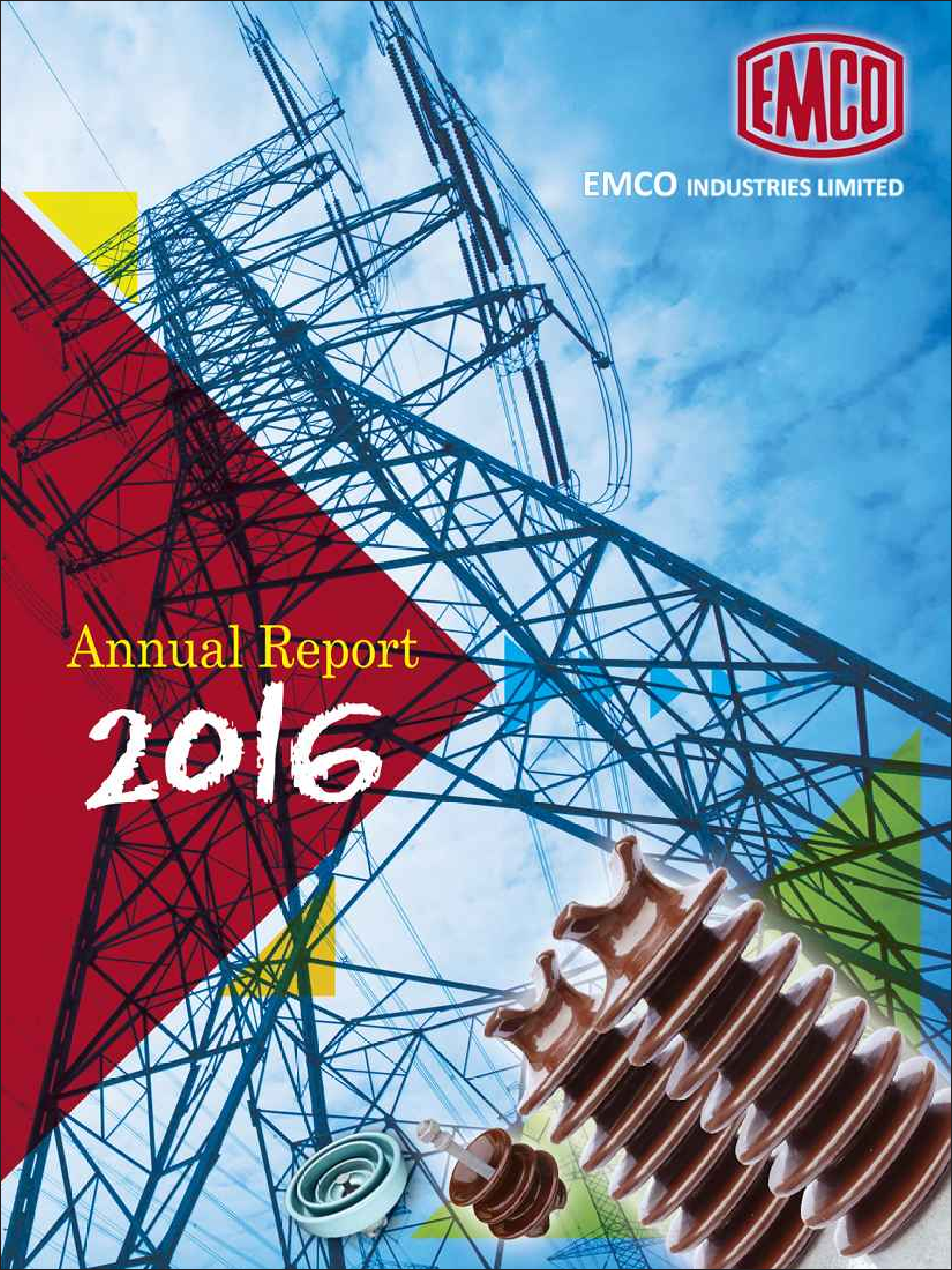
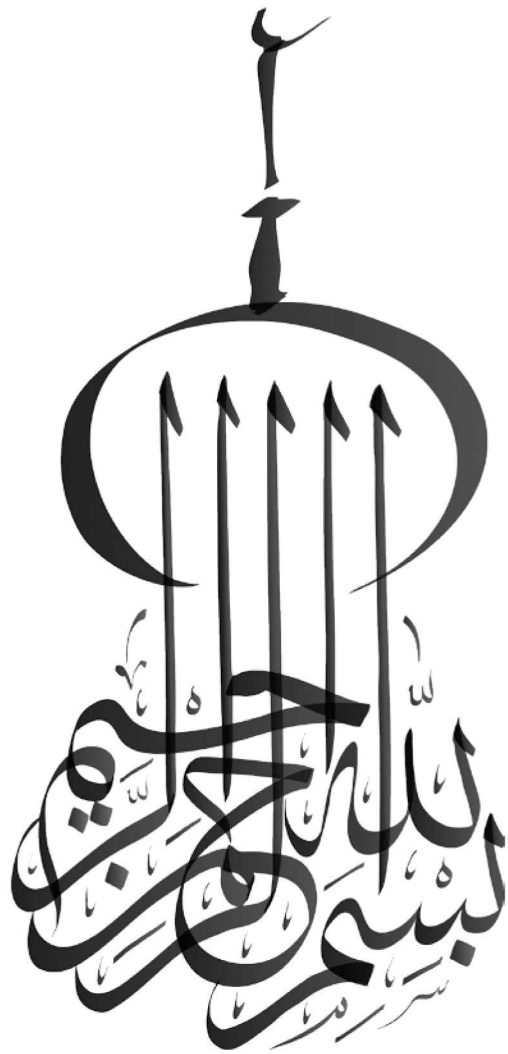


EMCO INDUSTRIES LIMITED

Annual Report 2016




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

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 61st Annual General Meeting of Members of EMCO Industries Limited will be held on 19th October, 2016 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 26th October, 2015.

2. To receive, approve and adopt the Audited Accounts of the Company for the year ended 30th June, 2016 together with Directors and Auditor's Report thereon.

3. To appoint Auditors for the next financial year and to fix their remuneration.

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

By Order of the Board

Place: Lahore
Dated: 22.09.2016

(AHSAN SUHAIL MANNAN)
Director

NOTES;-

1. The Share Transfer Books of the Company will remain closed and no transfer of Shares will be accepted for registration from 12.10.2016 to 19.10.2016 (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 CNIC 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. Croplink (Pvt) Limited, Wings Arcade, 1-K Commercial, Model Town, Lahore.

Directors' Report

On behalf of the Board of Directors, I welcome you to the 61st Annual General Meeting of the Company and present to you the audited financial statements and Auditor's Report thereon for the year ended June 30, 2016. Financial Results are as follows:

	2016 Rupees	2015 Rupees
Profit/(Loss) before Tax	37,650,551	(109,082,537)
Taxation	(10,428,092)	11,214,727
Profit/(Loss) after Tax	27,222,459	(97,867,810)
Other Comprehensive Income	366,892	108,392
Total Comprehensive Profit/(Loss)	27,589,351	(97,759,418)
Accumulated Loss brought forward	(623,934,633)	(545,816,658)
Incremental Depreciation on Revaluation	22,045,734	19,641,443
	(601,888,899)	(526,175,215)
Accumulated Loss carried forward	(574,299,548)	(623,934,633)
Profit/(Loss) per Share	0.78	(2.81)

Review of Operating Results

In this period under review, Punjab based industry had a satisfactory supply of gas and electricity across the sector. As promised in our last annual report, after a period of 9 years the company has made a pretax profit of Rs. 37.6 Million and an after tax profit of Rs. 27.2 Million despite the tile plant being closed and all its costs being charged to the insulator division. This healthy trend is expected to continue in the future also.

The Company had closed down its Tile Division in January 2014.This is the second financial year in which only the Insulator Plant has been operating. Results for this year, therefore, are based on the Insulator Plant bearing the complete costs of depreciation, receivables and financial charges of the tile plant. It is to be noted that in accordance with International Accounting Standards, the Company has stated its financial results by charging the full year depreciation of the Tile Division of approx. Rs. 50 M despite suspendedoperations during the financial year.

By the grace of Allah, we have been able to achieve our targets effectively. There is an increase of 31% in the production (4237 tons from 3200 tons) of the Insulator Divisionduring this year, which has resulted in a better GP. The sales of the plant have also increased by 35% during the period under review. Similarly we have been able to repay our borrowings by more than Rs. 100 M. Moreover we have sizable orders for insulators for the current financial year.

The market demand for the Insulators is growing owing to the Government of Pakistan's efforts to eliminate load shedding by 2018. With further investments planned in the energy sector the demand is likely to keep growing in the future. The current orders in hand stand at more than 1600 tons and we are expecting to get further orders of above 3000 tons to be completed in the current financial year. We expect to optimize our production further to achieve our sales targets. Direct export sales have decreased considerably this year as we needed to meet the local demands of Disco's and NTDC. However our indirect exports through International tenders funded by foreign loan giving agencies has been 59M and is expected to enhance further in the next financial year.

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. Final negotiations to restructure our loans with NBP are in process and we are Insha Allah very optimistic about our proposal being accepted. Our relationships with all other banks are current, and we are meeting our obligations as per agreements.

As stated above, in order to improve transparency the company is in the process of adopting the SAP ERP system, which is fully operational since July 2016.

Considering the demand in the energy sector the company is also planning to expand the facilities to increase the output of Insulators and also add new value added products, which would further enhance profitability in the future.

The Company's contribution to the exchequer in the year under review is Rs. 272.4 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, 2016 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, 2016 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, 2016 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
- 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, 2015 was Rs 224.743 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, 2016. The attendance of the board members was as follows: -

Sr. #	Name of Director	Meetings Attended
1.	Mr. Tariq Rehman	02
2.	Mr. Shafiq A. Siddiqi	02
3.	Mr. Haris Noorani	02
4.	Mr. Suhail Mannan	04
5.	Mr. Javaid Shafiq	03
6.	Mr. Usman Haq	03
7.	Mr. Salem Rehman	03
8.	Mr. Ahsan Suhail Mannan	04

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

TRANSACTION / TRADE OF COMPANY'S SHARE

During the financial year none of the Directors, CEO, CFO, Company Secretary (including their spouses and minor children)traded in the shares of the Company.

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 continuous research and development by the Engineering team and the very cooperative role played by the Union in increasing the output on virtually each stage of production and reducing losses wherever possible. The support of all other departments is also acknowledged.

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, 2016.

Pattern of Shareholding

The pattern of shareholding as on June 30, 2016 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

In view of the recommendations by the Audit Committee, the Company has sent a proposal to M/s. A.F.Ferguson & Co., Chartered Accountants for appointing them as Auditors for the Financial Year ending June 30, 2017. Wherein M/s. A.F.Ferguson & Co., Chartered Accountants has confirmed their willingness being eligible under the provisions of the Companies Ordinance, 1984 to be as statutory auditors of the Company, which is subject to shareholders' approval.

For and on behalf of the board of Directors

[Tariq Rehman]
Chief Executive

Lahore: September 22, 2016

Financial Highlights of Last Ten Years

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
	....(Rupees in Million)..									
Net Total sales	1,058	783	932	1,596	1,856	1,855	1,861	1,550	1,260	1,208
Exports	74	44	51	46	61	104	164	93	79	151
Employees Costs	254	222	213	313	285	325	307	301	271	241
Profit/(Loss) before tax	38	(125)	(106)	(39)	(14)	(35)	(76)	(103)	(16)	11
Profit/(Loss) after tax	27	(98)	(104)	(35)	(21)	(46)	(71)	(81)	(14)	20
Earning per share	0.78	(2.80)	(2.96)	(0.99)	(0.61)	(1.32)	(2.05)	(2.39)	(0.09)	1.30
Capital Expenditure	35	18	13	23	37	8	18	149	222	55
Cash Dividend Rate	-	-	-	-	-	-	-	-	-	5%
Stock Dividend Rate	-	-	-	-	-	-	-	-	-	-
Shareholder's Equity	21	(28)	(50)	17	33	36	64	118	(16)	(34)

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 ("the Company") for the year ended June 30, 2016 to comply with the requirements of Listing Regulations No. 5.19.23 of the Rule Book of Pakistan 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 part of our audit of the 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.

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, 2016.

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.
15	Audit committee comprises four members of which two are executive directors and chairman is not an independent director. Further, there is no independent director in the committee.

Horwath Hussain Ch. & Co.

Lahore
September 22, 2016

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, 2016

This statement is being presented to comply with the Code of Corporate Governance in the listing regulations of Pakistan Stock Exchange, 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

   The next election of the Board is scheduled in 30.06.2017 and we will endeavor and rectify the position in the said election. Please also note that only two (02) directors are paid remuneration by the Company.

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 the document 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 dates 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. Appointment of CFO & Internal Auditor is made during the year.

11. The directors' report for the year ended June 30, 2016 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 CFO be fore 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 been established an HR and Remuneration Committee. Comprises of following members:

Mr. Shafiq A. Siddiqi	(Chairman)
Mr. Usman Haq	Member
Mr. Tariq Rehman	Member

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.

(Ahsan Suhail Mannan)
Director

Auditors' Report To The Members

We have audited the annexed balance sheet of EMCO Industries Limited as at June 30, 2016 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) in our opinion, proper books of accounts have been kept by the Company as required by the Companies Ordinance, 1984;

b) 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;

(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, 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, 2016 and of the profit, total comprehensive income, its cash flows and changes in equity for the year then ended; and

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

We draw attention to Note 1.2 of accompanied financial statements which states that as of June 30, 2016 the current liabilities of the Company exceed its current assets by Rs. 221.184 million. Further, the Company has shut down its tile manufacturing unit since January 2014. These factors indicate the existence of a material 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.

Lahore
September 22, 2016

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

BALANCE SHEET
AS AT JUNE 30, 2016

	Note	2016 Rupees	2015 Rupees Restated	2014 Rupees Restated
EQUITY AND LIABILITIES				
Share Capital and Reserves				
Authorized share capital				
40,000,000 (2015: 40,000,000) ordinary shares of Rs. 10 each		400,000,000	400,000,000	400,000,000
Issued, subscribed and paid up capital				
35,000,000 (2015: 35,000,000) ordinary shares of Rs. 10 each	4	350,000,000	350,000,000	350,000,000
Reserves	5	129,898,526	129,898,526	129,898,526
Sponsors' loan	6	115,708,828	115,708,828	115,708,828
Accumulated loss		(574,299,548)	(623,934,633)	(545,816,658)
		21,307,806	(28,327,279)	49,790,696
Surplus on Revaluation of Property, Plant and Equipment	7	746,402,897	582,459,878	594,237,181
Non Current Liabilities				
Long term financing	8	238,885,384	279,586,148	266,590,979
Deferred liabilities	9	34,854,948	36,852,344	37,458,473
Deferred taxation	10	90,885,492	63,483,695	90,343,639
		364,625,824	379,922,187	394,393,091
Current Liabilities				
Trade and other payables	11	263,745,534	315,914,319	279,742,209
Accrued finance cost	12	171,091,408	160,564,677	144,359,698
Short term borrowings	13	645,460,193	715,920,483	525,699,008
Current portion of non-current liabilities	14	62,566,631	75,894,854	133,875,204
		1,142,863,766	1,268,294,333	1,083,676,119
Contingencies and Commitments	15	-	-	-
Total Equity and Liabilities		2,275,200,293	2,202,349,119	2,122,097,087
ASSETS				
Non Current Assets				
Property, plant and equipment	16	1,348,691,088	1,182,068,047	1,243,187,839
Intangible assets	17	2,675,387	1,997,830	3,455,661
Long term loans	18	1,882,771	2,031,638	3,206,109
Long term deposits		271,163	271,163	271,163
		1,353,520,409	1,186,368,678	1,250,120,772
Current Assets				
Stores, spares and loose tools	19	107,266,583	112,231,865	105,971,710
Stock in trade	20	381,895,545	369,573,296	317,276,956
Trade debts	21	292,246,677	379,227,299	322,931,715
Advances, deposits, prepayments and other receivables	22	58,506,225	75,965,661	86,524,491
Income tax refundable from the Government		72,908,786	72,283,110	37,417,388
Cash and bank balances	23	8,856,068	6,699,210	1,854,055
		921,679,884	1,015,980,441	871,976,315
		2,275,200,293	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, 2016

	Note	2016 Rupees	2015 Rupees Restated
Sales	24	1,058,446,517	782,866,717
Cost of sales	25	(868,715,938)	(680,083,656)
Gross Profit		189,730,579	102,783,061
Administrative expenses	26	(50,226,463)	(56,010,946)
Selling and distribution expenses	27	(25,886,208)	(59,145,817)
		(76,112,671)	(115,156,763)
Operating Profit / (Loss)		113,617,908	(12,373,702)
Other operating expenses	28	(8,687,383)	(24,345,866)
Other income	29	11,011,659	19,862,999
Finance cost	30	(78,291,633)	(92,225,968)
Profit / (Loss) before Taxation		37,650,551	(109,082,537)
Taxation	31	(10,428,092)	11,214,727
Net Profit / (Loss) for the Year		27,222,459	(97,867,810)
Profit / (Loss) per Share - Basic and Diluted	32	0.78	(2.80)

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

CHIEF EXECUTIVE

DIRECTOR

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2016

	2016 Rupees	2015 Rupees Restated
Net Profit / (Loss) for the Year	27,222,459	(97,867,810)
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Remeasurement of retirement benefits asset	515,009	155,982
Less: Related tax impact	(148,117)	(47,590)
Other comprehensive income for the year	366,892	108,392
Items that may be reclassified to profit or loss	-	-
Total Comprehensive Income / (Loss) for the Year	27,589,351	(97,759,418)

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

CHIEF EXECUTIVE

DIRECTOR

CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2016

	Note	2016 Rupees	2015 Rupees Restated
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from / (used in) operations	33	242,660,067	(16,446,773)
Finance cost paid		(67,764,902)	(76,020,989)
Gratuity paid		(4,353,167)	(3,017,504)
Payments against discontinued provident fund		(1,224,143)	(2,576,786)
Income tax paid		(10,784,060)	(42,694,389)
		(84,126,272)	(124,309,668)
Net Cash Generated from / (Used in) Operating Activities		158,533,795	(140,756,441)
CASH FLOWS FROM INVESTING ACTIVITIES			
Property, plant and equipment		(17,035,533)	(4,497,291)
Capital work in progress		(17,918,034)	(13,133,583)
Long term loans		565,414	1,834,711
Proceeds from disposal of property, plant and equipment		150,000	1,202,575
Net Cash Used in Investing Activities		(34,238,153)	(14,593,588)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term financing repaid - net		(50,878,494)	(29,695,668)
Lease rentals paid		(800,000)	(330,623)
Short term borrowings (repaid) / acquired - net		(70,460,290)	190,221,475
Net Cash (Used in) / Generated from Financing Activities		(122,138,784)	160,195,184
Net Increase in Cash and Cash Equivalents		2,156,858	4,845,155
Cash and cash equivalents at the beginning of the year		6,699,210	1,854,055
Cash and Cash Equivalents at the End of the Year		8,856,068	6,699,210

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, 2016

Particulars	Issued, Subscribed and Paid up Capital	Reserves			Sponsors' Loan	Total
		Capital	Revenue			
		Share Premium Reserve	General Reserve	Accumulated Loss		
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Balance as at June 30, 2014 as previously reported	350,000,000	39,898,526	90,000,000	(546,330,321)	-	(66,431,795)
Effect of restatement (Note-6 and Note-8.4)	-	-	-	513,663	115,708,828	116,222,491
Balance as at June 30, 2014 as restated	350,000,000	39,898,526	90,000,000	(545,816,658)	115,708,828	49,790,696
Net loss for the year	-	-	-	(97,867,810)	-	(97,867,810)
Other comprehensive income for the year	-	-	-	108,392	-	108,392
Total comprehensive loss for the year	-	-	-	(97,759,418)	-	(97,759,418)
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 as restated	350,000,000	39,898,526	90,000,000	(623,934,633)	115,708,828	(28,327,279)
Balance as at June 30, 2015 as previously reported	350,000,000	39,898,526	90,000,000	(640,045,149)	-	(160,146,623)
Effect of restatement (Note-6 and Note-8.4)	-	-	-	16,110,516	115,708,828	131,819,344
Balance as at June 30, 2015 as restated	350,000,000	39,898,526	90,000,000	(623,934,633)	115,708,828	(28,327,279)
Net profit for the year	-	-	-	27,222,459	-	27,222,459
Other comprehensive income for the year	-	-	-	366,892	-	366,892
Total comprehensive income for the year	-	-	-	27,589,351	-	27,589,351
Incremental depreciation for the year on surplus on revaluation of property, plant and equipment net of deferred tax	-	-	-	22,045,734	-	22,045,734
Balance as at June 30, 2016	350,000,000	39,898,526	90,000,000	(574,299,548)	115,708,828	21,307,806

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, 2016

1. The Company and its Operations

1.1 EMCO Industries Limited ("the Company") is incorporated in Pakistan and is listed on Pakistan Stock Exchange. 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

As at June 30, 2016, the current liabilities of the Company exceed its current assets by Rs. 221.184 million (2015: Rs. 252.314 million). Further, the Company has shut down its tile manufacturing unit since January 2014. These factors 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 operational results of the company have shown significant improvement that have led to a considerable reduction in liabilities. These improvements lead the management to believe that the Company is in a much better position to continue to service its liabilities and continue to pay off long term debt obligations. 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 and the requirements of the Companies Ordinance, 1984 (the Ordinance). 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 and 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:

a) Employee retirement benefits (Gratuity) - Note 9
The Company uses the valuation performed by an independent actuary to determine the present value of its retirement benefit obligations.

b) Certain property, plant and equipment - Note 16
The Company is using the revaluation model for certain property, plant and equipment. Revaluation is performed by an independent valuer.

c) Deferred markup and interest free loans from related parties
The Company is carrying interest free loans from related parties and deferred markup on certain lendings at amortised cost.

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.

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.

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

There were certain amendments to 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 are not effective for accounting periods beginning on July 1, 2015.

IFRS 9 ‘Financial Instruments’ (effective for annual periods beginning on or after January 01, 2018). IASB has published the complete version of IFRS 9 which replaces the guidance in IAS 39. This final version includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the incurred loss impairment model used today.

IFRS 16 'Leases' (effective for annual periods beginning on or after 1 January 2019) is introduced during the year that aims to set out the principles for recognition, measurement, presentation and disclosure of leases. It introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all the leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make the lease payments. IFRS 16 substantially carries forward the lessor accounting requirements of IAS 17 Leases. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. IFRS 16 replaces IAS 17 Leases, IFRIC 4 Determining whether an arrangement contains a lease , SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

IAS 1 'Presentation of Financial Statements' (effective for annual periods beginning on or after January 01, 2016). The amendments provide clarifications on a number of issues, including: Materiality - an entity should not aggregate or disaggregate information in a manner that obscures useful information. Where items are material, sufficient information must be provided to explain the impact on the financial position or performance. Notes - confirmation that the notes do not need to be presented in a particular order. Other comprehensive income (OCI) arising from investments accounted for under the equity method - the share of OCI arising from equity-accounted investments is grouped based on whether the items will or will not subsequently be reclassified to profit or loss. According to the transitional provisions, the disclosures in IAS 8 regarding the adoption of new standards / accounting policies are not required for these amendments.

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

There are number of other standards, amendments and interpretations to the published standards that are neither relevant nor yet effective and, therefore, have not been presented here.

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:

3.2.1 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.

3.2.2 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. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit acturial valuation method, which is 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.

3.3.1 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.

3.3.2 Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary timing differences arising from the difference between the carrying amount of the assets and liabilities in the financial statements and corresponding tax bases used in the computation of taxable profit

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 amounts of deferred tax assets 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 and loss account 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 and loss account 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.

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 are stated at cost less accumulated amortisation and any identified impairment loss, if any. 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.

3.9 Impairment of Assets

The Company assesses at each balance sheet date to determine whether there is any indication of impairment loss. If such indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognized wherever the carrying amount of the asset exceeds its recoverable amount. Impairment losses are recognized in the profit and loss account. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the profit and loss account. 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.

3.10 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.

3.11 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.

3.12 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.

3.13 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.

3.14 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.

3.15 Long term financing

All borrowings are initially recognized at fair value less directly attributable transaction costs. Difference between the fair value and the proceeds of borrowings is recognized as income or expense in the profit and loss account.

Gains and losses are recognized in the profit and loss account when the liabilities are derecognized as well as through the amortization process.

3.16 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.

3.17 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.

3.18 Foreign currency transactions and translation

All monetary assets and liabilities in foreign currencies are translated into Pak rupees at exchange rates prevailing at the balance sheet date. Transactions in foreign currencies are translated into Pak rupees at exchange rates prevailing at the date of transaction. Exchange gains and losses are included in the profit and loss account.

3.19 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.

3.20 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.

3.21 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.

3.22 Dividend and other appropriations

Dividend to the shareholders is recognized in the period in which it is declared and other appropriations are recognized in the period in which these are approved by the Board of Directors.

4. ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2016 No. of Share	2015 No. of Share		2016 Rupees	2015 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 There has been no movement in ordinary share capital during the year ended June 30, 2016.

4.2 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.

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

	2016	2015
	(Number of Shares)	
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

		Note	2016 Rupees	2015 Rupees
5.	RESERVES			
	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. SPONSORS' LOAN

This represents unsecured, interest free loan given by directors and related parties to meet the liquidity requirements of the Company. These loans are repayable at the discretion of the Company and are sub-ordinated to facilities obtained from various financial institutions. In line with Technical Release - 32 (TR 32 - Accounting Directors' Loan) issued by the Institute of Chartered Accountants of Pakistan (ICAP), these loans are shown as part of equity and corresponding figures have accordingly been restated. Previously, these loans were shown in long term financing.

7. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

	2016 Rupees	2015 Rupees
Land - Freehold:		
Opening balance	154,159,464	154,159,464
Add: Surplus on revaluation arisen during the year	83,680,000	-
	237,839,464	154,159,464
Buildings on freehold land:		
Opening balance	163,758,065	169,350,633
Add: Surplus on revaluation arisen during the year	48,651,435	-
Less: Related deferred taxation	(13,992,154)	-
	198,417,346	169,350,633
Plant and machinery:		
Opening balance	264,542,349	270,727,084
Add: Surplus on revaluation arisen during the year	80,641,290	-
Less: Related deferred taxation	(23,192,435)	-
	321,991,204	270,727,084
Effect of change in tax rates	10,200,617	7,864,140
Incremental depreciation charged on revalued property, plant and equipment in current year net of deferred tax transferred to retained earnings	(22,045,734)	(19,641,443)
	746,402,897	582,459,878

7.1 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 the above-mentioned assets except freehold land. Latest revaluation was carried out by an approved, independent valuer at December 31, 2015 using current market price / replacement cost methods, wherever applicable for the respective assets. This resulted in revaluation surplus of Rs. 212,972,725. Surplus on revaluation of property, plant and equipment can be utilized by the Company only for the purposes specified in section 235 of the Companies Ordinance, 1984.

7.2 The revaluation surplus relating to the above-mentioned property, plant and equipment excluding freehold land is net of applicable deferred income taxes. Incremental depreciation charged on revalued property, plant and equipment has been transferred to the statement of changes in equity to record realization of surplus to the extent of incremental depreciation. Incremental depreciation represents the difference between the actual depreciation on the above-mentioned assets excluding freehold land and the equivalent depreciation based on the historical cost of these assets.

8. LONG TERM FINANCING

	Note	2016 Rupees	2015 Rupees Restated
Banking companies - secured			
NIB Bank Limited	8.1	14,211,492	25,446,433
The Bank of Punjab	8.2	8,181,112	38,281,112
Standard Chartered Bank (Pakistan) Limited	8.3	138,569,175	148,445,728
Adjustment due to impact of IAS-39	8.4	(15,921,920)	(15,273,547)
		122,647,255	133,172,181
		145,039,859	196,899,726
Associated companies / related parties - unsecured			
Associated Engineers (Private) Limited	8.5	18,152,456	16,079,893
Adjustment due to impact of IAS-39	8.4	(53,938)	(327,437)
		18,098,518	15,752,456
EMCO Industries Limited Provident Fund	8.6	135,743,643	137,810,643
Imperial Electric Company (Private) Limited	8.7	2,561,714	2,557,583
Adjustment due to impact of IAS-39	8.4	8,281	4,131
		2,569,995	2,561,714
		301,452,015	353,024,539
Less: current portion			
Banking companies		(43,379,988)	(62,933,541)
Associated companies / related parties		(19,186,643)	(10,504,850)
	14	(62,566,631)	(73,438,391)
		238,885,384	279,586,148

8.1 This represents term loan obtained from NIB Bank Limited that was rescheduled on June 30, 2015. 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 (land, building, plant and machinery) of the Company and personal guarantees of certain directors of the Company. This is due to mature on September 30, 2017.

8.2 This represents term finance obtained from the Bank of Punjab. The loan is repayable in 22 monthly installments effective from January 2015. The loan carries mark-up @ 3 months 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, first pari passu charge of Rs. 93 million over current assets of the Company registered with SECP, 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, debt subordination agreement and personal guarantees of certain directors of the Company. This is due to mature on September 30, 2016.

8.3 The loan was restructured during the year ended June 30, 2013 and further restructured during the year ended June 30, 2015. It carries markup @ 3 months KIBOR per annum. 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 markup payable and markup accrued after restructured agreement shall be paid after the principal amount has been paid off. Deferred markup as at the balance sheet date is Rs. 47.388 million. This loan is secured by a ranking charge of Rs. 200 million in favour of the Bank over the property, plant and equipment of the Company. This is due to mature on February 28, 2023.

8.4 In accordance with the requirements of IAS-39, deferred markup on loan obtained from Standard Chartered Bank (Pakistan) Limited and interest free portions of loans obtained from M/s Imperial Electric Company (Private) Limited and M/s Associated Engineers (Private) Limited have been carried at amortised cost and the relevant difference is being charged to the profit and loss account. During the year, imputed markup has been calculated and accounted for. This accounting treatment has been accounted for with retrospective effect that has increased the profit for the year 2015 by Rs. 15,596,853 and equity as at that date by Rs. 16,110,516 and has increased the profit for the year 2014 and equity as at that date by Rs. 513,663.

8.5 This includes interest-bearing loan of Rs. 7,396,095 (2015: Rs. 7,396,095) and interest free loan of Rs. 11,539,352 (2015: Rs. 9,139,352). The interest bearing loan carries mark-up @ 7.55 % (2015: 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; however, this loan is not repayable within next 12 months.

8.6 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. This loan is due to mature on June 30, 2025.

8.7 This represents outstanding loan obtained from M/s Imperial Electric Company (Private) Limited. Of this amount Rs. 1.986 million (2015: 1.986 million) carries mark-up @ 7.55% (2015: 7.55%) per annum and the remaining amount is interest free. The terms of repayment of loan have yet not been agreed; however, this loan is not repayable within next 12 months.

	Note	2016 Rupees	2015 Rupees
9. DEFERRED LIABILITIES			
Payable to employees against discontinued provident fund	9.1	5,554,381	6,161,392
Non-workmen staff gratuity - unfunded	9.2	29,300,567	30,690,952
		34,854,948	36,852,344

		Note	2016 Rupees	2015 Rupees
9.1	Payable to employees against discontinued provident fund			
	Opening balance		6,161,392	8,126,709
	Add: Mark-up accrued		617,132	611,469
			6,778,524	8,738,178
	Less: Payments made during the year		(1,224,143)	(2,576,786)
	Closing balance		5,554,381	6,161,392

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% (2015: 5%) per annum. The balance, along with the interest, is being paid as and when requested by employees.

9.2 Non-workmen staff gratuity - unfunded

Latest actuarial valuation of the gratuity scheme was conducted as on June 30, 2016. Results of actuarial valuation are as under:

		Note	2016 Rupees	2015 Rupees
9.2.1	Movement in net liability for staff gratuity			
	Opening balance		30,690,952	29,331,764
	Charge for the year - Profit and loss account	9.2.2	3,477,791	4,532,674
	Charge for the year - Other comprehensive income		(515,009)	(155,982)
	Payments made / approved during the year		(4,353,167)	(3,017,504)
	Closing balance	9.2.3	29,300,567	30,690,952
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		1,759,388	2,307,118
	Interest cost		1,718,403	2,225,556
			3,477,791	4,532,674
9.2.3	Staff gratuity			
	Present value of defined benefit obligation	9.2.4	20,014,667	21,134,849
	Benefits due but not paid		9,285,900	9,556,103
	Liability as at June 30,		29,300,567	30,690,952

		2016 Rupees	2015 Rupees
9.2.4	Movement in present value of defined benefit obligation		
	Opening balance	21,134,849	20,334,448
	Benefits due but not paid from last year	9,556,103	8,997,316
	Current service cost	1,759,388	2,307,118
	Interest cost	1,718,403	2,225,556
	Benefits paid / approved	(4,353,167)	(3,017,504)
	Benefits due but not paid	(9,285,900)	(9,556,103)
	Actuarial gain recognized in other comprehensive income	(515,009)	(155,982)
	Closing balance	20,014,667	21,134,849
9.2.5	Actuarial assumptions		
	Discount rate - per annum	7.25%	9%
	Expected rate of increase in salary level - per annum	6.25%	8%
	Average expected remaining working lives of employees	9 Years	9 Years
	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:

	2016 Rupees	2015 Rupees	2014 Rupees	2013 Rupees	2012 Rupees
Present value of defined benefit obligation	29,300,567	30,690,952	29,331,764	34,149,905	28,105,891
Fair value of plan asset	-	-	-	-	-
Net balance sheet liability	29,300,567	30,690,952	29,331,764	34,149,905	28,105,891

		Rupees
9.2.7	Estimated Charge for the year 2016-2017	
	Current service cost	1,507,350
	Interest cost	1,451,063
		2,958,413

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:

Discount rate + 100 bps	18,303,619
Discount rate - 100 bps	22,017,986
Salary increase + 100 bps	22,017,986
Salary increase - 100 bps	18,273,585

			2016 Rupees	2015 Rupees
9.2.9	The charge for the year has been allocated as follows:			
	Cost of sales	25	1,912,785	2,492,971
	Administrative expenses	26	1,286,783	1,677,089
	Selling and distribution expenses	27	278,223	362,614
			3,477,791	4,532,674
10.	DEFERRED TAXATION			
	Credit / (debit) balances arising in respect of timing differences relating to:			
	Taxable temporary differences			
	- Accelerated tax depreciation		65,447,557	74,842,251
	- Revaluation of property, plant and equipment		196,664,237	177,840,473
			262,111,794	252,682,724
	Deductible temporary differences			
	- Provision for doubtful debts		(9,902,796)	(3,533,956)
	- Provision for obsolete stores and spares		(629,576)	(667,885)
	- Provision for obsolete stock		(4,295,247)	(4,556,606)
	- Others		(9,394,937)	-
	- Unused tax losses - unabsorbed depreciation		(147,003,746)	(180,440,582)
			(171,226,302)	(189,199,029)
			90,885,492	63,483,695

			2016 Rupees	2015 Rupees Restated
11.	TRADE AND OTHER PAYABLES			
	Trade creditors	11.1	147,435,112	156,342,030
	Accrued liabilities		70,115,504	87,139,360
	Employee retirement benefit funds		2,414,461	1,640,227
	Advances from customers		27,392,128	36,346,194
	Provident fund payable		426,970	1,561,779
	Unclaimed dividends		244,802	244,802
	Sales tax payable		11,598,850	30,694,569
	Employees' welfare fund		212,962	413,529
	Claims payable		-	138,403
	Withholding tax payable		1,114,317	1,393,426
	Workers' (profit) participation fund		2,022,049	-
	Workers' welfare fund		768,379	-
			263,745,534	315,914,319

11.1 Trade creditors include Rs. 3,304,606 (2015: Rs. 1,856,269) due to related parties.

	Note	2016 Rupees	2015 Rupees
12. ACCRUED FINANCE COST			
Long term financing from banking companies		77,430	682,695
Long term financing from related parties		108,511,399	99,399,199
Short term borrowings from banking companies		55,716,247	47,722,329
Short term borrowings from related parties		6,786,332	12,731,675
Liabilities against assets subject to finance lease		-	28,779
		171,091,408	160,564,677

	Note	2016 Rupees	2015 Rupees Restated
13. SHORT TERM BORROWINGS			
Interest bearing			
Banking companies - secured:			
- Running finances	13.1	206,216,658	159,498,738
- Export and import finances	13.2	156,015,925	248,510,664
		362,232,583	408,009,402
Related parties - unsecured:			
- Associated company - ICC (Private) Limited	13.3	10,000,000	50,000,000
- Director	13.4	63,231,516	29,962,190
		73,231,516	79,962,190
		435,464,099	487,971,592
Interest free			
Related parties - unsecured:			
- Associated company - ICC (Private) Limited		80,750,000	80,750,000
- Directors and close relatives thereof (Restated)		129,246,094	147,198,891
		209,996,094	227,948,891
		645,460,193	715,920,483

13.1 Short-term running finances available from various commercial banks under mark-up arrangements amount to Rs. 135 million (2015: Rs. 160 million). Rates of mark-up range from 1 month KIBOR + 1% to 3 months KIBOR + 3% 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, lien over sale documents, 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. 105 million (2015: Rs. 87.54 million) and Rs. 185 million (2015: Rs. 430 million) respectively. The rates of mark-up range from 1 month KIBOR to 6 months KIBOR plus 1%. 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, 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 loans from a director and carries mark-up partially at 3 month KIBOR + 5% and partially 12.37% per annum on the balance outstanding.

	Note	2016 Rupees	2015 Rupees
14. CURRENT PORTION OF NON-CURRENT LIABILITIES			
Long term financing	8	62,566,631	73,438,391
Liabilities against assets subject to finance lease	14.1	-	2,456,463
		62,566,631	75,894,854

14.1 This represented leasing arrangement entered into with First Punjab Modaraba for plant and machinery. The entire balance has been repaid during the year and charges on the Company's assets have been vacated accordingly.

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 (2015: Rs. 140.871 million) as at June 30, 2016 into the fund.

Commitments

15.4 Letters of credit other than for capital expenditure amount to Rs. 23.183 million (2015: Rs. 37.692 million).

15.5 Estimated outlay of implementation of SAP ERP is Nil (2015: Rs. 0.630 million).

15.6 Bank guarantees amount to Rs. 181.087 million (2015: Rs. 159.793 million) that have been issued in favour of the following companies:

	2016 Rupees	2015 Rupees
Sui Northern Gas Pipeline Limited	22,406,000	32,506,000
WAPDA	158,680,600	127,287,219
	181,086,600	159,793,219

	Note	2016 Rupees	2015 Rupees
16. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	16.1	1,315,164,858	1,164,054,464
Capital work in progress - civil works		33,526,230	18,013,583
		1,348,691,088	1,182,068,047
16.1 Operating fixed assets			
Owned assets	16.1.1	1,315,164,858	1,154,440,494
Leased assets	16.1.2	-	9,613,970
		1,315,164,858	1,164,054,464

Reconciliation of carrying amounts of property, plant and equipment at the beginning and at end of the year is as follows:

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
16.1.1 Owned assets								
Net Carrying Value Basis Year Ended June 30, 2016								
Opening net book value	182,250,000	281,769,648	683,121,312	100,749	519,020	3,492,327	3,187,438	1,154,440,494
Additions	-	-	14,477,763	-	914,889	638,141	1,004,740	17,035,533
Revaluation adjustment	83,680,000	48,651,435	80,641,290	-	-	-	-	212,972,725
Transferred from leased assets								
- Cost	-	-	16,538,177	-	-	-	-	16,538,177
- Accumulated depreciation	-	-	(7,275,117)	-	-	-	-	(7,275,117)
	-	-	9,263,060	-	-	-	-	9,263,060
Disposal during the year								
- Cost	-	-	-	-	-	461,000	-	461,000
- Accumulated depreciation	-	-	-	-	-	(352,236)	-	(352,236)
	-	-	-	-	-	(108,764	-	(108,764)
Depreciation charge	-	(20,991,438)	(55,595,473)	(19,384)	(251,796)	(783,976)	(796,123)	(78,438,190)
Closing net book value	265,930,000	309,429,645	731,907,952	81,365	1,182,113	3,237,728	3,396,055	1,315,164,858
Depreciation rates		5%	4%-35%	20%-40%	20%	20%	20%	
Gross Carrying Value Basis As at June 30, 2016								
Cost / revalued amount	265,930,000	564,807,827	1,926,797,002	9,245,723	8,726,401	14,874,786	29,549,068	2,819,930,807
Accumulated depreciation	-	(255,378,182)	(1,194,889,050)	(9,164,358)	(7,544,288)	(11,637,058)	(26,153,013)	(1,504,765,949)
Net Book Value	265,930,000	309,429,645	731,907,952	81,365	1,182,113	3,237,728	3,396,055	1,315,164,858
Net Carrying Value Basis Year Ended June 30, 2015								
Opening net book value	182,250,000	301,334,947	734,991,800	111,490	648,775	4,531,804	3,797,966	1,227,666,782
Additions	-	200,000	4,090,091	14,000	-	-	193,200	4,497,291
Disposal during the year								
- Cost	-	-	-	-	504,000	1,282,500	127,000	1,913,500
- Accumulated depreciation	-	-	-	-	(504,000)	(1,146,610)	(96,962)	(1,747,572)
	-	-	-	-	-	(135,890)	(30,038)	(165,928)
Depreciation charge	-	(19,765,299)	(55,960,579)	(24,741)	(129,755)	(903,587)	(773,690)	(77,557,651)
Closing net book value	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%	
Gross Carrying Value Basis As at June 30, 2015								
Cost / revalued amount	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	-	(234,386,744)	(1,132,018,460)	(9,144,974)	(7,292,492)	(11,205,318)	(25,356,890)	(1,419,404,878)
Net Book Value	182,250,000	281,769,648	683,121,312	100,749	519,020	3,492,327	3,187,438	1,154,440,494

	2016 Rupees	2015 Rupees
16.1.2 Leased assets		
Net Carrying Value Basis		
Net carrying value - opening balance	9,613,970	10,371,057
Transferred to owned assets:		
- Cost	16,538,177	-
- Accumulated depreciation	(7,275,117)	-
	(9,263,060)	-
Depreciation charge	(350,910)	(757,087)
Closing net book value	-	9,613,970
Gross Carrying Value Basis		
Cost	-	16,538,177
Accumulated amortization	-	(6,924,207)
Net book value	-	9,613,970

16.1.2.1 Leased assets represented leasing arrangement entered into with First Punjab Modaraba for plant and machinery which has been transferred to owned assets. Depreciation on leased assets was being charged at 7.3% on reducing balance method.

	Note	2016 Rupees	2015 Rupees
16.2 Apportionment of depreciation charge for the year			
Depreciation charge for the year has been apportioned as follows:			
Owned assets			
Cost of sales	25	77,450,353	76,093,365
Administrative expenses	26	987,837	1,464,286
		78,438,190	77,557,651
Leased assets			
Cost of sales	25	350,910	757,087
		78,789,100	78,314,738

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
Asset with book value exceeding Rs. 50,000							
Vehicle	461,000	(352,236)	108,764	150,000	41,236	Mr. M. Shakeel	At market value
Total 2016	461,000	(352,236)	108,764	150,000	41,236		
Total 2015	1,913,500	(1,747,572)	165,928	1,202,575	1,036,647		

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:

	2016 Rupees	2015 Rupees
Freehold land	28,090,536	28,090,536
Buildings on freehold land	47,514,589	50,015,357
Plant and machinery	293,932,205	308,734,716
	369,537,330	386,840,609

16.5 The carrying amount of temporarily idle property, plant and equipment as at the balance sheet date is Rs. 789.290 million (2015: 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 8 and 13).

		Note	2016 Rupees	2015 Rupees
17.	INTANGIBLE ASSETS			
	Intangible asset	17.1	-	1,727,830
	Capital work in progress - SAP		2,675,387	270,000
			2,675,387	1,997,830
17.1	Net Carrying Value			
	Net carrying value - opening balance		1,727,830	3,455,661
	Additions during the year		-	-
			1,727,830	3,455,661
	Amortization during the year	17.2	(1,727,830)	(1,727,831)
	Net carrying value as at June 30, 2016		-	1,727,830
	Gross Carrying Value			
	Cost		6,195,002	6,195,002
	Accumulated amortization		(6,195,002)	(4,467,172)
	Net book value		-	1,727,830

17.2 The Company is in the process of implementation of new ERP. The entire cost of existing ERP has been amortized. Amortization charge for the year has been allocated to administrative expenses.

		Note	2016 Rupees	2015 Rupees
18.	LONG TERM LOANS			
	Loans to employees - (Secured - considered good)	18.2	2,278,110	2,843,524
	Less: current portion		(395,339)	(811,886)
			1,882,771	2,031,638

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.

		Note	2016 Rupees	2015 Rupees
18.2	Reconciliation of carrying amount of loans to executives			
	Opening balance		1,506,252	1,506,252
	Add: Disbursements		-	-
	Less: Repayments		(15,000)	-
	Closing balance on June 30,		1,491,252	1,506,252
19.	STORES, SPARES AND LOOSE TOOLS			
	Stores		18,791,825	19,341,265
	Spare parts		88,221,507	92,587,186
	Loose tools		2,442,320	2,492,483
			109,455,652	114,420,934
	Less: Provision for obsolescence of stock	19.1	(2,189,069)	(2,189,069)
			107,266,583	112,231,865
19.1	Provision for obsolescence of stock			
	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.

		Note	2016 Rupees	2015 Rupees
20.	STOCK-IN-TRADE			
	Raw materials		181,265,179	100,293,276
	Materials in transit		7,315,440	6,795,160
	Work-in-process		21,295,773	30,571,716
	Finished goods		186,953,949	242,344,714
	Goods purchased for resale		-	4,503,226
			396,830,341	384,508,092
	Less: Provision for obsolescence of stock	20.1	(14,934,796)	(14,934,796)
			381,895,545	369,573,296
20.1	Provision for obsolescence of stock			
	Opening balance		14,934,796	15,482,527
	Provision for the year		4,503,226	-
			19,438,022	15,482,527
	Less: Obsolete stocks written off		(4,503,226)	(547,731)
			14,934,796	14,934,796

20.2 Stocks are under charge by way of hypothecation as security against financing obtained from banks (refer to Note 8 and 13).

	Note	2016 Rupees	2015 Rupees
21. TRADE DEBTS			
Local - (Unsecured - considered good)	21.1	287,819,024	378,917,193
Local - (Unsecured - considered doubtful)		34,432,530	34,432,530
Foreign - (secured - considered good)		4,427,653	310,106
		326,679,207	413,659,829
Less: Provision for doubtful debts	21.2	(34,432,530)	(34,432,530)
		292,246,677	379,227,299

21.1 Due from related parties

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

	2016 Rupees	2015 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 Aging 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

	Note	2016 Rupees	2015 Rupees
21.2 Provision for doubtful debts			
Opening balance		34,432,530	12,462,611
Provision for the year		147,500	22,849,587
		34,580,030	35,312,198
Less: Bad debts written off		(147,500)	(879,668)
		34,432,530	34,432,530

		2016 Rupees	2015 Rupees
22. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
Advances:			
- to employees - considered good	22.1	7,545,874	1,506,632
- to suppliers			
- Considered good		14,386,843	12,768,472
- Considered doubtful		575,686	575,686
		22,508,403	14,850,790
Current portion of loans to employees			
- considered good	18	395,339	811,886
Security deposits		6,366,347	29,347,302
Recoverable from employees	22.2	18,312,396	19,687,542
Margins held by bank		11,353,321	11,780,603
Prepayments		146,105	61,051
Claims recoverable from government - Excise Duty		-	2,173
		59,081,911	76,541,347
Less: Provision for doubtful advances	22.3	(575,686)	(575,686)
		58,506,225	75,965,661

22.1 This includes an amount of Rs. Nil (2015: Rs. 0.843 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. 0.522 million (2015: Rs. 0.339 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.

	2016 Rupees	2015 Rupees
22.3 Provision for doubtful advances		
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		
Cash in hand	868,306	394,032
Cash at bank - in current accounts	7,987,762	6,305,178
	8,856,068	6,699,210

	Note	2016 Rupees	2015 Rupees
24. SALES			
Gross sales:			
- Local		1,153,121,488	864,657,293
- Against international tender and funding		59,764,543	-
- Export		13,819,789	44,337,057
		1,226,705,820	908,994,350
Less: Trade discounts		(334,261)	(47,512)
Less: Sales tax		(167,925,042)	(126,080,121)
Net sales		1,058,446,517	782,866,717
25. COST OF SALES			
Raw and packing material consumed		341,565,430	304,524,470
Stores and spares consumed		38,937,942	40,297,270
Salaries, wages and benefits	25.1	217,385,199	186,739,835
Power and gas		96,806,045	102,278,434
Vehicle maintenance		495,380	371,619
Repairs and maintenance		2,072,516	3,910,539
Testing and inspection		13,124,549	12,123,742
Entertainment		3,503,893	3,821,716
Insurance		3,603,224	3,644,508
Communication and stationery		1,015,618	1,080,812
Rent, rates and taxes		1,899,672	1,042,259
Travelling and conveyance		5,487,393	3,739,245
Others		351,106	383,095
Depreciation	16.2	77,801,263	76,850,452
		804,049,230	740,807,996
Work in process			
- Opening work in process		30,571,716	26,957,435
- Closing work in process		(21,295,773)	(30,571,716)
		9,275,943	(3,614,281)
Cost of goods manufactured		813,325,173	737,193,715
Finished goods			
- Opening finished goods		242,344,714	185,234,655
- Closing finished goods		(186,953,949)	(242,344,714)
		55,390,765	(57,110,059)
		868,715,938	680,083,656

25.1 This includes contribution to the Provident Fund amounting to Rs. 2,386,526 (2015: Rs. 2,342,972) and gratuity amounting to Rs. 1,912,785 (2015: Rs. 2,492,971).

		Note	2016 Rupees	2015 Rupees
26.	Administrative Expenses			
	Salaries, wages and benefits	26.1	30,657,589	31,455,466
	Communication and stationery		1,936,997	1,861,975
	Travelling		1,583,550	678,807
	Vehicle maintenance		2,856,830	3,570,839
	Rent, rates and taxes		1,254,000	1,254,000
	Power and gas		614,542	469,222
	Insurance		162,075	139,796
	Legal and professional charges		4,662,776	7,358,315
	Repairs and maintenance		568,441	479,344
	Computer charges		324,964	302,135
	Security charges		176,045	207,326
	Fees and taxes		1,782,161	3,712,768
	Others		930,826	1,328,836
	Depreciation	16.2	987,837	1,464,286
	Amortization	17.2	1,727,830	1,727,831
			50,226,463	56,010,946

26.1 This includes contribution to the Provident Fund amounting to Rs. 12,110 (2015: Rs. 30,691) and gratuity amounting to Rs. 1,286,783 (2015: Rs. 1,677,089).

		Note	2016 Rupees	2015 Rupees
27.	SELLING AND DISTRIBUTION EXPENSES			
	Salaries, wages and benefits	27.1	6,106,244	3,563,014
	Travelling		3,472,136	3,715,425
	Insurance		840,693	236,507
	Handling, freight and transportation		11,212,165	10,597,706
	Electricity and gas		-	15,734
	Vehicle maintenance		177,758	318,365
	Rent, rates and taxes		113,165	140,252
	Communication		340,432	434,195
	Repairs and maintenance		-	93,276
	Advertisement and sales promotion		181,079	190,580
	Late delivery charges		2,810,621	39,490,250
	Others		631,915	350,513
			25,886,208	59,145,817

27.1 This includes contribution to gratuity amounting to Rs. 278,223 (2015: Rs. 362,614).

		Note	2016 Rupees	2015 Rupees
28.	OTHER OPERATING EXPENSES			
	Auditor's remuneration:			
	- statutory audit		730,000	730,000
	- half yearly review		250,000	250,000
			980,000	980,000
	Workers' (profit) participation fund		2,022,049	-
	Workers' welfare fund		768,379	-
	Obsolete of stock		4,503,226	-
	Doubtful debts written off		147,500	22,849,587
	Sales tax penalties	28.1	266,229	516,279
			8,687,383	24,345,866

28.1 The Company was selected for sales tax audit u/s 72B of the Sales Tax Act, 1990 by the Federal Board of Revenue for the period July 01, 2012 to June 30, 2013. Final order after audit proceedings was issued on March 06, 2015 creating a demand of Rs. 5.174 million. The Company then filed an appeal to the Commissioner (Appeals) against this order who reduced the penalty along with default surcharge to Rs. 266,229.

	Note	2016 Rupees	2015 Rupees Restated
29. OTHER INCOME			
Income from financial assets			
Profit on margins held by bank		246,692	-
Exchange gain		2,098,539	1,142,436
		2,345,231	1,142,436
Income from non - financial assets			
Gain on disposal of property, plant and equipment		41,236	1,036,647
Rental income		199,590	68,573
Liabilities written back		7,731,572	2,018,490
Adjustment due to impact of IAS-39	8.4	694,030	15,596,853
		8,666,428	18,720,563
		11,011,659	19,862,999

	Note	2016 Rupees	2015 Rupees
30. FINANCE COST			
Long term financing from banking companies		10,731,822	21,701,066
Long term financing from related parties		14,194,509	14,783,150
Short term borrowings from banking companies		35,561,673	42,419,762
Short term borrowings from related parties		10,392,943	7,128,819
Finance lease		65,845	224,346
Discontinued provident fund	9.1	191,269	69,377
Commission on bank guarantees		2,549,478	2,671,975
Bank charges		4,604,094	3,227,473
		78,291,633	92,225,968
31. TAXATION			
Current	31.1	10,158,384	7,828,667
Deferred		269,708	(19,043,394)
		10,428,092	(11,214,727)

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.

		2016	2015 Restated
32. PROFIT / (LOSS) PER SHARE			
Profit / (Loss) for the year attributable to ordinary shareholders	Rupees	27,222,459	(97,867,810)
Weighted average number of ordinary shares outstanding during the year	Numbers	35,000,000	35,000,000
Profit / (Loss) per share - Basic	Rupees	0.78	(2.80)

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.

	2016 Rupees	2015 Rupees Restated
33. CASH GENERATED FROM OPERATIONS		
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (Loss) before taxation	37,650,551	(109,082,537)
Adjustment for:		
- Depreciation	78,789,100	78,314,738
- Amortization	1,727,830	1,727,831
- Provision for gratuity	3,477,791	4,532,674
- Workers' (profit) participation fund	2,022,049	-
- Workers' welfare fund	768,379	-
- Markup payable to employees against discontinued provident fund	617,132	611,469
- Lease liability adjustment	65,852	637,963
- Doubtful debts written off	147,500	22,849,587
- Obsolete stock written off	4,503,226	-
- Gain on disposal of property, plant and equipment	(41,236)	(1,036,647)
- Liabilities written back	(7,731,572)	(2,018,490)
- Amortisation of deferred markup	(694,030)	(15,596,853)
- Exchange (gain) / loss	(2,098,539)	(1,142,436)
- Finance cost	78,291,633	92,225,968
	159,992,615	181,105,804
Operating profit before working capital changes	197,643,166	72,023,267
(Increase) / decrease in current assets		
- Stores, spares and loose tools	4,965,282	(6,260,155)
- Stock in trade	(16,825,475)	(52,296,340)
- Trade debts	88,931,661	(78,002,735)
- Advances, deposits, prepayments and other receivables	15,320,574	9,898,590
Increase / (decrease) in current liabilities		
- Trade and other payables	(47,227,641)	38,190,600
	45,016,901	(88,470,040)
Cash generated from / (used in) operations	242,660,067	(16,446,773)

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	
	2016	2015	2016	2015	2016	2015	2016	2015
	Rupees		Rupees		Rupees		Rupees	
Managerial remuneration	-	-	3,445,200	4,593,600	-	-	7,156,197	5,923,848
House rent allowance	-	-	1,550,340	2,067,120	-	-	2,328,389	2,665,732
Utilities	400,467	545,152	1,222,508	1,593,467	-	-	579,088	592,385
Medical expenses	168,412	327,761	3,179,792	1,063,735	-	-	204,495	334,841
Reimbursable expenses	1,431,500	1,014,842	4,621,853	4,180,787	-	-	1,735,239	1,091,925
	2,000,379	1,887,755	14,019,693	13,498,709	-	-	12,003,408	10,608,731
Number of persons	1	1	4	4	3	3	5	5

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 certain 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 the 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 these financial statements. Significant transactions with related parties are given below:

Transactions during the year

Related party	Relationship	Nature of transaction	2016 Rupees	2015 Rupees
Associated Engineers (Private) Limited	Associated company	Long term financing obtained	2,400,000	4,200,000
		Markup on long term financing	559,933	558,405
EMCO Industries Limited Provident Fund	Associated undertaking	Markup on long term financing	13,484,247	14,074,829
		Markup paid	5,082,309	2,630,000
		Principal repaid	2,067,000	2,144,150
Imperial Electric Company (Private) Limited	Associated company	Markup on long term financing	150,329	149,916
		Rent expense	1,320,000	1,320,000
		Purchase of goods and services		-
		Sale of goods		-
ICC (Private) Limited	Associated company	Short term borrowing obtained	10,000,000	81,000,000
		Short term borrowing repaid	50,000,000	6,000,000
		Markup on short term borrowing	4,643,552	6,644,963
		Markup paid	11,542,558	-
Directors and close relatives thereof	Associated persons	Short term borrowing obtained	703,422,393	95,496,059
		Short term borrowing repaid	688,053,049	51,284,969
		Markup on short term borrowing	5,749,391	483,856
		Markup on short term borrowing paid	4,755,601	261,740

Outstanding Balance at the year end		2016 Rupees	2015 Rupees Restated
Associated Engineers (Private) Limited	Long term financing	18,098,518	15,752,456
	Markup on long term financing	4,716,332	4,156,399
EMCO Industries Limited Provident Fund	Long term financing	135,743,643	137,810,643
	Markup on long term financing	101,901,498	93,499,559
Imperial Electric Company (Private) Limited	Long term financing	2,569,995	2,561,714
	Payable for expenses	3,304,606	1,856,269
	Markup on long term financing	1,893,569	1,743,240
ICC (Private) Limited	Short term borrowing - interest free	80,750,000	80,750,000
	Short term borrowing - interest bearing	10,000,000	50,000,000
	Markup on short term borrowing	5,573,302	12,312,196
Fatima Memorial Hospital Trust	Receivable against sales	31,788	31,788
ICC (Private) Limited	Receivable against sales	63,059	63,059
Nur Enterprises	Receivable against sales	305,866	305,866
Directors and close relatives thereof	Sponsors' loans	115,708,828	115,708,828
	Advance for expenses	521,908	1,181,897
	Short term borrowing - interest bearing & interest free	192,477,610	177,161,081
	Markup on short term borrowing	1,213,030	419,480

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, 2016 is as follows.

	Insulator Rupees	Tile Rupees	Total Rupees
Segment Results for the Year ended June 30, 2016			
Revenue	1,058,446,517	-	1,058,446,517
Segment result from operations	163,774,324	(50,156,416)	113,617,908
Other operating expenses			(8,687,383)
Other income			11,011,659
Finance costs			(78,291,633)
Profit before taxation			37,650,551

	Insulator Rupees	Tile Rupees	Total Rupees
Segment Results for the year ended June 30, 2015			
Revenue	782,866,717	-	782,866,717
Segment results from operations	44,858,597	(57,232,299)	(12,373,702)
Other operating expenses			(24,345,866)
Other income			19,862,999
Finance costs			(92,225,968)
Loss before taxation			(109,082,537)
Segment asset as at June 30, 2016			
Segment assets	1,262,754,348	867,345,545	2,130,099,893
Segment asset as at June 30, 2015			
Segment assets	1,212,236,220	830,864,287	2,043,100,507

	2016 Rupees	2015 Rupees
Reportable segments' assets are reconciled to total assets as follows:		
Segment assets for reportable segments	2,130,099,893	2,043,100,507
Corporate assets unallocated	136,244,332	152,549,402
Cash and bank balances	8,856,068	6,699,210
Total assets as per the balance sheet	2,275,200,293	2,202,349,119
Reportable segments' liabilities are reconciled to total liabilities as follows:		
Corporate liabilities unallocated	1,507,489,590	1,648,216,520

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

- Information about major customers

3 customers (2015: 3 customer) of the Company account for 40.40% (2015: 46.09%) 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:

	2016	2015
-Pakistan	1,044,626,728	738,529,660
-Turkey	9,388,013	15,384,467
-Middle East	4,431,776	28,952,590
	1,058,446,517	782,866,717

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, 2016, if the Rupee had weakened / strengthen by 1% against the US dollar with all other variables held constant, pre-tax profit for the year would have been Rs. 0.188 million (2015: Rs. 0.374 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 taking into consideration refinancing, renewal of existing positions, alternative financing and hedging etc.

(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, profit before taxation for the year would have been Rs. 7.247 million (2015: Rs. 8.473 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 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:

	2016 Rupees	2015 Rupees
Long term loans	2,278,110	2,843,524
Long term deposits	271,163	271,163
Trade debts	292,246,677	379,227,299
Advances, deposits and other receivables	17,719,668	41,130,078
Bank balances	7,987,762	6,305,178
The aging of trade debts as at balance sheet date is as follows:		
Past due 1 - 90 days	172,311,217	275,425,439
Past due 91 - 180 days	42,134,997	14,335,304
Past due 181 - 365 days	9,191,801	6,534,408
More than 365 days	68,608,662	82,932,148
	292,246,677	379,227,299

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 the 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	2016 Rupees	2015 Rupees
Allied Bank Limited	A1+	AA+	PACRA	457,278	48,039
Askari Bank Limited	A1+	AA+	PACRA	809,109	3,597
Bank Alfalah Limited	A1+	AA	PACRA	9,764	5,077
The Bank of Punjab	A1+	AA-	PACRA	516,558	539,893
Faysal Bank Limited	A1+	AA	PACRA	797,805	9,494
Habib Bank Limited	A-1+	AAA	JCR-VIS	3,037,599	5,086,536
MCB Bank Limited	A1+	AAA	PACRA	14,844	302,947
National Bank of Pakistan	A1+	AAA	PACRA	39,332	13,859
Silk Bank Limited	A-2	A-	JCR-VIS	1,570,203	275,622
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	9,442	2,696
United Bank Limited	A-1+	AAA	JCR-VIS	725,828	17,418
				7,987,762	6,305,178

(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 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, 2016:						
Long term financing	301,452,015	498,772,586	180,566,235	47,497,351	133,537,000	137,172,000
Trade and other payable	219,965,077	219,965,077	219,965,077	-	-	-
Accrued finance cost	171,091,408	171,091,408	171,091,408	-	-	-
Short term borrowings	645,460,193	645,460,193	645,460,193	-	-	-
	1,337,968,693	1,535,289,264	1,217,082,913	47,497,351	133,537,000	137,172,000
Contractual maturities of financial liabilities as at June 30, 2015:						
Long term financing	353,024,539	395,690,319	86,220,816	53,442,563	138,483,280	117,543,660
Liabilities subject to finance lease	2,456,463	2,149,123	2,149,123	-	-	-
Trade and other payable	245,260,020	245,260,020	245,260,020	-	-	-
Accrued finance cost	160,564,677	144,359,698	144,359,698	-	-	-
Short term borrowings	715,920,483	525,699,008	525,699,008	-	-	-
	1,477,226,182	1,313,158,168	1,003,688,665	53,442,563	138,483,280	117,543,660

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, 2016 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, 2016	Cash and Cash Equivalents Rupees	Loans and advances Rupees	Available-for-sale Rupees	Total Rupees
Long term loans	-	2,278,110	-	2,278,110
Long term deposits	-	271,163	-	271,163
Trade debts	-	292,246,677	-	292,246,677
Advances, deposits and other receivables	-	17,719,668	-	17,719,668
Cash and bank balances	8,856,068	-	-	8,856,068
	8,856,068	312,515,618	-	321,371,686
Financial assets as at June 30, 2015				
Long term loans	-	2,843,524	-	2,843,524
Long term deposits and advances	-	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	423,472,064	-	430,171,274

	2016 Rupees	2015 Rupees
Financial liabilities at amortized cost		
Long term finances	301,452,015	353,024,539
Liabilities subject to finance lease	-	2,456,463
Trade and other payables	219,965,077	245,260,020
Accrued finance cost	171,091,408	160,564,677
Short term borrowings	645,460,193	715,920,483
	1,337,968,693	1,477,226,182

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 excluding sponsors' loans) 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:

	2016 Rupees	2015 Rupees
Borrowings	946,912,208	1,071,401,485
Cash and bank balances	(8,856,068)	(6,699,210)
Net debt	938,056,140	1,064,702,275
Equity	21,307,806	(28,327,279)
Total capital employed	959,363,946	1,036,374,996
Gearing ratio	97.78%	102.73%

39. Plant Capacity and Production

	Capacity		Total Production	
	2016	2015	2016	2015
Insulators - tons	5,000	5,000	4,237	3,200
Wall tile - sq. meters.	4,100,000	4,100,000	-	-
Floor tile - sq. meters.	900,000	900,000	-	-

Production increased significantly due to effective operational management.

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, 2015 and December 31, 2014:

	2015 Rupees	2013 Rupees
Size of the Fund	250,210,851	244,222,872
Cost of investments made	6,208	3,599
Percentage of the investments made	0.0025%	0.0015%
Fair value of investments	6,208	3,599
Break up of investments		
Special accounts in a scheduled bank	6,208	3,599

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, 2015, the Company owes Rs. 138.160 million (2014: Rs. 139.485 million) as principal and Rs. 97.445 million (2014: Rs. 87.413 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

	2016 Rupees	2015 Rupees
Employees as at June 30,	481	503
Average number of employees during the year	492	525

42. AUTHORIZATION OF FINANCIAL STATEMENTS

These financial statements were authorized for issue on September 22, 2016 by the Board of Directors of the Company.

43. CORRESPONDING FIGURES

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

Nature	From	To	Amount Rupees
Short term borrowings from related parties - unsecured	Accrued liabilities (Note 11)	Short term borrowings (Note 13)	2,247,726
Final settlement of employees	Others (Note 11)	Accrued liabilities (Note 11)	5,980,125
Dividend payable	Others (Note 11)	Unclaimed dividends (Note 11)	36,250
Payable to Employee retirement benefit funds	Accrued liabilities (Note 11)	Employee retirement benefit funds (Note 11)	1,640,227
Discounting of deferred markup	Long term financing from banking companies (Note 8)	Other operating income (Note 29)	15,273,547
Sponsors' loan	Long term financing from directors (Note 8)	Face of balance sheet (Shown in equity)	115,708,828
Discounting of interest free loan	Long term financing from associated companies (Note 8)	Other income (Note 29)	327,437
Discounting of interest free loan	Long term financing from associated companies (Note 8)	Other income (Note 29)	4,131

44. GENERAL

The figures have been rounded off to the nearest Rupees.

CHIEF EXECUTIVE

DIRECTOR

PATTERN OF SHARE HOLDING
AS ON JUNE 30, 2016

No. of Shareholders	Shareholding From	Shareholding To	Total Shares Held
123	1	100	3,196
275	101	500	67,538
78	501	1,000	63,738
115	1,001	5,000	281,486
22	5,001	10,000	173,162
12	10,001	15,000	154,198
8	15,001	20,000	150,926
5	20,001	25,000	108,022
5	25,001	30,000	141,250
2	30,001	35,000	65,315
3	40,001	45,000	121,956
3	45,001	50,000	147,151
2	65,001	70,000	138,519
1	80,001	85,000	80,691
1	90,001	95,000	90,811
1	115,001	120,000	115,575
1	120,001	125,000	125,000
1	125,001	130,000	127,000
2	135,001	140,000	279,400
1	140,001	145,000	144,500
1	155,001	160,000	157,000
1	160,001	165,000	160,458
1	175,001	180,000	177,125
1	210,001	215,000	210,500
1	220,001	225,000	224,970
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
1	290,001	295,000	291,777
1	300,001	305,000	301,365
1	335,001	340,000	339,093
1	345,001	350,000	350,000
1	375,001	380,000	377,000
1	395,001	400,000	399,378
1	400,001	405,000	403,000
1	435,001	440,000	436,046
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	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	1,580,001	1,585,000	1,585,000
1	1,825,001	1,830,000	1,829,810
1	2,105,001	2,110,000	2,109,524
1	2,010,001	2,015,000	2,011,325
1	2,175,001	2,180,000	2,175,001
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
694			35,000,000

Categories of Shareholders	Numbers of Shareholders	Shares Held	% of paid up Capital
Individuals	668	28,426,761	81.2193
Insurance Companies	2	128,125	0.3661
Joint Stock Companies	18	6,326,672	18.0762
Financial Institutions	6	118,442	0.3383
Total	694	35,000,000	100.00

PATTERN OF SHARE HOLDING
AS ON JUNE 30, 2016

	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
		45,924	0.1312
	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, 2016

	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	ALI USMAN STOCK BROKERAGE (PVT) LIMITED - (CDC)	150	0.0004
5	AMIN TAI SECURITIES (PVT) LIMITED - (CDC)	377,000	1.0771
6	APEX CAPITAL SECURITIES (PVT) LIMITED (CDC)	403,000	1.1514
7	CLIKTADE LIMITED - (CDC)	82	0.0002
8	FAIR EDGE SECURITIES (PRIVATE) LIMITED - (CDC)	2,500	0.0071
9	FIKREE'S (SMC-PVT) LTD. (CDC)	1,815	0.0052
10	MAPLE LEAF CAPITAL LIMITED - (CDC)	1	0.0000
11	MSMANIAR FINANCIALS (PVT) LIMITED - (CDC)	400	0.0011
12	NH SECURITIES (PVT) LIMITED - (CDC)	1,000	0.0029
13	THE IMPERIAL ELECTRIC CO PVT LTD - (CDC)	532,618	1.5218
14	THE IMPERIAL ELECTRIC COMPANY (PVT.) LIMITED - (CDC)	49,681	0.1419
15	WASI SECURITIES (SMC-PVT) LIMITED - (CDC)	30	0.0001
		1,371,936	3.9198
	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 (LOCAL):	12,897,683	36.8505
	SHARES HELD BY THE GENERAL PUBLIC (FOREIGN):	3,065	0.0088
		12,900,748	36.8593
	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	MR. MUHAMMAD ZULQARNAIN NEHNOOD KHAN	2,175,001	6.2143
7	ASSOCIATED ENGINEERS (PVT) LTD.	2,011,325	5.7466
8	MR. USMAN HAQ (CDC)	1,829,810	5.2280
		20,112,090	57.4631

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

S.No	NAME	SALE	PURCHASE
		NIL	NIL

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 19th October 2016 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 before submission to the Company.

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