are included in liabilities against assets subject to finance lease. Liabilities are classified as current and long term depending upon the timing of payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the balance outstanding. The interest element of the rental is charged to profit over the lease term.

Assets acquired under a finance lease are depreciated over the useful life of the asset using the reducing balance method at the same rates as used for owned assets. Depreciation of leased assets is charged to the profit and loss account. Depreciation on additions to leased assets is charged from the month in which an asset is acquired while no depreciation is charged for the month in which the asset is disposed off.

Operating leases

Leases where a significant portion of risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit on straight line basis over the lease term.

3.5 Trade and other payables

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid or given in future for goods and services received or to be delivered or for any other amount, whether or not billed to the Company.

3.6 Property, plant and equipment

Property, plant and equipment are stated at revalued amount / cost less accumulated depreciation and identified impairment losses, if any, except freehold land which is stated at revalued amount. Revaluation is carried out with sufficient regularity to ensure that the carrying amounts of assets do not differ materially from their fair values. Additions, subsequent to revaluation, are stated at cost less accumulated depreciation and any identified impairment loss.

The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Cost in relation to certain assets also includes cost of borrowing during construction period in respect of loans taken for specific projects.

Depreciation on property, plant and equipment, except freehold land, is charged to profit on straight line method with the exception of tools and equipment, furniture and fixture, office equipment and vehicles, machinery spares included in plant and machinery, whose depreciation is charged to profit on diminishing balance method so as to write off the cost or revalued amount of an asset over its estimated useful life. Incremental depreciation representing the difference between actual depreciation based on revalued carrying amount of the asset and equivalent depreciation based on the original carrying amount of the asset is transferred to equity from surplus on revaluation of property, plant and equipment. All transfers to/from surplus on revaluation of property, plant and equipment are net of applicable deferred income taxes.

Depreciation on additions is charged from the month in which the assets are available for use while no depreciation is charged in the month in which the assets are disposed off. Rates of depreciation are disclosed in Note 16.

Depreciation method, residual value and useful lives of assets are reviewed at least at each financial year end and adjusted if impact on depreciation is significant.

The Company assesses at each balance sheet date whether there is any indication that property, plant and equipment is impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying amounts exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognised in the profit and loss account. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Where an impairment loss is recognised, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount over its estimated useful life.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and replacements are capitalised. Gains or losses on disposal of property, plant and equipment are included in the current year's income.

Increases in the carrying amounts arising due to revaluation are credited to revaluation surplus on property, plant and equipment. Decreases that offset previous increases of any other fixed asset of the Company are debited against revaluation surplus directly in equity. All other decreases are charged to the profit and loss account.

3.7 Capital work-in-progress

Capital work-in-progress is stated at cost less any identified impairment loss and represents expenditure incurred on property, plant and equipment during construction and installation. All expenditure connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. Cost also includes applicable borrowing costs. Transfers are made to relevant property, plant and equipment category as and when the assets are available for use.

3.8 Intangible assets

Intangible assets and stated at cost less accumulated amortisation and any identified impairment loss. Intangible assets are amortised using the diminishing balance method at the rate of 10%.

Amortisation on additions to intangible assets is charged from the month in which an asset is acquired or capitalised while no amortization is charged for the month in which the asset is disposed off.

The Company assesses at each balance sheet date whether there is any indication that the intangible asset may be impaired. If such indication exists, the carrying amount of such assets is reviewed to assess whether they are recorded in excess of their recoverable amounts. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognised in the profit and loss account for the year. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Where an impairment loss is recognised, the amortisation charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

3.9 Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred except where such costs are directly attributable to the acquisition, construction or production of a qualifying asset in which case such costs are capitalised as part of the cost of the asset until such time as the asset is substantially ready for its intended use or sale.

3.10 Stores, spares and loose tools

Stores and spares are valued at weighted average cost, while items considered obsolete are carried at nil value. Items in transit are valued at cost comprising invoice value plus other charges paid thereon. Provision is made for obsolete and slow moving stores and spares based on management estimate.

3.11 Stock-in-trade

Raw materials, packing material and components, except for those in transit, are valued at the lower of weighted average cost and net realizable value. Work-in-process and finished goods are valued at the lower of average cost and net realizable value. Work-in-process and finished goods comprise cost of direct materials, labour and appropriate manufacturing overheads. Cost of goods purchased for resale comprises invoice value plus charges paid thereon.

Materials in transit are stated at cost comprising invoice value plus other charges paid thereon.

Net realizable value signifies the estimated selling price in the ordinary course of business less costs necessary to be incurred in order to make a sale. If the net realisable value is lower than the carrying amount, a write-down is recognised for the amount by which the carrying amount exceeds its net realisable value. Provision is made in the financial statements for obsolete and slow moving stock in trade based on management estimate.

3.12 Financial instruments

Financial assets

The Company classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, available for sale and held to maturity. The classification depends on the purpose for which the financial assets were acquired. The management determines the classification of its financial assets at the time of initial recognition.

Financial assets at fair value through profit and loss

Financial assets at fair value through profit or loss are financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those having maturities greater than twelve months after the balance sheet date, which are classified as non-current assets.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the management intends to dispose off these assets within twelve months from the balance sheet date.

Held to maturity

Financial assets with fixed or determinable payments and fixed maturity, where the management has the intention and ability to hold till maturity, are classified as held to maturity and are stated at amortized cost.

All financial assets are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Regular purchases and sales of investments are recognized on trade-date that is the date on which the Company commits to purchase or sell the asset.

Financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value and transaction costs are expensed in the profit and loss account. Dividend income from financial assets at fair value through profit or loss is recognized in the profit and loss account when the Company's right to receive payments is established.

Available-for-sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value. 'Loans and receivables' and 'held to maturity' instruments are carried at amortised cost using effective interest rate method.

Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Financial liabilities

All financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognized in the profit and loss account.

3.13 Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and net amount is reported in the financial statements only when there is a legally enforceable right to set off the recognised amount and the Company intends either to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

3.14 Trade debts

Trade debts are recognised initially at original invoice amount less provision for doubtful debts. A provision for doubtful debts is established when there is objective evidence that the Company will not be able to collect all the amount due according to the original terms of the receivable. Significant financial difficulties of the debtors, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments are considered indicators that the trade debt is impaired. The provision is recognised in the profit and loss account. When a trade debt is uncollectible, it is written off against the provision. Subsequent recoveries of amounts previously written off are credited to the profit and loss account.

3.15 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

3.16 Foreign currency transactions and translation

All monetary assets and liabilities in foreign currencies are translated into rupees at exchange rates prevailing at the balance sheet date. Transactions in foreign currencies are translated into rupees at exchange rates prevailing at the date of transaction. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated into rupees at exchange rates prevailing at the date of transaction. Non-monetary assets and liabilities denominated in foreign currency that are stated at fair value are translated into rupees at exchange rates prevailing at the date when fair values are determined. Exchange gains and losses are included in profit and loss account.

3.17 Revenue recognition

Revenue represents the fair value of the consideration received or receivable for goods sold, net of discounts and sales tax. Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the Company and the amount of revenue, and the associated cost incurred, or to be incurred, can be measured reliably.

Revenue from sale of goods is recognised when the significant risk and rewards of ownership of the goods are transferred to the buyer i.e. on the dispatch of goods to the customers.

3.18 Business segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer.

The Company is divided into two business segments:

- Insulator division - manufacture of high and low tension electrical porcelain insulators and switchgear; and

- Tile division - manufacture of ceramic wall and floor tiles.

All these business segments are located in the same geographical area.

Segment assets and liabilities

The assets of a segment include all operating assets used by a segment and consist principally of receivables, inventories and property, plant and equipment, net of allowances and provisions. Segment liabilities are primarily unallocable. Carrying amounts of jointly used assets and liabilities are allocated to the segments on the following basis:

Insulator	47%
Tile	53%

Allocation of segment expenses

All identifiable expenses are directly attributed to the respective segments.

3.19 Contingent liabilities

Contingent liability is disclosed when there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company.

A contingent liability is also disclosed when there is present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

3.20 Dividend distribution

Dividends are recognised as a liability in the period in which these are declared.

4. Issued, Subscribed and Paid up Capital

2015 No. of Share	2014 No. of Share		2015 Rupees	2014 Rupees
18,570,460	18,570,460	Ordinary shares of Rs. 10 each fully paid in cash	185,704,600	185,704,600
2,800,000	2,800,000	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	28,000,000	28,000,000
13,629,540	13,629,540	Ordinary shares of Rs. 10 each issued for consideration other than cash	136,295,400	136,295,400
35,000,000	35,000,000		350,000,000	350,000,000

4.1 Ordinary shares of the Company held by associated companies as at the year end are as follows:

	2015	2014
Associated Engineers (Private) Limited	2,011,325	2,011,325
ICC (Private) Limited	2,943,411	2,943,411
	4,954,736	4,954,736

4.2 Reconciliation of the number of shares outstanding as at the beginning and at the end of the year is as under:

	2015	2014
Opening balance	35,000,000	35,000,000
Issued / cancelled during the year	-	-
Closing balance	35,000,000	35,000,000

4.3 In accordance with the terms of agreement between the Company and certain lenders of long term financing, there are certain restrictions on distribution of dividends by the Company.

5. RESERVES

	Note	2015 Rupees	2014 Rupees
Capital - share premium	5.1	39,898,526	39,898,526
Revenue - general reserve		90,000,000	90,000,000
		129,898,526	129,898,526

5.1 This reserve can be utilized by the Company only for the purposes specified in Section 83(2) of the Companies Ordinance, 1984.

6. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

	2015 Rupees	2014 Rupees
Land - Freehold	154,159,464	154,159,464
Buildings on freehold land	169,350,633	174,487,607
Plant and machinery	270,727,084	275,975,969
	594,237,181	604,623,040
Effect of change in tax rates	7,864,140	9,051,551
Incremental depreciation charged on revalued property, plant and equipment in current year net of deferred tax transferred to retained earnings	(19,641,443)	(19,437,410)
	582,459,878	594,237,181

6.1 This represents surplus over book value resulting from the revaluation of freehold land, buildings on freehold land and plant and machinery, adjusted by incremental depreciation arising on revaluation of abovementioned assets except freehold land. Latest revaluation was carried out by an independent valuer, on March 13, 2013 under current market price / replacement cost methods, wherever applicable, that resulted in revaluation surplus of Rs. 304,465,854.

7. LONG TERM FINANCING

	Note	2015 Rupees	2014 Rupees
Banking companies - secured			
NIB Bank Limited	7.1	25,446,433	25,946,433
The Bank of Punjab	7.2	38,281,112	82,181,112
Standard Chartered Bank (Pakistan) Limited	7.3	148,445,728	140,477,246
		212,173,273	248,604,791
Associated companies / related parties - unsecured			
Associated Engineers (Private) Limited	7.4	16,535,447	12,335,447
EMCO Industries Limited Provident Fund	7.5	137,810,643	135,274,793
Imperial Electric Company (Private) Limited	7.6	2,615,692	2,615,692
		156,961,782	150,225,932
Loan from directors / members - unsecured	7.7	115,708,828	115,708,828
		484,843,883	514,539,551
Less: current portion			
Banking companies		(62,933,541)	(127,326,081)
Associated companies / related parties		(10,504,850)	(4,400,000)
	14	(73,438,391)	(131,726,081)
		411,405,492	382,813,470

7.1 This represents term loan obtained from NIB Bank Limited that has been rescheduled during the year. The loan is repayable in monthly installments of Rs. 1 million each effective from June 2015 and carries mark-up @ 8% per annum. This loan is secured by first pari passu charge of Rs. 102.0 million over fixed assets of the Company and personal guarantees of certain directors of the Company.

7.2 This represents term finance obtained from the Bank of Punjab. The repayment schedule of the loan has been further streamlined during the year. Now the loan is repayable in 22 monthly installments effective from January 2015. The loan carries mark-up @ 3 month KIBOR per annum. The loan is secured by first joint pari passu charge of Rs. 93 million over the Company's present and future current assets, ranking charge of Rs. 54 million over the Company's present and future fixed assets, first pari passu charge of Rs. 227 million over the Company's present and future fixed assets and personal guarantees of certain directors of the Company.

7.3 The loan was restructured during the year ended June 30, 2013 and further restructured during the current year. It carries mark up @ 3 months KIBOR per annum payable on quarterly basis. Under the restructured agreement the outstanding principal of Rs. 109 million is repayable by way of quarterly staggered installments over the period of 5 years. The outstanding mark up payable and mark up accrued after restructured agreement shall be paid after the principal amount has been paid off. Deferred mark up as at the balance sheet date is Rs. 39.528 million. This loan is secured by a first pari passu charge of Rs. 140 million in favour of the Bank over the property, plant and equipment of the Company.

7.4 This includes interest-bearing loan of Rs. 7,396,095 (2014: Rs. 7,396,095) and interest free loan of Rs. 9,139,352 (2014: Rs. 4,939,352). The interest bearing loan carries mark-up @ 7.55 % per annum. The loan is unsecured and terms of repayment of loan and mark-up have yet not been formalized by the related parties.

7.5 This represents loan obtained from EMCO Industries Limited Provident Fund on July 01, 2000. Owing to non-repayment of loan due to liquidity issues, this loan had been rescheduled a number of times. Latest rescheduling of the loan was carried out on October 01, 2013 by the Trustees of the fund whereby the loan is repayable in 48 unequal quarterly installments commencing from October 01, 2013 and carries mark up @ weighted average cost of capital + 1% on outstanding principal.

7.6 This represents outstanding loan obtained from M/s Imperial Electric Company (Private) Limited. Of this amount Rs. 1.986 million (2014: 1.986 million) carries mark-up @ 7.55% (2014: 7.55%) per annum and the remaining is interest free. The terms of repayment of loan have yet not been agreed.

7.7 These loans are interest free and subordinated to both long term and short term financing obtained from various banking companies. Terms of repayment of these loans have not been finalized.

8. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	Note	2015 Rupees	2014 Rupees
The amounts of future lease rentals are payable during:			
- 2014 - 2015		-	455,600
- 2015 - 2016		800,000	-
Add: Security deposits		1,722,315	1,722,315
Gross minimum lease payments		2,522,315	2,177,915
Less: Financial charges not currently due		(65,852)	(28,792)
Present value of minimum lease payments		2,456,463	2,149,123
Less: Current and overdue portion	14	(2,456,463)	(2,149,123)
		-	-

Reconciliation between total of minimum lease payments and their present value is as under:

		2015 Rupees	2014 Rupees
Gross minimum lease payments:			
- Due not later than one year		2,522,315	2,177,915
- Due later than one year but not later than five years		-	-
		2,522,315	2,177,915
Present value of minimum lease payments:			
- Due not later than one year		2,456,463	2,149,123
- Due later than one year but not later than five years		-	-
		2,456,463	2,149,123

8.1 This represents leasing arrangement entered into with First Punjab Modaraba from 2008 to 2009 for plant and machinery. Post-dated cheques and outstanding lease rentals were rescheduled in May 2015 and payment was agreed to be made in 6 monthly installments of Rs. 200,000 each. Two such payments have been made during the year. Taxes, repairs, replacements and insurance costs are borne by the Company. The option to purchase the assets at the expiry of lease term is exercisable by the Company and the Company intends to exercise its option.

9. DEFERRED LIABILITIES

	Note	2015 Rupees	2014 Rupees
Payable to employees against discontinued provident fund	9.1	6,161,392	8,126,709
Non-workmen staff gratuity - unfunded	9.2	30,690,952	29,331,764
		36,852,344	37,458,473

9.1 Payable to employees against discontinued provident fund

	2015 Rupees	2014 Rupees
Opening balance	8,126,709	12,248,634
Add: Mark-up accrued	611,469	725,043
	8,738,178	12,973,677
Less: Payments made during the year	(2,576,786)	(4,846,968)
Closing balance	6,161,392	8,126,709

9.1.1 This represents outstanding balance of employer contribution payable to non-workmen employees on termination of provident fund scheme with effect from December 31, 2002. The outstanding balance of employer contribution payable includes both, principal and interest portions. Interest is being charged on the principal portion at a rate of 5% (2014: 5%) per annum. The balance, along with the interest, is being paid as and when requested by the employees.

9.2 Non-workmen staff gratuity - unfunded

The latest actuarial valuation of defined benefit gratuity scheme was conducted as on June 30, 2015. Results of actuarial valuation are as under:

		2015 Rupees	2014 Rupees
9.2.1	Movement in net liability for staff gratuity		
	Opening balance	29,331,764	34,149,905
	Charge for the year - Profit and loss account	4,532,674	7,903,771
	Charge for the year - Other comprehensive income	(155,982)	(1,960,472)
	Payments made / approved during the year	(3,017,504)	(10,761,440)
	Closing balance	30,690,952	29,331,764
9.2.2	Charge for the year		
	The amounts recognised in the profit and loss account against defined benefit scheme are as follows:		
	Current service cost	2,307,118	4,936,954
	Interest cost	2,225,556	2,966,817
		4,532,674	7,903,771
9.2.3	Staff gratuity		
	Present value of defined benefit obligation	21,134,849	20,334,448
	Benefits due but not paid	9,556,103	8,997,316
	Liability as at June 30	30,690,952	29,331,764
9.2.4	Movement in present value of defined benefit obligation		
	Opening balance	20,334,448	29,668,170
	Benefits due but not paid as at June 30	8,997,316	4,481,735
	Current service cost	2,307,118	4,936,954
	Interest cost	2,225,556	2,966,817
	Benefits paid / approved	(3,017,504)	(10,761,440)
	Benefits due but not paid	(9,556,103)	(8,997,316)
	Actuarial gain recognized in other comprehensive income	(155,982)	(1,960,472)
	Closing balance	21,134,849	20,334,448
9.2.5	Actuarial assumptions		
	Discount rate - per annum	9%	12%
	Expected rate of increase in salary level - per annum	8%	11%
	Average expected remaining working lives of employees	9 Year	7 Year
	Expected mortality rate for active employees	SLIC (2001-2005) Mortality Table	
	Actuarial valuation method	Projected Unit Credit Method	

9.2.6 The Company does not have any plan assets covering its post-employment benefits payable. The comparative statement of present value of defined benefit obligations is as under:

	2015 Rupees	2014 Rupees	2013 Rupees	2012 Rupees	2011 Rupees
Present value of defined benefit obligation	21,134,849	20,334,448	29,668,170	25,915,893	24,645,668
Fair value of plan asset	-	-	-	-	-
Net balance sheet liability	21,134,849	20,334,448	29,668,170	25,915,893	24,645,668

9.2.7 Estimated Charge for the year 2015-2016

	Rupees
Current service cost	1,759,387
Interest cost	1,902,136
	3,661,523

9.2.8 Year end sensitivity analysis on defined benefit obligation

Reasonably possible changes at the balance sheet date to one of the relevant actuarial assumptions, holding other assumptions constant, would have resulted in present value of defined benefit obligation as stated below:

	Rupees
Discount rate + 100 bps	19,453,435
Discount rate - 100 bps	23,108,255
Salary increase + 100 bps	23,108,255
Salary increase - 100 bps	19,424,438

10. DEFERRED TAXATION

	Note	2015 Rupees	2014 Rupees
Credit / (debit) balances arising in respect of timing differences relating to:			
Taxable temporary differences			
- Accelerated tax depreciation		74,842,251	86,507,326
- Revaluation of property, plant and equipment		177,840,473	193,860,206
		252,682,724	280,367,532
Deductible temporary differences			
- Provision for doubtful debts		(3,533,956)	(3,963,372)
- Provision for obsolete stores and spares		(667,885)	(696,170)
- Provision for obsolete stock		(4,556,606)	(4,923,769)
- Unused tax losses - unabsorbed depreciation	10.1	(180,440,582)	(180,440,582)
		(189,199,029)	(190,023,893)
		63,483,695	90,343,639

10.1 Being prudent, the management has not recognised deferred tax asset of Rs. 19.581 million on account of tax losses, provision for gratuity and further provision created during the year on doubtful debts and leased assets. Moreover, the management has also not recognised deferred tax asset on account of tax credit on minimum tax paid amounting to Rs. 16.201 million. Breakup of tax credits is as follows:

Tax Year	Amount Rupees
2015	7,385,297
2014	8,816,146
	16,201,443

11. TRADE AND OTHER PAYABLES

	Note	2015 Rupees	2014 Rupees
Trade creditors	11.1	156,342,030	155,746,541
Accrued liabilities	11.2	85,047,188	51,151,482
Advances from customers		36,346,194	43,714,238
Provident fund payable		1,561,779	553,315
Unclaimed dividends		208,552	208,552
Sales tax and special excise duty payable		30,694,569	19,066,530
Employees' welfare fund		413,529	167,832
Claims payable		138,403	138,403
Withholding tax payable		1,393,426	4,480,738
Others		6,016,375	4,514,578
		318,162,045	279,742,209

11.1 Trade creditors include Rs. 162,101 (2014: Rs. 255,465) due to related parties.

11.2 This includes Rs. 2,247,726 payable to related parties (2014: Rs. 15,593).

12. ACCRUED FINANCE COST

		2015 Rupees	2014 Rupees
Long term financing from banking companies		682,695	15,350,955
Long term financing from related parties		99,399,199	91,716,049
Short term borrowings from banking companies		47,722,329	32,757,660
Short term borrowings from related parties		12,731,675	4,506,255
Liabilities against assets subject to finance lease		28,779	28,779
		160,564,677	144,359,698

13. SHORT TERM BORROWINGS

	Note	2015 Rupees	2014 Rupees
Interest bearing			
Banking companies - secured:			
- Running finances	13.1	159,498,738	181,475,469
- Export and import finances	13.2	248,510,664	157,771,270
		408,009,402	339,246,739
Related parties - unsecured:			
- Associated company - ICC (Private) Limited	13.3	50,000,000	50,000,000
- Director	13.4	29,962,190	-
		79,962,190	50,000,000
		487,971,592	389,246,739
Interest free			
Related parties - unsecured:			
- Associated company - ICC (Private) Limited		80,750,000	5,750,000
- Directors and close relatives thereof		144,951,165	130,702,269
		225,701,165	136,452,269
		713,672,757	525,699,008

13.1 Short-term running finances available from various commercial banks under mark-up arrangements amount to Rs 160 million (2014: Rs 212.5 million). Rates of mark-up range from 1 month KIBOR + 1% to 3 months KIBOR + 3.25% per annum on the balance outstanding. Aggregate short term finances are secured by first joint pari passu charge on present and future current and fixed assets, ranking charge over the Company's present and future fixed assets, joint pari passu charge on current assets of the Company, personal guarantees of certain directors, mortgage over commercial properties owned by Associated Engineering (Private) Limited, an associated company, and properties owned by directors and their close relatives.

13.2 Export and import finances available from various commercial banks under mark-up arrangements amount to Rs. 87.54 million (2014: Rs. 30 million) and Rs. 430 million (2014: Rs. 223.25 million) respectively. The rates of mark-up range from 1 month KIBOR plus 1% to 3 month KIBOR plus 2%. In the event the Company fails to pay the balances till due date, liquidated charges of 2% over and above the mark-up rate or a flat rate of 16% shall be charged on the principal amount. The aggregate export and import finances are secured by hypothecation of stores, spares and loose tools, stock-in-trade, trade debts, second charge on property, plant and equipment of the Company and property owned by directors.

13.3 This represents unsecured loan from associated company and carries mark-up at the rate of 3 month KIBOR + 3% per annum on the balance outstanding.

13.4 This represents unsecured loan from director and carries mark-up at 3 month KIBOR + 5% per annum on the balance outstanding.

14. CURRENT PORTION OF NON-CURRENT LIABILITIES

	Note	2015 Rupees	2014 Rupees
Long term financing	7	73,438,391	131,726,081
Liabilities against assets subject to finance lease	8	2,456,463	2,149,123
		75,894,854	133,875,204

15. CONTINGENCIES AND COMMITMENTS

Contingencies

15.1 The Collector of Sales Tax raised demands in previous years of Rs. 0.11 million being sales tax and penalties under section 47 of the Sales Tax Act, 1990 on sale of fixed asset and vehicles. The demand was set aside by the Appellate Tribunal. The Department filed an appeal before the Lahore High Court which is pending hearing. No provision has been made in the financial statements as the management is confident that the case will be decided in its favour.

15.2 In the year ended June 30, 2005, Sales Tax Department conducted post exportation audit under the Duty and Tax Remission for Exports (DTRE) Scheme, 2001 and imposed a penalty of Rs. 8.624 million due to non compliance of certain provisions of the Scheme by the Company. On application by the Company, the Federal Board of Revenue (FBR) appointed an Alternate Dispute Resolution Committee (ADRC) for the resolution of the dispute between the Company and the Department. ADRC has given its recommendations to FBR in favour of the Company and as such no provision is made in these financial statements in this regard. The final order of the FBR in this regard is awaited.

15.3 The Company has indemnified the Trustees of EMCO Industries Limited Provident Fund and the beneficiaries thereof, from any and all events wherein they or anyone suffers any loss and / or damage for allowing the Company rescheduled time frame to repatriate the borrowed sum amounting to Rs. 140.871 million (2014: Rs. 140.871 million) as at June 30, 2015 into the fund.

Commitments

15.4 Letters of credit other than for capital expenditure amount to Rs. 37.692 million (2014: Rs. 51.21 million).

15.5 Estimated outlay of implementation of SAP ERP is Rs. 0.630 million (2014: Nil).

15.6 Bank guarantees amount to Rs. 159.793 million (2014: Rs. 102.39 million) have been issued in favour of the following companies:

	2015 Rupees	2014 Rupees
Sui Northern Gas Pipeline Limited	32,506,000	51,880,846
WAPDA	127,287,219	50,511,000
	159,793,219	102,391,846

16. PROPERTY, PLANT AND EQUIPMENT

	Note	2015 Rupees	2014 Rupees
Operating fixed assets	16.1	1,164,054,464	1,238,037,839
Capital work in progress - civil works		18,013,583	5,150,000
		1,182,068,047	1,243,187,839

16.1 Operating fixed assets

	Note	2015 Rupees	2014 Rupees
Owned assets	16.1.1	1,154,440,494	1,227,666,782
Leased assets	16.1.2	9,613,970	10,371,057
		1,164,054,464	1,238,037,839

Description	Freehold Land Rupees	Buildings on Freehold Land Rupees	Plant and Machinery Rupees	Tools and Equipment Rupees	Furniture and Fittings Rupees	Vehicles Rupees	Office Equipment Rupees	Total Rupees
Year Ended June 30, 2015								
16.1.1 Owned assets								
Cost								
Balance as at July 01, 2014	182,250,000	515,956,392	1,811,049,681	9,231,723	8,315,512	15,980,145	28,478,128	2,571,261,581
Additions	-	200,000	4,090,091	14,000	-	-	193,200	4,497,291
Disposal during the year	-	-	-	-	(504,000)	(1,282,500)	(127,000)	(1,913,500)
Balance as at June 30, 2015	182,250,000	516,156,392	1,815,139,772	9,245,723	7,811,512	14,697,645	28,544,328	2,573,845,372
Accumulated depreciation								
Balance as at July 01, 2014	-	214,621,445	1,076,057,881	9,120,233	7,666,737	11,448,341	24,680,162	1,343,594,799
Charge for the year	-	19,765,299	55,960,579	24,741	129,755	903,587	773,690	77,557,651
Disposals	-	-	-	-	(504,000)	(1,146,610)	(96,962)	(1,747,572)
Balance as at June 30, 2015	-	234,386,744	1,132,018,460	9,144,974	7,292,492	11,205,318	25,356,890	1,419,404,878
Total as at June 30, 2015	182,250,000	281,769,648	683,121,312	100,749	519,020	3,492,327	3,187,438	1,154,440,494
Depreciation rates	-	5%	4%-35%	20%-40%	20%	20%	20%	
16.1.2 Leased assets								
Cost								
Balance as at July 01, 2014	-	-	16,538,177	-	-	-	-	16,538,177
Additions	-	-	-	-	-	-	-	-
Disposal during the year	-	-	-	-	-	-	-	-
Balance as at June 30, 2015	-	-	16,538,177	-	-	-	-	16,538,177
Accumulated depreciation								
Balance as at July 01, 2014	-	-	6,167,120	-	-	-	-	6,167,120
Charge for the year	-	-	757,087	-	-	-	-	757,087
Disposals	-	-	-	-	-	-	-	-
Balance as at June 30, 2015	-	-	6,924,207	-	-	-	-	6,924,207
Total as at June 30, 2015	-	-	9,613,970	-	-	-	-	9,613,970
Depreciation rates	-	-	7.3%	-	-	-	-	

Description	Freehold Land Rupees	Buildings on Freehold Land Rupees	Plant and Machinery Rupees	Tools and Equipment Rupees	Furniture and Fittings Rupees	Vehicles Rupees	Office Equipment Rupees	Total Rupees
Year Ended June 30, 2014								
16.1.1 Owned assets								
Cost								
Balance as at July 01, 2013	182,250,000	515,956,392	1,803,784,175	9,231,723	8,394,412	16,829,145	28,425,904	2,564,871,751
Additions	-	-	7,265,506	-	-	-	130,324	7,395,830
Disposals	-	-	-	-	(78,900)	(849,000)	(78,100)	(1,006,000)
Balance as at June 30, 2014	182,250,000	515,956,392	1,811,049,681	9,231,723	8,315,512	15,980,145	28,478,128	2,571,261,581
Accumulated depreciation								
Balance as at July 01, 2013	-	194,857,813	1,012,991,206	9,089,701	7,572,318	10,725,627	23,800,791	1,259,037,456
Charge for the year	-	19,763,632	63,066,675	30,532	164,419	1,220,703	944,371	85,190,332
Disposals	-	-	-	-	(70,000)	(497,989)	(65,000)	(632,989)
Balance as at June 30, 2014	-	214,621,445	1,076,057,881	9,120,233	7,666,737	11,448,341	24,680,162	1,343,594,799
Total as at June 30, 2014	182,250,000	301,334,947	734,991,800	111,490	648,775	4,531,804	3,797,966	1,227,666,782
Depreciation rates	-	5%	4%-35%	20%-40%	20%	20%	20%	
16.1.2 Leased assets								
Cost								
Balance as at July 01, 2013	-	-	16,538,177	-	-	5,487,000	-	22,025,177
Additions	-	-	-	-	-	-	-	-
Disposal / adjustment	-	-	-	-	-	(5,487,000)	-	(5,487,000)
Balance as at June 30, 2014	-	-	16,538,177	-	-	-	-	16,538,177
Accumulated depreciation								
Balance as at July 01, 2013	-	-	5,350,413	-	-	2,745,699	-	8,096,112
Charge for the year	-	-	816,707	-	-	435,966	-	1,252,673
Disposals	-	-	-	-	-	(3,181,665)	-	(3,181,665)
Balance as at June 30, 2014	-	-	6,167,120	-	-	-	-	6,167,120
Total as at June 30, 2014	-	-	10,371,057	-	-	-	-	10,371,057
Depreciation rates	-	-	7.3%	-	-	20%	-	

16.2 Apportionment of depreciation charge for the year

Depreciation charge for the year has been apportioned as follows:

	Note	2015 Rupees	2014 Rupees
Owned assets			
Cost of sales	25	76,093,365	83,365,104
Administrative expenses	26	1,464,286	1,774,184
Selling and distribution expenses	27	-	51,044
		77,557,651	85,190,332
Leased assets			
Cost of sales	25	757,087	816,707
Administrative expenses	26	-	435,966
		757,087	1,252,673
		78,314,738	86,443,005

16.3 Disposal of property, plant and equipment

Detail of property, plant and equipment disposed off during the year is as follows:

Particulars	Cost Rupees	Accumulated depreciation Rupees	Written down value Rupees	Sale proceeds Rupees	Gain on disposal Rupees	Buyer Name	Mode of sale
Assets with book value below Rs. 50,000	631,000	(600,962)	30,038	352,575	322,537	Various parties	At market value
Asset with book value exceeding Rs. 50,000							
Vehicle	1,282,500	(1,146,610)	135,890	850,000	714,110	Mr. Anwar Badshah	At market value
Total 2015	1,913,500	(1,747,572)	165,928	1,202,575	1,036,647		
Total 2014	1,006,000	(632,989)	373,011	375,000	1,989		

16.4 Cost, accumulated depreciation and book value of revalued assets, had there been no revaluation

Had there been no revaluation, the carrying amounts of the following classes of assets would have been as follows:

	2015 Rupees	2014 Rupees
Freehold land	28,090,536	28,090,536
Buildings on freehold land	50,015,357	57,383,062
Plant and machinery	308,734,716	345,005,762
	386,840,609	430,479,360

16.5 The carrying amount of temporarily idle property, plant and equipment as at the balance sheet date is Rs. 730.635 million.

16.6 The property, plant and equipment of the Company are subject of first and joint pari passu charge as security for certain financing by banks (refer Note to 7 and 13).

17. INTANGIBLE ASSETS

	Note	2015 Rupees	2014 Rupees
Intangible asset	17.1	1,727,830	3,455,661
Capital work in progress - SAP		270,000	-
		1,997,830	3,455,661

17.1 Net Carrying Value

	Note	2015 Rupees	2014 Rupees
Net carrying value - opening balance		3,455,661	3,839,623
Additions during the year		-	-
		3,455,661	3,839,623
Amortization during the year	17.2	(1,727,831)	(383,962)
Net carrying value as at June 30, 2015		1,727,830	3,455,661
Gross Carrying Value			
Cost		6,195,002	6,195,002
Accumulated amortization		(4,467,172)	(2,739,341)
Net book value		1,727,830	3,455,661

17.2 The Company is in process of implementation of new ERP and intends to use existing ERP for next two years only. The carrying value of existing ERP has been amortized over the period of two years. Apportionment of amortization charge for the year has been allocated to administrative expenses.

18. LONG TERM LOANS

	Note	2015 Rupees	2014 Rupees
Loans to employees - (Secured - considered good)	18.2	2,843,524	4,678,235
Less: current portion		(811,886)	(1,472,126)
		2,031,638	3,206,109

18.1 These represent loans for purchase of motorcycles, bicycles and for the construction of residential houses etc. These loans are secured against gratuity and are interest free. The loans are repayable in two to eight years.

18.2 Reconciliation of carrying amount of loans to executives

		2015 Rupees	2014 Rupees
Opening balance		1,506,252	41,540
Add: Disbursements		-	1,600,000
Less: Repayments		-	(135,288)
Closing balance on June 30,		1,506,252	1,506,252

19. STORES, SPARES AND LOOSE TOOLS

	Note	2015 Rupees	2014 Rupees
Stores		19,341,265	19,788,473
Spare parts		92,587,186	85,418,100
Spare parts in transit		-	284,279
Loose tools		2,492,483	2,669,927
		114,420,934	108,160,779
Less: Provision for obsolescence of stock	19.1	(2,189,069)	(2,189,069)
		112,231,865	105,971,710

19.1 Provision for obsolescence of stock

		2015 Rupees	2014 Rupees
Opening balance		2,189,069	2,189,069
Provision for the year		-	-
		2,189,069	2,189,069
Less: Obsolete stocks written off		-	-
		2,189,069	2,189,069

19.2 Stores and spare parts include items which may result in fixed capital expenditure but are not distinguishable.

20. STOCK-IN-TRADE

	Note	2015 Rupees	2014 Rupees
Raw materials		100,293,276	105,090,727
Materials in transit		6,795,160	10,973,440
Work-in-process		30,571,716	26,957,435
Finished goods		242,344,714	185,234,655
Goods purchased for resale		4,503,226	4,503,226
		384,508,092	332,759,483
Less: Provision for obsolescence of stock	20.1	(14,934,796)	(15,482,527)
		369,573,296	317,276,956

	2015 Rupees	2014 Rupees
20.1 Provision for obsolescence of stock		
Opening balance	15,482,527	15,482,527
Provision for the year	-	-
	15,482,527	15,482,527
Less: Obsolete stocks written off	(547,731)	-
	14,934,796	15,482,527

20.2 Stocks are under charge by way of hypothecation as security against financing obtained from banks (refer to Note 7 and 13).

21. TRADE DEBTS

	Note	2015 Rupees	2014 Rupees
Local - (Unsecured - considered good)	21.1	378,917,193	320,826,965
Local - (Unsecured - considered doubtful)		34,432,530	12,462,611
Foreign - (secured - considered good)		310,106	2,104,750
		413,659,829	335,394,326
Less: Provision for doubtful debts	21.2	(34,432,530)	(12,462,611)
		379,227,299	322,931,715

21.1 Due from related parties

These relate to normal business of the Company and are interest free.

	2015 Rupees	2014 Rupees
Fatima Memorial Hospital Trust	31,788	31,788
ICC (Private) Limited	63,059	63,059
Nur Enterprises	305,866	305,866
	400,713	400,713

21.1.1 Ageing of the balances due from related parties is as follow:

Upto year Rupees	1 to 2 years Rupees	2 to 3 years Rupees	Over 3 years Rupees
-	-	400,713	-

21.2 Provision for doubtful debts

	2015 Rupees	2014 Rupees
Opening balance	12,462,611	13,979,597
Provision for the year	22,849,587	-
	35,312,198	13,979,597
Less: Bad debts written off	(879,668)	(1,516,986)
	34,432,530	12,462,611

22. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	Note	2015 Rupees	2014 Rupees
Advances:			
- to employees - considered good	22.1	1,506,632	6,586,927
- to suppliers			
- Considered good		12,768,472	18,829,257
- Considered doubtful		575,686	575,686
		14,850,790	25,991,870
Current portion of loans to employees - considered good		811,886	1,472,126
Security deposits		29,347,302	26,416,571
Recoverable from employees	22.2	19,687,542	19,916,733
Margins held by bank		11,780,603	13,168,890
Prepayments		61,051	105,664
Claims recoverable from government - Excise Duty		2,173	2,173
Due from related parties - considered good	22.3	-	26,150
		76,541,347	87,100,177
Less: Provision for doubtful advances	22.4	(575,686)	(575,686)
		75,965,661	86,524,491

22.1 This includes an amount of Rs. 0.843 million (2014: Rs. 5.952 million) due from an executive of the Company (Senior Manager Commercial) as advance for maintenance of plant and machinery. This also includes an amount of Rs. 0.339 million (2014: Rs. 0.010 million) due from directors. The amount is paid to directors as advance for expenditure to be reimbursed by the Company.

22.2 This represents recoveries imposed on employees on account of faulty finished goods and shortages of inventory.

22.3 Balances due from related parties:

	2015 Rupees	2014 Rupees
ICC (Private) Limited	-	6,467
Imperial Soft (Private) Limited	-	19,683
	-	26,150

22.4 Provision for doubtful advances

	2015 Rupees	2014 Rupees
Opening balance	575,686	575,686
Add: Provision for the year	-	-
	575,686	575,686
Less: Advances written off against provision	-	-
	575,686	575,686

23 CASH AND BANK BALANCES

	2015 Rupees	2014 Rupees
Cash in hand	394,032	379,246
Cash at bank - in current accounts	6,305,178	1,474,809
	6,699,210	1,854,055

24. SALES

	2015 Rupees	2014 Rupees
Gross sales		
- Local	864,657,293	1,043,253,975
- Export	44,337,057	50,733,724
	908,994,350	1,093,987,699
Less: Trade discounts	(47,512)	(6,314,593)
Less: Sales tax	(126,080,121)	(155,324,735)
Net sales	782,866,717	932,348,371

25. COST OF SALES

	Note	2015 Rupees	2014 Rupees
Raw and packing material consumed		304,524,470	234,476,595
Stores and spares consumed		40,297,270	35,921,317
Salaries, wages and benefits	25.1	186,739,835	164,704,375
Power and gas		102,278,434	225,488,199
Vehicle maintenance		371,619	364,213
Repairs and maintenance		3,910,539	2,975,685
Testing and inspection		12,123,742	4,128,826
Entertainment		3,821,716	361,230
Insurance		3,644,508	2,956,797
Communication and stationery		1,080,812	1,269,793
Rent, rates and taxes		1,042,259	15,119,816
Travelling and conveyance		3,739,245	3,388,579
Others		383,095	380,308
Depreciation	16.2	76,850,452	84,181,811
		740,807,996	775,717,544
Work in process			
- Opening work in process		26,957,435	35,462,946
- Closing work in process		(30,571,716)	(26,957,435)
		(3,614,281)	8,505,511
Cost of goods manufactured		737,193,715	784,223,055
Finished goods			
- Opening finished goods		185,234,655	189,564,881
- Closing finished goods		(242,344,714)	(185,234,655)
		(57,110,059)	4,330,226
		680,083,656	788,553,281

25.1 This includes Rs. 4,835,943 (2014: Rs. 6,698,581) in respect of employee benefits.

26. ADMINISTRATIVE EXPENSES

	Note	2015 Rupees	2014 Rupees
Salaries, wages and benefits	26.1	31,455,466	35,724,110
Communication and stationery		1,861,975	1,971,429
Travelling		678,807	928,881
Vehicle maintenance		3,570,839	3,802,230
Rent, rates and taxes	26.2	1,254,000	3,160,742
Electricity and gas		469,222	1,094,119
Insurance		139,796	124,010
Legal and professional charges		7,358,315	3,851,853
Repairs and maintenance		479,344	681,017
Computer charges		302,135	280,350
Security charges		207,326	637,648
Fees and taxes		3,712,768	1,574,733
Others		1,328,836	1,301,186
Depreciation	16.2	1,464,286	2,210,150
Amortization	17.2	1,727,831	383,962
		56,010,946	57,726,420

26.1 This includes Rs. 1,707,780 (2014: Rs. 2,958,449) in respect of employee benefits.

26.2 Rent, rates and taxes include operating lease rentals amounting to Rs. Nil (2014: Rs. 3.160 million) due to related parties.

27. SELLING AND DISTRIBUTION EXPENSES

	Note	2015 Rupees	2014 Rupees
Salaries, wages and benefits	27.1	3,563,014	12,837,465
Travelling		3,715,425	5,873,455
Insurance		236,507	64,806
Handling, freight and transportation		10,597,706	30,898,993
Electricity and gas		15,734	794,728
Vehicle maintenance		318,365	697,744
Rent, rates and taxes	27.2	140,252	3,584,807
Communication		434,195	822,641
Repairs and maintenance		93,276	65,789
Security charges		-	207,628
Advertisement and sales promotion		190,580	326,597
Depreciation	16.2	-	51,044
Compensation for defects		-	31,111,207
Late delivery charges		39,490,250	13,134,016
Others		350,513	775,188
		59,145,817	101,246,108

27.1 This includes Rs. 362,614 (2014: Rs. 626,128) in respect of employee benefits.

27.2 Rent, rates and taxes include operating lease rentals amounting to Rs. Nil (2014: Rs 0.166 million) due to related parties.

28. OTHER OPERATING EXPENSES

	Note	2015 Rupees	2014 Rupees
Auditor's remuneration:			
- statutory audit		730,000	880,000
- half yearly review		250,000	385,000
		980,000	1,265,000
Provision for doubtful debts		22,849,587	-
Exchange loss		-	61,938
Claims receivable written off		-	1,487,921
Sales tax penalties		516,279	1,761,156
		24,345,866	4,576,015

29. OTHER OPERATING INCOME

	Note	2015 Rupees	2014 Rupees
Income from financial assets			
Exchange gain		1,142,436	-
Income from non - financial assets			
Gain on disposal of property, plant and equipment		1,036,647	1,615,498
Rental income		68,573	43,673
Liabilities written back		2,018,490	8,000,000
Recovery of material broken		-	3,114,802
Others		-	357,046
		3,123,710	13,131,019
		4,266,146	13,131,019

30. FINANCE COST

	Note	2015 Rupees	2014 Rupees
Long term financing from banking companies		21,701,066	25,448,336
Long term financing from related parties		14,783,150	17,906,149
Short term borrowings from banking companies		42,419,762	45,262,334
Short term borrowings from related parties		7,128,819	5,894,719
Discontinued provident fund	9.1	224,346	425,150
Finance lease		69,377	161,619
Commission on bank guarantees		2,671,975	1,256,929
Bank charges		3,227,473	2,900,855
		92,225,968	99,256,091

31. TAXATION

	Note	2015 Rupees	2014 Rupees
Current	31.1	7,828,667	9,386,629
Deferred		(19,043,394)	(11,505,592)
		(11,214,727)	(2,118,963)

31.1 In view of the available income tax losses, the provision for current taxation represents tax under 'Final Tax Regime' and tax on minimum turnover under section 113 of the Income Tax Ordinance, 2001. Owing to accounting and tax losses and charging minimum tax on turnover, reconciliation of average effective tax rate with applicable tax rate is not given.

32. LOSS PER SHARE

		2015	2014
Loss for the year attributable to ordinary shareholders	Rupees	(113,464,663)	(103,759,562)
Weighted average number of ordinary shares outstanding during the year	Numbers	35,000,000	35,000,000
Loss per share - Basic	Rupees	(3.24)	(2.96)

32.1 Diluted earnings per share

There is no dilution effect on the basic earnings per share of the Company as the Company has no such commitments that would result in dilution of earnings of the Company.

33. CASH GENERATED FROM OPERATIONS

	2015 Rupees	2014 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(124,679,390)	(105,878,525)
Adjustment for:		
- Depreciation	78,314,738	86,443,005
- Amortization	1,727,831	383,962
- Provision for gratuity	4,532,674	7,903,771
- Markup on payable to employees against discontinued provident fund	611,469	725,043
- Lease liability adjustment	637,963	-
- Provision for doubtful debts - trade	22,849,587	-
- Gain on disposal of property, plant and equipment	(1,036,647)	(1,615,498)
- Liabilities written back	(2,018,490)	(8,000,000)
- Claims receivable written off	-	1,487,921
- Exchange (gain) / loss	(1,142,436)	61,938
- Finance cost	92,225,968	99,256,091
	196,702,657	186,646,233
Operating profit before working capital changes	72,023,267	80,767,708
(Increase) / decrease in current assets		
- Stores, spares and loose tools	(6,260,155)	12,435,197
- Stock in trade	(52,296,340)	46,429,509
- Trade debts	(78,002,735)	(64,913,125)
- Advances, deposits, prepayments and other receivables	9,898,590	(11,364,156)
Increase / (decrease) in current liabilities		
- Trade and other payables	40,438,326	(48,018,762)
	(86,222,314)	(65,431,337)
Cash (used in) / generated from operations	(14,199,047)	15,336,371

34. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

Aggregate amounts charged in the financial statements for the year as remuneration and benefits to the chief executive, full time working directors and other executives of the company are as follows:

	Chief Executive		Executive Directors		Non-Executive Directors		Executives	
	2015	2014	2015	2014	2015	2014	2015	2014
	Rupees		Rupees		Rupees		Rupees	
Managerial remuneration	-	2,700,575	4,593,600	9,241,925	-	-	5,923,848	2,907,432
House rent allowance	-	654,337	2,067,120	3,187,874	-	-	2,665,732	1,308,348
Utilities	545,152	529,528	1,593,467	1,468,510	-	-	592,385	290,748
Medical expenses	327,761	241,934	1,063,735	275,770	-	-	334,841	-
Reimbursable expenses	1,014,842	191,065	4,180,787	3,958,332	-	-	1,091,925	-
	1,887,755	4,317,439	13,498,709	18,132,411	-	-	10,608,731	4,506,528
Number of persons	1	1	4	4	3	3	5	1

34.1 An executive is defined as an employee, other than the chief executive and directors, whose basic salary exceeds Rs. 500,000 in a financial year.

34.2 The Company provides the Chief Executive and some of the directors and executives with company maintained vehicles, residential telephone expenses, reimbursable club expenses, and servant salaries. The Company does not provide any remuneration and benefits to non-executive directors of the Company.

34.3 No meeting fee has been paid to any director of the Company.

34.4 No managerial remuneration and house rent allowance has been paid to chief executive and two of the four executive directors during the year.

35. TRANSACTION WITH RELATED PARTIES

Related parties comprise associated companies, related group companies, directors of the Company and their close relatives, key management personnel and post employment benefit plans. The Company in the normal course of business carries out transactions with various related parties. Amounts due from and due to related parties are shown under respective notes to this financial statement. Significant transactions with related parties are given below:

Transactions during the year

Related party	Relationship	Nature of transaction	2015 Rupees	2014 Rupees
Associated Engineers (Private) Limited	Associated company	Long term financing obtained	4,200,000	-
		Markup on long term financing	558,405	558,405
EMCO Industries Limited Provident Fund	Associated undertaking	Markup on long term financing	14,074,829	17,347,744
		Markup paid	2,630,000	-
		Principal repaid	2,144,150	-
Imperial Electric Company (Private) Limited	Associated company	Markup on long term financing	149,916	149,916
		Rent expense	1,320,000	-
		Purchase of goods and services	-	652,918
		Sale of goods	-	465,002
ICC (Private) Limited	Associated company	Short term borrowing obtained	81,000,000	-
		Short term borrowing repaid	6,000,000	-
		Markup on short term borrowing	6,644,963	5,547,438
Directors and close relatives thereof	Associated persons	Short term borrowing obtained	95,496,059	139,634,741
		Short term borrowing repaid	51,284,969	79,496,442
		Markup on short term borrowing	483,856	-
		Markup on short term borrowing paid	261,740	-

Outstanding Balance at the year end

Relationship with the company		2015 Rupees	2014 Rupees
Associated Engineers (Private) Limited	Long term financing	16,535,447	12,335,447
	Markup on long term financing	4,156,399	3,597,994
EMCO Industries Limited Provident Fund	Long term financing	137,810,643	135,274,793
	Markup on long term financing	93,499,559	86,524,731
Imperial Electric Company (Private) Limited	Long term financing	2,615,692	2,615,692
	Markup on long term financing	1,743,240	1,593,324
ICC (Private) Limited	Short term borrowing - interest free	80,750,000	5,750,000
	Short term borrowing - interest bearing	50,000,000	50,000,000
	Markup on short term borrowing	12,312,196	4,308,891
Directors and close relatives thereof	Long term financing	115,708,828	115,708,828
	Short term borrowing	174,913,355	130,702,269
	Markup on short term borrowing	419,480	197,364

36. SEGMENT REPORTING

36.1 A business segment is a group of assets and operations engaged in providing products that are subject to risks and returns that are different from those of other business segments. The management has determined the operating segments based on the information that is presented to the Chief Executive Officer for allocation of resources and assessments of performance. Based on internal management reporting structure and products produced and sold, the Company is organized into following two operating segments:

Types of segments	Nature of business
- Insulator	Manufacture and sale of high/low tension electrical porcelain insulators and switchgears
- Tile	Manufacture and sale of ceramic tiles

The management monitors the operating results of its business units separately for the purpose of making decision about resource allocation and performance assessment. Segment performance is generally evaluated based on certain key performance indicators including business volume, gross profit, profit from operations, reduction in operating cost and free cash flows.

Segment assets include all operating assets used by a segment and consist principally of receivables, inventories and property, plant and equipment, net of impairment and provisions but do not include deferred taxes. Segment liabilities include all operating liabilities and consist principally of trade and bills payable.

36.2 Segment analysis

The segment information for the reportable segments for the year ended June 30, 2015 is as follows.

	Insulator Rupees	Tile Rupees	Total Rupees
Segment Results for the Year ended June 30, 2015			
Revenue	782,866,717	-	782,866,717
Segment result from operations	44,858,597	(57,232,299)	(12,373,702)
Other operating expenses			(24,345,866)
Other income			4,266,146
Finance costs			(92,225,968)
Loss before taxation			(124,679,390)

	Insulator Rupees	Tile Rupees	Total Rupees
Segment Results for the year ended June 30, 2014			
Revenue	423,928,749	508,419,622	932,348,371
Segment results from operations	85,726,757	(100,904,195)	(15,177,438)
Other operating expenses			(4,576,015)
Other income			13,131,019
Finance costs			(99,256,091)
Loss before taxation			(105,878,525)
Segment asset as at June 30, 2015			
Segment assets	1,212,236,220	830,864,287	2,043,100,507
Segment asset as at June 30, 2014			
Segment assets	885,106,929	1,087,272,147	1,972,379,076

	2015 Rupees	2014 Rupees
Reportable segments' assets are reconciled to total assets as follows:		
Segment assets for reportable segments	2,043,100,507	1,972,379,076
Corporate assets unallocated	152,549,402	147,863,956
Cash and bank balances	6,699,210	1,854,055
Total assets as per the balance sheet	2,202,349,119	2,122,097,087
Reportable segments' liabilities are reconciled to total liabilities as follows:		
Corporate liabilities unallocated	1,780,035,864	1,594,291,701

36.3 Entity-wide disclosures regarding reportable segment are as follows:

- Information about major customers

3 customers (2014: 1 customer) of the Company account for 46.09% (2014: 28.88%) of total sales for the year.

- Information about geographical area

- All non-current assets of the Company are located in Pakistan as at the reporting date.

- Revenue from external customers attributed to foreign countries are as follows:

	2015	2014
- Pakistan	738,529,660	881,614,647
- Turkey	15,384,467	14,434,210
- Middle East	28,952,590	36,236,137
- Others	-	63,377
	782,866,717	932,348,371

37. FINANCIAL RISK MANAGEMENT

37.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, cash flow interest rate risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

Risk management is carried out by the Board of Directors (the Board). The Board provides principles for overall risk management as well as policies covering specific areas such as currency risk, other price risk, interest rate risk, credit risk and liquidity risk.

The Company's overall risk management procedures to minimise the potential adverse effects of financial market on the Company's performance are as follows:

(a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign currency, interest rate, commodity price and equity price that will affect the Company's income or the value of its holdings of financial instruments.

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

The Company is exposed to currency risk arising from various currency exposures, primarily with respect to United States Dollar (USD). Currently, the Company's foreign exchange risk exposure is restricted to the amounts receivable from / payable to foreign entities.

At June 30, 2015, if the Rupee had weakened / strengthen by 10% against the US dollar with all other variables held constant, post-tax profit for the year would have been Rs. 0.031 million (2014: Rs. 0.210 million) lower / higher, mainly as a result of foreign exchange losses / gains on translation of US dollar-denominated financial assets and liabilities.

(ii) Interest rate risk

This represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

As the Company has no significant floating interest rate assets, the Company's income is substantially independent of changes in market interest rates. The Company's interest rate risk arises from short term and long term borrowings. These borrowings, issued at variable rates, expose the Company to cash flow interest rate risk. The Company analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the Company calculates the impact on profit and loss of a defined interest rate shift. The scenarios are run only for liabilities that represent the major interest-bearing positions.

(iii) Cash flow sensitivity analysis for variable rate instruments

If interest rates at the balance sheet date fluctuate by 1% higher / lower with all other variables held constant, loss before taxation for the year would have been Rs. 8.473 million (2014: Rs. 6.063 million) higher / lower, mainly as a result of higher / lower interest expense on floating rate borrowings. This analysis is prepared assuming the amounts of liabilities outstanding at the balance sheet date are outstanding for the entire year.

(b) Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Carrying amounts of financial assets represent the maximum credit exposure

credit risk of the Company arises from cash and cash equivalents, from deposits with banks, trade debts, loans and advances and other receivables. The management assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board. The utilisation of credit limits is regularly monitored. For banks and financial institutions, only independently rated parties with a strong credit rating are accepted.

The Company monitors the credit quality of its financial assets with reference to historical performance of such assets and available external credit ratings. Carrying values of financial assets exposed to credit risk and which are neither past due nor impaired are as under:

	2015 Rupees	2014 Rupees
Long term loans	2,843,524	4,678,235
Long term deposits	271,163	271,163
Trade debts	379,227,299	322,931,715
Advances, deposits and other receivables	41,130,078	39,587,634
Bank balances	6,305,178	1,474,809
The aging of trade debts as at balance sheet date is as follows:		
Past due 1 - 90 days	275,425,439	114,971,856
Past due 91 - 180 days	14,335,304	53,984,581
Past due 181 - 365 days	6,534,408	52,787,498
More than 365 days	82,932,148	101,187,780
	379,227,299	322,931,715

The credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings. The Company believes that it is not exposed to major concentration of credit risk as its exposure is spread over a large number of counter parties and trade debts are subject to specific credit ceilings based on customer credit history.

The management estimates the recoverability of trade receivables on the basis of financial position and past history of its customers based on the objective evidence that it shall not receive the amount due from the particular customer. The provision is written off by the Company when it expects that it cannot recover the balance due. Any subsequent repayments in relation to amounts written off are credited directly to profit and loss account.

The credit quality of bank balances that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rate:

	Rating Short term	Rating Long term	Rating Agency	2015 Rupees	2014 Rupees
Allied Bank Limited	A1+	AA+	PACRA	48,039	12,605
Askari Bank Limited	A1+	AA	PACRA	3,597	1,184
Bank Alfalah Limited	A1+	AA	PACRA	5,077	11,595
Bank of Punjab Limited	A1+	AA-	PACRA	539,893	979,235
Faysal Bank Limited	A1+	AA	PACRA	9,494	6,966
Habib Bank Limited	A-1+	AAA	JCR-VIS	5,086,536	149,654
MCB Bank Limited	A1+	AAA	PACRA	302,947	3,015
National Bank of Pakistan	A-1+	AAA	JCR-VIS	13,859	13,075
Silk Bank Limited	A-2	A-	JCR-VIS	275,622	284,692
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	2,696	5,846
United Bank Limited	A-1+	AA+	JCR-VIS	17,418	6,942
				6,305,178	1,474,809

(c) Liquidity risk

Liquidity risk represents the risk that the Company shall encounter difficulties in meeting obligations associated with financial liabilities. Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and the availability of funding through an adequate amount of committed credit facilities. The management monitors the forecasts of the Company's cash and cash equivalents on the basis of expected cash flow. This is generally carried out in accordance with the practice and limits set by the Company. These limits vary by location to take into account the liquidity of the market in which the Company operates. In addition, the Company's liquidity management policy involves projecting cash flows in each quarter and considering the level of liquid assets necessary to meet its liabilities, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans. The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period as at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows as the impact of discounting is not significant.

Description	Carrying Amount Rupees	Contractual cash flows Rupees	Within 1 year Rupees	1-2 Years Rupees	2-5 Years Rupees	Above 5 Years Rupees
Contractual maturities of financial liabilities as at June 30, 2015:						
Long term finances	484,843,883	511,399,147	86,220,816	53,442,563	138,483,280	233,252,488
Liabilities subject to finance lease	2,456,463	2,456,463	2,456,463	-	-	-
Trade and other payable	247,543,996	247,543,996	247,543,996	-	-	-
Accrued finance cost	160,564,677	160,564,677	160,564,677	-	-	-
Short term borrowings	713,672,757	713,672,757	713,672,757	-	-	-
	1,609,081,776	1,635,637,040	1,210,458,709	53,442,563	138,483,280	233,252,488
Contractual maturities of financial liabilities as at June 30, 2014:						
Long term finances	514,539,551	514,539,551	131,726,081	84,353,728	84,594,914	213,864,828
Liabilities subject to finance lease	2,149,123	2,149,123	2,149,123	-	-	-
Trade and other payable	211,551,004	211,551,004	211,551,004	-	-	-
Accrued finance cost	144,359,698	144,359,698	144,359,698	-	-	-
Short term borrowings	525,699,008	525,699,008	525,699,008	-	-	-
	1,398,298,384	1,398,298,384	1,015,484,914	84,353,728	84,594,914	213,864,828

The contractual cash flows relating to the above financial liabilities have been determined on the basis of interest rates / mark up rates effective as at the balance sheet date. The rates of interest / mark up have been disclosed in relevant notes to these financial statements.

(d) Fair value of financial instruments

Fair value is an amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences may arise between the carrying value and the fair value estimates.

As at June 30, 2015 the net fair value of all financial assets and financial liabilities are estimated to approximate their carrying values.

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the balance sheet date. The fair values of all other financial assets and liabilities are not considered to be significantly different from their carrying values.

37.2 Financial instruments by categories

Financial assets as at June 30, 2015	Cash and Cash Equivalents Rupees	Loans and advances Rupees	Available-for-sale Rupees	Total Rupees
Long term loans	-	2,031,638	-	2,031,638
Long term deposits	-	271,163	-	271,163
Trade debts	-	379,227,299	-	379,227,299
Advances, deposits and other receivables	-	41,130,078	-	41,130,078
Cash and bank balances	6,699,210	-	-	6,699,210
	6,699,210	422,660,178	-	429,359,388
Financial assets as at June 30, 2014				
Long term loans	-	3,206,109	-	3,206,109
Long term deposits and advances	-	271,163	-	271,163
Trade debts	-	322,931,715	-	322,931,715
Advances, deposits and other receivables	-	39,587,634	-	39,587,634
Cash and bank balances	1,854,055	-	-	1,854,055
	1,854,055	365,996,621	-	367,850,676

	2015 Rupees	2014 Rupees
Financial liabilities at amortized cost		
Long term finances	369,135,055	398,830,723
Trade and other payables	247,543,996	211,551,004
Accrued finance cost	160,564,677	144,359,698
Short term borrowings	713,672,757	525,699,008
	1,490,916,485	1,280,440,433

38. CAPITAL RISK MANAGEMENT

While managing capitals, the objectives of the Company are to ensure that it continues to meet the going concern assumption, enhances shareholders' wealth and meets stakeholders' expectations. The Company ensures its sustainable growth viz. maintaining optimal capital structure, keeping its finance cost low, exercising the option of issuing right shares or repurchasing shares, if possible, selling surplus property, plant and equipment without affecting the optimal operating level and regulating its dividend payout thus maintaining smooth capital management.

In line with the industry norm, the Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and non current) and finance leases less cash and cash equivalents. Total capital is calculated as equity as shown in the balance sheet plus net debt. As at the balance sheet date, the gearing ratio of the Company was worked out as under:

As at the balance sheet date, the gearing ratio of the Company was worked out as under:

	2015 Rupees	2014 Rupees
Borrowings	1,200,973,103	1,042,387,682
Cash and bank balances	(6,699,210)	(1,854,055)
Net debt	1,194,273,893	1,040,533,627
Equity	(160,146,623)	(66,431,795)
Total capital employed	1,034,127,270	974,101,832
Gearing ratio	115.49%	106.82%

39. PLANT CAPACITY AND PRODUCTION

	Capacity		Total Production	
	2015	2014	2015	2014
Insulators - tons	5,000	5,000	3,200	1,481
Wall tile - sq. meters.	4,100,000	4,100,000	-	701,056
Floor tile - sq. meters.	900,000	900,000	-	367,508

The low production was due to power shortage.

40. PROVIDENT FUND RELATED DISCLOSURES

The Company operates a recognised provident fund for all its permanent workers.

The following information is based on audited financial statements of the Fund as at December 31, 2014 and December 31, 2013:

	2014 Rupees	2013 Rupees
Size of the Fund	245,271,588	239,628,602
Cost of investments made	3,599	184,129
Percentage of the investments made	0.0015%	0.0768%
Fair value of investments	3,599	184,129
Break up of investments		
Special accounts in a scheduled bank	3,599	184,129

40.1 Owing to its working capital needs, the Company has utilized funds of the Provident Fund (the Fund) at the rate of weighted average cost of long term capital to the Company + 1% per annum. As at December 31, 2014, the Company owes Rs. 139.485 million (2013: Rs. 140.871 million) as principal and Rs. 88.462 million (2014: Rs. 78.068 million) as mark-up to the Fund. Except for the above, the investments of the provident fund have been made in accordance with the provisions of Section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

41. NUMBER OF EMPLOYEES

	2015 Rupees	2014 Rupees
Employees as at June 30,	503	546
Average number of employees during the year	525	671

42. AUTHORIZATION OF FINANCIAL STATEMENTS

These financial statements were authorized for issue on September 18, 2015 by the Board of Directors of the Company.

43. GENERAL

Comparative figures are re-arranged / reclassified, wherever necessary, to facilitate comparison. Following re-arrangements / reclassifications have been made in these financial statements for better presentation:

Nature	From	To	Amount Rupees
Accrued markup	Long term financing from banking companies (Note 12)	Short term borrowings from banking companies (Note 12)	4,116,869
Income tax payable	Sales tax and special excise duty payable (Note 11)	Income tax payable (Note 11)	433,641
Advances to employees	Advances - considered good - to employees (Note 22)	Trade and other payables - Accrued liabilities (Note 11)	83,860
Advances to suppliers	Trade and other payables - Trade creditors (Note 11)	Advances - considered good - to suppliers (Note 22)	2,391,639
Advances to suppliers	Advances - considered good - to suppliers (Note 22)	Trade and other payables - Accrued liabilities (Note 11)	677,451
Long term loan from directors	Face of balance sheet	Long term financing (Note 7)	115,708,828
Short term borrowings from related parties - unsecured	Face of balance sheet	Short term borrowings (Note 13)	186,452,269
Assets subject to finance lease	Face of balance sheet	Property, plant and equipment (Note 16)	10,371,057

CHIEF EXECUTIVE

DIRECTOR

PATTERN OF SHARE HOLDING
AS ON JUNE 30, 2015

No. of Shareholders	Shareholding From	Shareholding To	Total Shares Held
103	1	100	3,290
288	101	500	73,726
103	501	1,000	87,113
233	1,001	5,000	671,163
74	5,001	10,000	630,708
24	10,001	15,000	321,894
23	15,001	20,000	431,242
17	20,001	25,000	392,488
6	25,001	30,000	166,000
3	30,001	35,000	91,928
2	35,001	40,000	80,000
4	40,001	45,000	166,956
7	45,001	50,000	346,690
1	50,001	55,000	52,000
1	55,001	60,000	60,000
1	60,001	65,000	61,000
2	65,001	70,000	139,019
3	80,001	85,000	249,691
1	85,001	90,000	86,000
2	95,001	100,000	197,669
3	115,001	120,000	352,575
1	125,001	130,000	129,811
3	135,001	140,000	418,400
1	140,001	145,000	145,000
2	145,001	150,000	300,000
1	160,001	165,000	160,458
1	165,001	170,000	165,708
1	175,001	180,000	177,125
1	195,001	200,000	200,000
2	220,001	225,000	449,970
1	225,001	230,000	228,052
1	245,001	250,000	246,312
1	250,001	255,000	251,126
1	275,001	280,000	276,902
2	290,001	295,000	583,554
1	300,001	305,000	301,365
1	335,001	340,000	339,093
1	395,001	400,000	399,378
1	435,001	440,000	436,046
1	495,001	500,000	500,000
1	530,001	535,000	532,618
1	635,001	640,000	637,654
1	660,001	665,000	660,492
1	755,001	760,000	756,711
1	800,001	805,000	800,087
1	1,160,001	1,165,000	1,164,915
1	1,285,001	1,290,000	1,288,942
1	1,475,001	1,480,000	1,475,634
1	1,825,001	1,830,000	1,829,810
1	2,010,001	2,015,000	2,011,325
1	2,105,001	2,110,000	2,109,524
1	2,375,001	2,380,000	2,377,013
1	2,400,001	2,405,000	2,401,301
1	2,690,001	2,695,000	2,692,285
1	3,890,001	3,895,000	3,892,237
940			35,000,000

Categories of Shareholders	Numbers of Shareholders	Shares Held	% of paid up Capital
Individuals	909	28,052,177	80.149
Insurance Companies	2	128,125	0.366
Joint Stock Companies	23	6,535,568	18.673
Financial Institutions	6	284,130	0.811
Total	940	35,000,000	100.00

PATTERN OF SHARE HOLDING
AS ON JUNE 30, 2015

	CATEGORY OF SHAREHOLDER	HOLDING	% AGE
	DIRECTORS, CEO THEIR SPOUSE AND MINOR CHILDREN		
1	MR. TARIQ REHMAN - (CDC)	2,377,013	6.7915
2	MR. SHAFIQUE A. SIDDIQUI (CDC)	177,125	0.5061
3	MR. HARIS NOORANI	224,970	0.6428
4	MR. HARIS NOORANI - (CDC)	1,288,942	3.6827
5	MR. SUHAIL MANNAN	3,892,237	11.1207
6	MR. SUHAIL MANNAN (CDC)	80,691	0.2305
7	MR. JAVAID SHAFIQ	291,777	0.8336
8	MR. JAVAID SHAFIQ SIDDIQUI (CDC)	2,109,524	6.0272
9	MR. USMAN HAQ (CDC)	1,829,810	5.2280
10	MR SALEM REHMAN (CDC)	436,046	1.2458
11	MR. AHSAN SUHAIL MANNAN	160,458	0.4585
12	MRS. SHAHIMA REHMAN W/O TARIQ REHMAN	290	0.0008
13	MRS. SHAHIMA REHMAN W/O TARIQ REHMAN - (CDC)	399,378	1.1411
14	MRS. AYESHA NOORANI W/O HARIS NOORANI	339,093	0.9688
15	MRS. AMINA SUHAIL MANNAN W/O SUHAIL MANNAN - (CDC)	246,312	0.7037
16	MRS. NAILA SUHAIL MANNAN W/O SUHAIL MANNAN- (CDC)	228,052	0.6516
17	MRS. AMBREEN HAQ W/O USMAN HAQ (CDC)	1,164,915	3.3283
18	MR. ZULFIQAR SUHAIL MANNAN (MINOR)	139,700	0.3991
19	MR. ABDULLAH SUHAIL MANNAN (MINOR)	139,700	0.3991
		15,526,033	44.3601
	ASSOCIATED COMPANIES		
1	ASSOCIATED ENGINEERS (PVT) LTD.	2,011,325	5.7466
2	ICC (PVT) LIMITED	2,692,285	7.6922
3	ICC (PVT) LIMITED (CDC)	251,126	0.7175
		4,954,736	14.1564
	NIT & ICP		
1	IDBP (ICP UNIT)	1,057	0.0030
		1,057	0.0030
	FINANCIAL INSTITUTION		
1	PAKISTAN INDUSTRIAL CREDIT & INVESTMENT CORP. LTD.	500	0.0014
2	THE BANK OF PUNJAB, TREASURY DIVISION (CDC)	45,000	0.1286
3	NATIONAL BANK OF PAKISTAN (CDC)	424	0.0012
4	NATIONAL BANK OF PAKISTAN (CDC)	165,708	0.4735
		211,632	0.6047
	INSURANCE COMPANIES		
1	GULF INSURANCE COMPANY LIMITED	12,550	0.0359
2	STATE LIFE INSURANCE CORP. OF PAKISTAN - (CDC)	115,575	0.3302
		128,125	0.3661
	MODARABAS & MUTUAL FUNDS	-	0.0000
	PENSION FUNDS		
1	TRUSTEE NATIONAL BANK OF PAKISTAN EMPLOYEES PENSION FUND (CDC)	69,019	0.1972
		69,019	0.1972

PATTERN OF SHARE HOLDING
AS ON JUNE 30, 2015

	CATEGORY OF SHAREHOLDER	HOLDING	% AGE
	JOINT STOCK COMPANIES		
1	MUNIR HOLDING (PVT) LTD.	2,300	0.0066
2	ASIAN SECURITIES LIMITED	49	0.0001
3	NAEEM'S SECURITIES (PVT) LTD.	1,310	0.0037
4	THE IMPERIAL ELECTRIC CO PVT LTD - (CDC)	532,618	1.5218
5	THE IMPERIAL ELECTRIC COMPANY (PVT) LIMITED - (CDC)	49,681	0.1419
6	ALI USMAN STOCK BROKERAGE (PVT) LIMITED - (CDC)	150	0.0004
7	AMIN TAI SECURITIES (PVT) LIMITED - (CDC)	800,087	2.2860
8	CLIKTADE LIMITED - (CDC)	82	0.0002
9	DARSON SECURITIES (PVT) LIMITED - (CDC)	4,000	0.0114
10	FAIR EDGE SECURITIES (PRIVATE) LIMITED - (CDC)	2,565	0.0073
11	FIKREE'S (SMC-PVT) LTD. (CDC)	1,815	0.0052
12	M.R.A. SECURITIES (PVT) LIMITED (CDC)	117,000	0.3343
13	MAM SECURITIES (PVT) LIMITED - (CDC)	250	0.0007
14	MAPLE LEAF CAPITAL LIMITED - (CDC)	1	0.0000
15	MSMANIAR FINANCIALS (PVT) LIMITED - (CDC)	400	0.0011
16	NCC - PRE SETTLEMENT DELIVERY ACCOUNT (CDC)	3,000	0.0086
17	NH SECURITIES (PVT) LIMITED - (CDC)	1,000	0.0029
18	SAAO CAPITAL (PVT) LIMITED (CDC)	50,000	0.1429
19	STOCK MASTER SECURITIES (PRIVATE) LTD - (CDC)	14,494	0.0414
20	WASI SECURITIES (SMC-PVT) LIMITED - (CDC)	30	0.0001
		1,580,832	4.5167
	OTHERS		
1	TRUSTEE NATIONAL BANK OF PAKISTAN EMP BENEVOLENT FUND TRUST (CDC)	2,422	0.0069
		2,422	0.0069
	SHARES HELD BY THE GENERAL PUBLIC:	12,526,144	35.7890
	TOTAL:	35,000,000	100.0000
	SHAREHOLDERS HOLDING 10% OR MORE OF TOTAL CAPITAL		
1	MR. SUHAIL MANNAN	3,972,928	11.3512
		3,972,928	11.3512
	SHAREHOLDERS HOLDING 5% OR MORE OF TOTAL CAPITAL		
1	MR. SUHAIL MANNAN	3,972,928	11.3512
2	ICC (PVT) LIMITED	2,943,411	8.4097
3	MR. JAVAID SHAFIQ	2,401,301	6.8609
4	MR. PERVAIZ SHAFIQ SIDDIQI (CDC)	2,401,301	6.8609
5	MR. TARIQ REHMAN - (CDC)	2,377,013	6.7915
6	ASSOCIATED ENGINEERS (PVT) LTD.	2,011,325	5.7466
7	MR. USMAN HAQ (CDC)	1,829,810	5.2280
		17,937,089	51.2488

All trades in the shares of the listed company, carries out by its Directors, CEO, CFO, Company Secretary and their spouses and minor children:

1	MR. USMAN HAQ (CDC)	-	948,771

FORM OF PROXY

I/We . . . .

of . . . . being member of EMCO Industries Limited

and holder Of . . . . Ordinary shares as per share Register Folio No. . . . .

and/or CDC Participant I.D.No. . . . . and Sub Account No. . . . .

hereby appoint . . . .

or failing him /her . . . .

of . . . . as my/our proxy to vote for me/us and my/our behalf at the

Annual General Meeting of the Company of the Company to be held at Registered Office 4th Floor, 28-Egertion Road, Lahore on 26th October 2015 at 11.00 A.M. and at any adjournment thereof.

Signed this................................ day of ....

....
Signature on Revenue Stamp
(Signature should agree with the specimen
Signature Registered with the Company)

1. Signature --------------------------------

   Name ------------------------------------

   Address ---------------------------------

   NIC/Passport #................................

2. Signature --------------------------------

   Name ------------------------------------

   Address ---------------------------------

   NIC/Passport #................................

Note:

Proxies, in order to be effective must be received by the Company not less than 48 hours before the meeting, duly completed in all respects.

CDC Shareholders and their Proxies are requested to attach an attested photocopy of their National Identity Card or Passport with the proxy form submission to the Company.

www.emco.com.pk

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