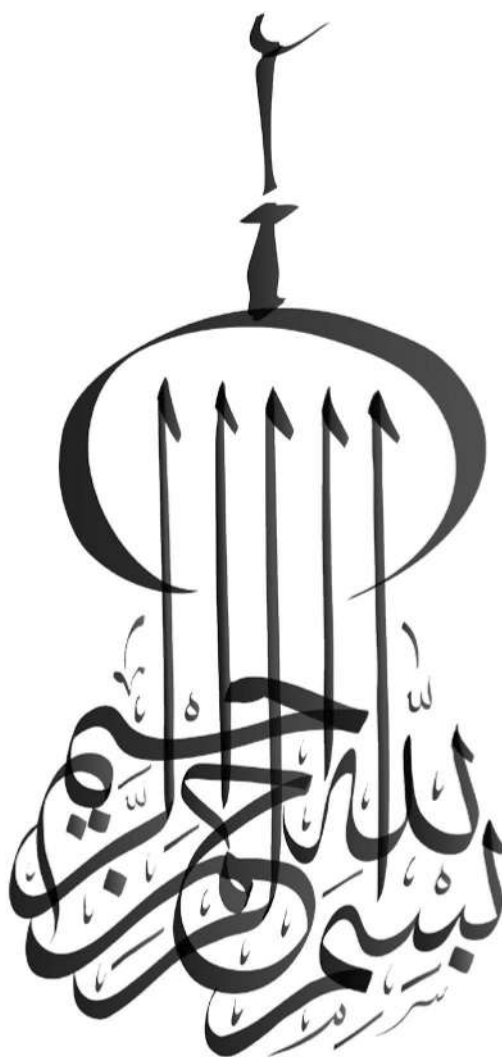
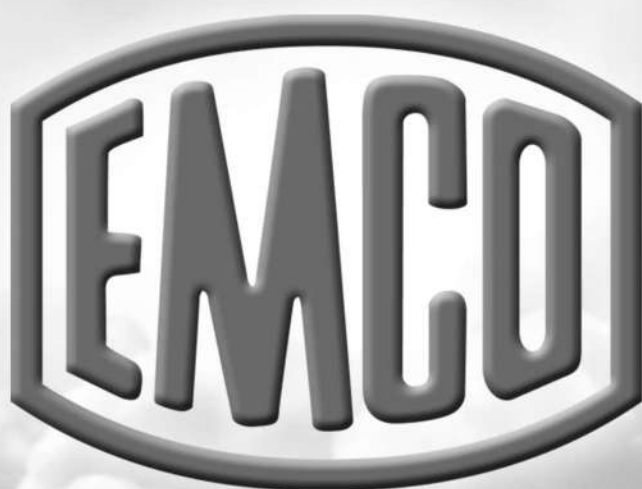


ANNUAL REPORT 2019



EMCO INDUSTRIES LIMITED







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Company Information

Board of Directors

Mr. Javaid Shafiq Siddiqi	(Chairman)
Mr. Tariq Rehman	(Chief Executive Officer)
Mr. Suhail Mannan	
Mr. Pervaiz Shafiq Siddiqi	
Mr. Usman Haq	
Mr. Salem Rehman	
Mr. Ahsan Suhail Mannan	
Mr. Awais Noorani	
Ch. Imran Ali	(Independent Director)

Chief Financial Officer

Mr. Riaz Ahmad

Company Secretary

Mr. Ahsan Suhail Mannan

Audit Committee

Ch. Imran Ali	(Chairman)
Mr. Javaid Shafiq Siddiqi	(Member)
Mr. Usman Haq	(Member)

HR Committee

Ch. Imran Ali	(Chairman)
Mr. Pervaiz Shafiq Siddiqi	(Member)
Mr. Usman Haq	(Member)
Mr. Salem Rehman	(Member)
Mr. Ahsan Suhail Mannan	(Member)

Risk Management Committee

Ch. Imran Ali	Chairman
Mr. Pervaiz Shafiq Siddiqi	Member
Mr. Usman Haq	Member
Mr. Salem Rehman	Member
Mr. Ahsan Suhail Mannan	Member / Committee Secretary

Nomination Committee

Ch. Imran Ali	Chairman
Mr. Javaid Shafiq Siddiqi	Member
Mr. Awais Noorani	Member
Mr. Salem Rehman	Member
Mr. Ahsan Suhail Mannan	Member / Committee Secretary

External Auditors

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

Internal Auditors

M/s. Zeeshan & Co.
Chartered Accountants, Lahore.

Legal Advisers

Cornelius Lane & Mufti
Law Associates
Rizvi & Company

Bankers

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

BUSINESS ITEMS

Porcelain Insulators

- Tension Insulator
- Suspension Insulator
- Pin Insulator
- Line Post Insulator
- Cap and pin Insulator
- Station Post Insulator
- Insulator for Railway Electrification
- Telephone Insulator
- Low Voltage Insulator
- Dropout Cutout Insulator
- HT & LT Bushings

Switchgear

- Disconnect Switch upto 245 kv
- Metal Oxide Surge Arresters upto 245 kv

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

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 Sheikhpura Road,
Lahore.



Notice of Annual General Meeting



NOTICE TO THE SHAREHOLDERS FOR THE 64TH ANNUAL GENERAL MEETING OF
EMCO INDUSTRIES LIMITED TO BE HELD AT THE REGISTERED OFFICE OF THE COMPANY,
SITUATED AT 4TH FLOOR, NATIONAL TOWER, 28-EGERTON ROAD, LAHORE ON TUESDAY
17TH SEPTEMBER 2019, AT 11:00 AM

NOTICE is hereby given that the 64th Annual General Meeting of the Shareholders of EMCO Industries Limited (the "Company") will be held at 4th Floor, National Tower, 28-Egerton Road Lahore on Tuesday 17th September 2019 at 11:00 a.m. to conduct the following business:

Ordinary Business:

1. To confirm the minutes of the last Annual General Meeting (AGM) of the Company held on 26.10.2018.
2. To receive, consider, approve and adopt the Annual Audited Accounts of the company for the year ended 30th June 2019 together with the Director's and Auditor's Reports thereon.
3. To Appoint Auditors for the next financial year ending 30th June 2020 and to fix their remuneration. The present Auditors, M/s Horwath Hussain Chaudhary & Co., Chartered Accountants, retires and being eligible, offer themselves for re-appointment.

Other Business:

1. To transact any other ordinary business with the permission of the Chair.

By order of the Board of Directors

Ahsan Suhail Mannan
(Company Secretary / Director)

Place: Lahore
Dated: 09.08.2019

NOTES:

- (a) The Share Transfer Books of the company will remain closed from 10th September, 2019 to 17th September 2019 (both days inclusive).
- (b) A member entitled to attend and vote at the AGM 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 4th floor, national tower, 28-Egerton Road, Lahore not less than 48 (forty-eight) hours before the time of holding the meeting.
- (c) Any individual beneficial owner of CDC, entitled to vote at the General Meeting, must bring his/her CNIC with him/her to prove his/her identity, and in case of proxy, attested copy of shareholder's CNIC must be attached with the proxy form. The representative of corporate member should bring the usual documents required for such purpose.
- (d) Members are requested to promptly notify the change in their address, if any, to the Company's Share Registrar M/S. Corplink (Pvt) Limited, Wings Arcade, 1-K Commercial, Model Town, Lahore.

Chairman Review

I am pleased to present the Annual Review of the Company's performance, and the Audited Financial Statements for the year ending 30 June 2019.

Your Company has achieved an overall revenue of Rs.1.386 Billion, which is an increase of 21% from the last Fiscal year. The Company continues to invest in research and developments to enhance its products in the local and export markets. The management is also investing incrementally in BMR activities to streamline production and achieve better efficiency from its operations. The overall trajectory of Sales is satisfactory and we expect the trend to continue positively in the next few years.

Financial indicators and significant events of the year have been made available to you over the fiscal year 2018-2019. During the course of the year, the board has reviewed, discussed and approved the financial statements and all the supporting documentation after thorough deliberation and critical analysis. The board has ensured that every board member has had an adequate opportunity to present their opinions on all operational and strategic matters of the Company.

Pursuant to the updated Code of Corporate Governance, the company is trying to ensure full compliance of the code of Corporate Governance. These steps will undoubtedly improve board development, remuneration processes, accountability and audit, and relations with shareholders.

The Management of the Company is confident on achieving further improvement of the Company's performance based on the bright prospects of the energy sector investment climate, and we look forward to the continued support of our valued shareholders.

Dated: August 09, 2019



Javaid S. Siddiqi
(Chairman)



چیرمین جائزہ رپورٹ

میں آپ کی کمپنی کا سالانہ جائزہ پیش کرنے اور 30 جون 2019 کو ختم ہونے والے سال کے لیے آڈیٹ شدہ مالیاتی بیانات پیش کرنے پر خوشی ہے۔

آپ کی کمپنی نے مجموعی طور پر 1.386 بلین روپے کی آمدنی حاصل کی ہے۔ جو گزشتہ مالی سال کے مقابلہ میں 21 فیصد زیادہ ہے۔ کمپنی مقامی اور برآمدی منڈیوں میں اپنی مصنوعات کو بڑھانے کے لیے تحقیق اور پیش رفت میں سرمایہ کاری کرتی رہتی ہے۔ انتظامیہ پیداوار کو ہموار کرنے کے لیے اور اپنے کاموں سے بہتر کارکردگی کے حصول کے لیے BMR سرگرمیوں میں اضافی سرمایہ کاری بھی کرتی رہتی ہے۔ مجموعی طور پر فروخت کی رفتار اطمینان بخش ہے اور ہم توقع کرتے ہیں کہ آئندہ چند سالوں میں بھی یہ رجحان مثبت طور پر جاری رہے گا۔

مالی سال 2018-2019 کے دوران مالی اعشارے اور سال کے اہم واقعات آپ کے لیے دستیاب کر دیئے گئے ہیں۔ سال کے دوران، بورڈ نے مکمل غور و فکر اور تنقید کی تجزیے کے بعد مالی بیانات اور تمام معاون دستاویزات کا جائزہ لیا، اس پر تبادلہ خیال کیا اور ان کی منظوری دی۔ بورڈ نے اس بات کو یقینی بنایا ہے کہ بورڈ کے ہر ممبر کو کمپنی کے تمام آپریشنل اور اسٹریٹجک امور پر اپنی رائے پیش کرنے کا مناسب موقع ملا ہے۔

کارپوریٹ گورننس کے تازہ ترین ضابطہ کے مطابق کمپنی کارپوریٹ گورننس کے ضابطہ اخلاق کی مکمل تکمیل کو یقینی بنانے کی کوشش کر رہی ہے۔ یہ اقدامات بلاشبہ بورڈ کی ترقی، ماوضے کے عمل، احتساب و آڈیٹ اور انحصار یافتگان کے ساتھ تعلقات میں بہتری لائیں گے۔

کمپنی کی انتظامیہ توانائی کے شعبے میں سرمایہ کاری کے ماحول کے روشن امکانات پر مبنی کمپنی کی کارکردگی میں مزید بہتری لانے پر پورا اعتماد ہے اور ہم اپنے قابل قدر انحصار یافتگان کی مستقل حمایت کے منتظر ہیں۔



جاوید شفیق صدیقی

چیرمین

مورخہ: 09 اگست 2019ء

بمقام: لاہور

Directors' Report

On behalf of the Board of Directors, we welcome you to the 64th 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, 2019. Financial Results are as follows: -

	2019 Rupees	2018 Rupees
Profit/(Loss) before Tax	138,745,143	(24,931,361)
Taxation	5,794,212	60,881,391
Profit after Tax	144,539,355	35,950,030
Other Comprehensive (Loss)	(258,733)	(2,440,101)
Total Comprehensive Profit	144,280,622	33,509,929
Accumulated Loss brought forward	(470,286,362)	(523,515,346)
Incremental Depreciation on Revaluation	19,097,919	19,719,055
Transfer of Surplus of Revaluation on disposal of Land	119,268,219	-
	(331,920,224)	(503,796,291)
Accumulated Loss carried forward	(187,639,602)	(470,286,362)
Earning per Share	4.14	1.03

Review of Operating Results

In the period under review, the company has made a pretax profit of Rs. 138.745 Million and an after tax profit of Rs. 144.539 Million. This is the fourth year in continuation that your company has made profits. This healthy trend of improved profitability is expected to continue in the future.

The Company requires continuous gas supply for heating its kilns. According to the new Government policy, the Industrial gas tariff has been changed from combination of natural gas and RLNG tariff to only RLNG tariff which is pegged to crude oil and USS, resulting in considerable appreciation to the input cost for Gas. This pricing formula has exerted downward pressure on the gross margin in the period under review. As such, pricing of the products have been revised in light of this change, as well as taking into account the devaluation of the local currency, and future results will reflect this change positively.

Pursuant to the approval of the board and general body, the sale of Tile Division assets were classified as 'Held for Sale', and the sale of these assets is near completion.

By the grace of Allah, your Company has been able to achieve its targets effectively. Production of Insulator was recorded at 4556 tons during this year as compared to 4817 tons during last year. The slight decrease was on account of variation in demand for the type of products being produced. This stable operational level helped us in meeting our financial commitments on time. Moreover, we have sizable orders for insulators for the current financial year.

The market demand for the Insulators continues to grow owing to the Government of Pakistan's efforts to improve the energy transmission and distribution network. The current orders in hand stand at more than 900 tons and we are expecting to get further orders of above 4000 tons to be completed in the current financial year. Your company has undertaken some BMR to the process to streamline production and we expect to improve our efficiencies further and achieve higher sales. Considering the demand in the energy sector the company is also planning to add new value added products, which would further enhance profitability in the future.



Direct export sales remained Rs. 21.691 in the period under review. Management is fully committed to enhancing the export base further through a push into the regional markets.

Your company is pleased to inform its stakeholders that our relationships with all banks are current, and we are meeting our obligations on time as per agreements.

The Company's contribution to the exchequer in the year under review is Rs. 317.370 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 Pakistan Stock Exchange in its Listing Regulations, relevant for the year ended June 30, 2019 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, 2019 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, 2019 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 has been no material departure from the best practices of corporate governance, as detailed in listing regulations.
- Based upon qualification and experience, Directors will apply during financial year 2019-2020 for exemption from the directors training program certification from the Commission and at least 75% directors on the board will acquire prescribed certificate under Directors' Training Program of SECP during coming year ending June 30, 2020.
- The value of Assets of Provident Fund based on its audited accounts as on December 31, 2018 was Rs 218.020 Million. The value of investment includes accrued interest.

Board Meetings

The Board of Directors, which consist of nine 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 current board of Directors were elected on 30th June 2017. The current board members are as follows:

Sr. #	NAME OF DIRECTOR
1.	Mr. Javaid Shafiq Siddiqi
2.	Mr. Tariq Rehman
3.	Mr. Suhail Mannan
4.	Mr. Usman Haq
5.	Mr. Pervaiz Shafiq Siddiqi
6.	Mr. Salem Rehman
7.	Mr. Ahsan Suhail Mannan
8.	Mr. Awais Noorani
9.	Ch. Imran Ali

The term of the existing members of the Board will expire on 30-06-2020, 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, 2019. The attendance of the board members was as follows: -

Sr. #	Name of Director	Meetings Attended
1.	Mr. Tariq Rehman	03
2.	Mr. Suhail Mannan	04
3.	Mr. Javaid Shafiq Siddiqi	04
4.	Mr. Usman Haq	05
5.	Mr. Pervaiz Shafiq Siddiqi	03
6.	Mr. Salem Rehman	04
7.	Mr. Ahsan Suhail Mannan	05
8.	Mr. Awais Noorani	04
9.	Ch. Imran Ali	05

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

TRANSACTION / TRADE OF COMPANY'S SHARE

During the financial year, Directors, CEO, CFO, Company Secretary (including their spouses and minor children) executed the following transactions in the shares of the Company;

Mr. Tariq Rehman (CEO) Gifted out 898,635 shares to his son.

Audit Committee (AC)

The AC reviews the annual and quarterly financial statements, internal audit report, and information before dissemination to Pakistan Stock Exchange 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 with CFO and head of internal audit being present. Name of the present members of Audit Committee are as follows:

1.	Ch. Imran Ali	Chairman
2.	Mr. Javaid S. Siddiqi	Member
3.	Mr. Usman Haq	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 and 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, 2019.

Pattern of Shareholding

The pattern of shareholding as on June 30, 2019 and its disclosure, as required by the Code of Corporate Governance is annexed with this report.

Financial Highlights

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

Auditors

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

For and on behalf of the board of Directors



Usman Haq
Director



Salem Rehman
Director

Lahore: August 09, 2019

ڈائریکٹر رپورٹ

بورڈ آف ڈائریکٹرز کی جانب سے ہم آپ کی کمپنی کے 64 واں سالانہ جنرل اجلاس پر خیر مقدم کرتے ہیں اور 30-06-2019 تک ختم ہونے والے سال کے لیے آپ کو آڈٹ کردہ مالی بیانات اور ایڈیٹر کی رپورٹ پیش کرتے ہیں۔ مالی نتائج مندرجہ ذیل ہیں۔

تفصیل

2018	2019	
روپے	روپے	
(24,931,361)	138,475,143	قبل از ٹیکس نفع / (نقصان)
60,881,391	5,794,212	ٹیکس
35,950,030	144,539,355	بعد از ٹیکس نفع
(2,440,101)	(258,733)	دیگر جامع (نقصان)
33,509,929	144,280,622	کلی جامع نفع
(523,515,346)	(470,286,362)	جمع شدہ (نقصان) آگے آیا
19,719,055	19,097,919	از سر نو تعین پراضافی تحقیر
-	119,268,219	زمین کی فروخت پر از سر نو تعین پراضافی تحقیر
(503,796,291)	(331,920,224)	جمع شدہ (نقصان) C/F
(470,286,362)	(187,639,602)	نفع فی شیئر
1.03	4.14	

زیر عمل نتائج کا جائزہ:-

اس زیر جائزہ مدت میں کمپنی نے 138.745 ملین روپے قبل از ٹیکس اور 144.539 ملین روپے بعد از ٹیکس کا منافع بنایا ہے۔ یہ مسلسل چوتھا سال ہے کہ آپ کی کمپنی نے منافع بنایا ہے۔ امید کی جاتی ہے کہ منافع میں اضافہ کا یہ صحت مندانہ رواج مستقبل میں بھی جاری رہے گا۔

کمپنی کو اپنے کلنز کو گرم رکھنے کے لیے مسلسل گیس کی فراہمی کی ضرورت ہے۔ گورنمنٹ کی نئی پالیسی کے مطابق انڈسٹریل گیس کے نرخوں کو قدرتی گیس اور RLNG کے نرخوں سے تبدیل کر کے صرف RLNG کے نرخوں میں تبدیل کر دیا گیا ہے۔ جو خام تیل اور امریکی ڈالر سے منسلک ہیں۔ جس کے نتیجے میں گیس کے خرچے کی لاگت میں خاطر خواہ اضافہ ہوگا۔ قیمتوں کا تعین کرنے کے اس فارمولے نے زیر جائزہ مدت میں مجموعی طور پر نیچے کا دباؤ ڈالا ہے۔ اس طرح اس تبدیلی کی روشنی اور مقامی کرنسی کی قدر میں کمی کو مد نظر رکھتے ہوئے مصنوعات کی قیمتوں میں ردوبدل کیا گیا ہے اور آئندہ نتائج اس تبدیلی کو مثبت طور پر ظاہر کریں گے۔

بورڈ اور جنرل باڈی کی منظوری کے تحت، ٹائل ڈویژن کے اثاثوں کی فروخت کو "Held For Sale" کے لیے درجہ بند کیا گیا تھا اور ان اثاثوں کی فروخت تکمیل کے قریب ہے۔

اللہ کے فضل و کرم سے آپ کی کمپنی اپنے اہداف کو موثر طریقے سے حاصل کرنے کے قابل ہوگئی ہے۔ اس سال کے دوران انسولیٹرز ڈویژن کی پیداوار 4556 ٹن ریکارڈ کی گئی جو کہ گزشتہ سال میں اس سال کے مقابلے میں 4817 ٹن تھی۔ معمولی کمی مختلف قسم کی بنائی جانے والی مصنوعات کی مانگ میں فرق کی وجہ سے تھی۔ اس مستحکم آپریشنل سطح نے ہمارے معاشی وعدوں کو وقت پر پورا کرنے میں ہماری مدد کی ہے۔ مزید یہ کہ ہمارے پاس رواں سال کے لیے انسولیٹرز کے بڑے پیمانے پر آرڈرز ہیں۔



اس سے ہمیں اپنے مالی عزائم کو بروقت پورا کرنے میں مدد ملی ہے۔ پاکستان کی حکومت کی توانائی کی فراہمی اور تقسیم کے نظام میں بہتری کی کوششوں کی وجہ سے انسولیٹرز کے لیے مارکیٹ کی طلب مسلسل بڑھ رہی ہے۔ اس وقت ہمارے پاس 900 ٹن سے زائد کے آرڈر موجود ہیں اور ہمیں 4000 ٹن سے زائد کے آرڈر حاصل کرنے کی توقع ہے۔ جو کہ موجودہ مالی سال میں مکمل ہونگے۔ آپ کی کمپنی نے پیداواری صلاحیت بروکار لانے کے لیے BMR کا کچھ عمل شروع کیا ہوا ہے۔ اور ہم توقع کرتے ہیں کہ اپنی کارکردگی کو مزید بہتر بنائیں گے اور زیادہ فروخت حاصل کریں گے۔ توانائی کے شعبے میں طلب پر غور کرتے ہوئے کمپنی نئی ویلیو ایڈڈ مصنوعات شامل کرنے کی منصوبہ بندی کر رہی ہے۔ جس سے مستقبل میں منافع میں مزید اضافہ ہوگا۔

زیر جائزہ مدت میں براہ راست برآمدات 21.691 ملین روپے رہی۔ انتظامیہ علاقائی منڈیوں میں اضافے کے ذریعے ایکسپورٹ میں کو مزید بڑھانے کے لیے پوری طرح پرعزم ہے۔

آپ کی کمپنی اپنے اسٹیک ہولڈرز کو مطلع کرتے ہوئے خوش ہے۔ کہ ہمارے تعلقات تمام بنکوں کے ساتھ ہیں اور ہم معاہدوں کے مطابق اپنی ذمہ داریاں بروقت پوری کر رہے ہیں۔

زیر جائزہ سال کے دوران، درآمدی ڈیوٹی، سیلز ٹیکس، اکم ٹیکس اور دیگر سرکاری محصولات کی شکل میں خزانے میں کمپنی کی شراکت 317.370 ملین روپے رہی۔

کارپوریٹ گورننس کا ضابطہ:

کمپنی کی طرف سے 30 جون 2019 کو ختم ہونے والے سال کے لیے کارپوریٹ نظم و نسق کے ضابطے میں پاکستان شاک اینڈ چیئج کی طرف سے جاری کردہ لسٹنگ ضابطے کی مطلوبہ ضروریات کو اپنایا گیا ہے اور ان پر مناسب طریقے سے عمل کیا گیا ہے۔ اس کا موثر بیان رپورٹ کے ساتھ شامل ہے۔

ضابطہ کی دفعات کے مطابق، بورڈ ممبران مندرجہ ذیل بیان ریکارڈ پر لانے میں خوشی محسوس کرتے ہیں۔

- 30 جون 2019 کو ختم ہونے والے سال کی تیار کردہ مالیاتی اسٹیٹمنٹ، اس کی کارکردگی، نقدی کے بہاؤ اور ایکویٹی میں تبدیلیوں کا واضح اظہار ہیں۔
- اکاؤنٹس کی مناسب اور درست کتابیں تیار کی گئی ہیں۔
- 30 جون 2019 کو ختم ہونے والے سال کی مالیاتی اسٹیٹمنٹ کی تیاری اکاؤنٹنگ کی مخصوص پالیسیوں کا یکساں اور مسلسل اطلاق کیا گیا ہے۔ اکاؤنٹنگ تخمینے موزوں اور محتاط اندازوں پر مبنی ہے۔ اکاؤنٹنگ پالیسی میں تبدیلی کا مناسب انکشاف کیا گیا ہے
- مالیاتی اسٹیٹمنٹ کی تیاری میں بین الاقوامی اکاؤنٹنگ معیار پر عمل کیا گیا ہے جو کہ پاکستان میں رائج ہیں۔
- اندرونی انحطاط کا نظام مضبوط و خدوخال پر استوار کیا گیا ہے۔ اور بین الاقوامی آڈٹ کی طرف سے منوثر اطلاق اور جانچ کی گئی ہے۔
- کارپوریٹ گورننس کے بہترین معیار اور ضابطے عمل سے کوئی قابل ذکر انحراف نہیں کیا گیا۔
- اہلیت اور تجربے کی بنیاد پر ڈائریکٹرز مالی سال 2019-2020 کے دوران کمیشن سے ڈائریکٹرز ٹریننگ پروگرام کی سند سے استثنیٰ کے لیے درخواست دیں گے اور بورڈ میں کم از کم 75% ڈائریکٹرز 30 جون 2020 کو ختم ہونے والے سال کے دوران ایس ای سی پی کے ڈائریکٹرز ٹریننگ پروگرام کے تحت مقررہ سند حاصل کریں گے۔
- پراویڈنٹ فنڈ کے اثاثوں کی مالیت 31 دسمبر 2018ء اس کے آڈٹ شدہ اکاؤنٹس کی بنیاد پر 218.020 ملین روپے تھی۔ سرمایہ کاری کی قدر میں جمع شدہ سود بھی شامل ہے۔

بورڈ کے اجلاس:

بورڈ کے ڈائریکٹرز جن میں 09 اراکین شامل ہیں اور وہ کمپنی کی کارکردگی کو آزادانہ اور شفاف طریقہ سے نگرانی کے ذمہ دار ہیں اور کمپنی کی قدر میں پائیدار ترقی حاصل کرنے کے لیے حکمت عملی پر مبنی فیصلے کرتے ہیں۔ تمام بورڈ ممبران ہر تین سال بعد جنرل اجلاس میں منتخب ہوتے ہیں۔ موجودہ بورڈ آف ڈائریکٹرز 2017-06-30 کو منتخب ہوا تھا۔

موجودہ بورڈ ممبران حسب ذیل ہیں۔

نمبر شمار	نام ڈائریکٹر
1	مسٹر جاوید شفیق صدیقی
2	مسٹر طارق رحمن
3	مسٹر سہیل منان
4	مسٹر عثمان حق
5	مسٹر پرویز شفیق صدیقی
6	مسٹر سالم رحمن
7	مسٹر احسن سہیل منان
8	مسٹر اولیس نورانی
9	چوہدری عمران علی

بورڈ کے موجودہ ممبران کی مدت بشمول ان کے اس حیثیت سے کام کرنے کی رضا مندی مجوزہ فارم پر ان کی قرارداد کا خاتمہ 2020-06-30 کو ہوگا۔

بورڈ کے اجلاس کی تحریری اطلاع بمعہ دستاویزات ممبران کو اجلاس سے سات دن پہلے بھیج دی گئی تھی۔ 2019-06-30 تک بورڈ آف ڈائریکٹرز کے کل پانچ اجلاس ہوئے۔ بورڈ کے ممبران کی حاضری درج ذیل ہے:

نمبر شمار	نام ڈائریکٹر	اجلاس میں شمولیت
1	مسٹر طارق رحمن	3
2	مسٹر سہیل منان	4
3	مسٹر جاوید شفیق صدیقی	4
4	مسٹر عثمان حق	5
5	مسٹر پرویز شفیق صدیقی	3
6	مسٹر سالم رحمن	4
7	مسٹر احسن سہیل منان	5
8	مسٹر اولیس نورانی	4
9	چوہدری عمران علی	5

اجلاس میں شامل نہ ہو سکنے والے ڈائریکٹرز کو غیر حاضری کی اجازت دے دی گئی تھی۔



لین دین کا عمل / کمپنی حصص کی تجارت:

مالی سال کے دوران کسی بھی ڈائریکٹرز، چیف ایگزیکٹو آفیسر، چیف فنانشل آفیسر، کمپنی سیکرٹری (بشمول ازواج اور چھوٹے بچوں کے) کمپنی حصص کی تجارت میں درج ذیل لین دین کو سرانجام دیا۔

جناب طارق رحمان، چیف ایگزیکٹو آفیسر نے 898,635 شیئرز اپنے بیٹے کو گفٹ کیے۔

محاسبہ کمیٹی:

اکاؤنٹ کا جائزہ، سالانہ اور سہ ماہی مالیاتی گوشوارے، داخلی محاسبہ کی رپورٹ اور پاکستان اسٹاک ایکسچینج کو جاری کرنے سے قبل معلومات اور بیرونی محاسبہ کاروں کی مجوزہ تقرری کی حصص داران سے منظوری دیگر معاملات کے علاوہ اہم اہمیت کے حامل ہیں۔ محاسبہ کمیٹی کا اجلاس بورڈ کے اجلاس سے قبل منعقد ہوتا ہے۔ زیر جائزہ سال کے دوران محاسبہ کمیٹی کے کل چار اجلاس منعقد ہوئے۔ اس میں بیرونی محاسبہ کاروں کے ساتھ چیف فنانشل آفیسر اور اندرونی محاسبہ کے سربراہ اجلاس بھی شامل ہیں۔

محاسبہ کمیٹی کے اراکین کے نام مندرجہ ذیل ہیں:

نمبر شمار	نام ڈائریکٹر	اجلاس میں شمولیت
1	ڈاکٹر عمران علی	چیئر مین
2	مسٹر جاوید ایل صدیقی	ممبر
3	مسٹر عثمان حق	ممبر

ملازمین کے باہمی روابط:

افراط زر کے دباؤ کے باوجود انتظامیہ دوران سال ملازمین کے مثبت اور باہمی تعاون پر مبنی کردار کو ریکارڈ پر لا کر ناپسند کرے گی اور ان سے اس مشکل وقت کے دوران جس سے تمام قوم گزر رہی ہے مزید لگا تار حمایت کی توقع رکھے گی۔ انتظامیہ انجینئرنگ ٹیم کی جانب سے جاری تحقیق اور ترقی کو اور یونین کی جانب سے پیداوار کے ہر مرحلے پر پیداوار میں اضافے اور ہر ممکن حد تک نقصانات کو کم کرنے میں انتہائی تعاون کے کردار کو ریکارڈ پر لا کر ناپسند کرے گی۔ دیگر تمام محکموں کی حمایت بھی تسلیم کی جاتی ہے۔

اعتراف:

ہم اپنے قابل قدر صارفین اور بینکوں کا شکریہ ادا کرنا چاہتے ہیں جنہوں نے نہ صرف تعاون کیا بلکہ کچھ ادائیگوں میں قخل کا مظاہرہ کیا جن میں تاخیر ہوئی تھی کیونکہ وہ انتظامیہ کے قابو سے باہر تھے۔ اور آخر میں ہم اپنے حصص داران کو ان کی غیر متزلزل حمایت کیلئے شکریہ ادا کرنا چاہتے ہیں۔

حصص داران کا منافع:

آگے لائے جانے والے نقصانات کو دیکھتے ہوئے 30 جون 2019 تک ختم ہونے والے سال کیلئے حصص داران کیلئے کسی قسم کے منافع کی سفارش نہیں کی جاتی۔

ملکیتی تفصیل:

30 جون 2019 کو ملکیتی تفصیل کارپوریٹ گورنس کے ضابطہ کے مطابق اس رپورٹ کے ساتھ منسلک ہے۔

مالیاتی جھلکیاں:

کمپنی کے آخری 10 سال کی کارکردگی کیلئے اہم مالیاتی جھلکیاں اس رپورٹ میں دستیاب ہیں۔

آڈیٹرز:

آڈٹ کمیٹی کی تجویز کے مطابق حالیہ آڈیٹرز، مینسز ہاروتھ حسین چوہدری اینڈ کمپنی چارٹرڈ اکائونٹنٹ نے اگلی مدت کے اہل ہونے کے سبب دوبارہ تقرری کیلئے پیش کی ہے۔

بورڈ کی طرف سے



سالم رحمان

ڈائریکٹر



عثمان حق

ڈائریکٹر

09 اگست 2019ء

لاہور

Financial Highlights of Last Ten Years

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
.....(Rupees in Million).....										
Net Total sales	1,386	1,148	1,006	1,058	783	932	1,596	1,856	1,855	1,861
Exports (Direct & Indirect)	22	72	118	74	44	51	46	61	104	164
Employees Costs	311	293	276	254	222	213	313	285	325	307
Profit/(Loss) before tax	139	(25)	68	38	(125)	(106)	(39)	(14)	(35)	(76)
Profit/(Loss) after tax	145	36	29	27	(98)	(104)	(35)	(21)	(46)	(71)
Earning per share	4.13	1.03	0.83	0.78	(2.80)	(2.96)	(0.99)	(0.61)	(1.32)	(2.05)
Capital Expenditure	75	60	22	35	18	13	23	37	8	18
Cash Dividend Rate	-	-	-	-	-	-	-	-	-	-
Stock Dividend Rate	-	-	-	-	-	-	-	-	-	-
Shareholder's Equity (Excl. Rev.Surplus)	408	125	72	21	(28)	50	17	33	36	64
Shareholder's Equity (Incl. Rev.Surplus)	1,166	1,016	993	768	422	528	621	448	469	515



Statement of Compliance

With the Code of Corporate Governance for the year ended June 30, 2019

The Company has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are 09 as per the following:

- a. Male: 09
- b. Female: 00

2. The composition of board is as follows:

Category	Names
a) Independent Directors	Ch. Imran Ali
b) Other Non-Executive Directors	Mr. Suhail Mannan Mr. Usman Haq Mr. Javaid S. Siddiqi Mr. Pervaiz S. Siddiqi Mr. Awais Noorani
c) Executive Directors	Mr. Tariq Rehman Mr. Salem Rehman Mr. Ahsan Suhail Mannan

3. The directors have confirmed that none of them is serving as a director on more than five listed Companies, including this Company (excluding the listed subsidiaries of listed holding Companies where applicable).
4. The Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
5. The board has developed a vision/ mission 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.
6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by board/ shareholders as empowered by the relevant provisions of the Act and these Regulations.
7. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.
8. The board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
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 three 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. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
11. CFO and two directors duly endorsed the financial statements before approval of the board.

12. The board has formed committees comprising of members given below:

a) Audit Committee

Ch. Imran Ali	Chairman
Mr. Javaid S. Siddiqi	Member
Mr. Usman Haq	Member

* The Committee has been reconstituted on April 23, 2019

b) HR and Remuneration Committee

Ch. Imran Ali	Chairman
Mr. Pervaiz Shafiq Siddiqi	Member
Mr. Usman Haq	Member
Mr. Salem Rehman	Member
Mr. Ahsan Suhail Mannan	Member / Committee Secretary

c) Risk Management Committee

Ch. Imran Ali	Chairman
Mr. Pervaiz Shafiq Siddiqi	Member
Mr. Usman Haq	Member
Mr. Salem Rehman	Member
Mr. Ahsan Suhail Mannan	Member / Committee Secretary

* The board has formed Risk Management on February 11, 2019

d) Nomination Committee

Ch. Imran Ali	Chairman
Mr. Javaid Shafiq Siddiqi	Member
Mr. Awais Noorani	Member
Mr. Salem Rehman	Member
Mr. Ahsan Suhail Mannan	Member / Committee Secretary

* The board has formed Nomination Committee on February 11, 2019

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.

14. The frequency of meetings (quarterly / half yearly / yearly) of the committee were as per following:

a) Audit Committee meetings	Every quarter.
b) HR and Remuneration Committee	Twice a year.
c) Risk Management Committee	Once a year.
d) Nomination Committee	Once a year.

15. The board has outsourced the internal audit function to M/s. Zeeshan & Company, Chartered Accountants who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.

16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with Audit Oversight Board 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 the ICAP.

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

18. We confirm that all other requirements of the Regulations have been complied with.

Lahore
August 09, 2019


(Javaid Shafiq Siddiqi)
Chairman



INDEPENDENT AUDITORS' REVIEW REPORT TO THE MEMBERS OF EMCO INDUSTRIES LIMITED REVIEW REPORT ON THE STATEMENT OF COMPLIANCE CONTAINED IN LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2017

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of EMCO Industries Limited ("the Company") for the year ended June 30, 2019 in accordance with the requirements of regulation 40 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. 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 Regulations

As a 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.

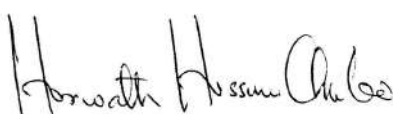
The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. 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 procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Based on our review, 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 requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2019.

Further, we highlight below instance of non-compliance with the requirement of the Regulations as reflected in the paragraph reference where it is stated in the Statement of Compliance:

Serial No.	Paragraph Reference	Description
1	9	The Company has not arranged the directors training program or obtained the exemption from the directors training program from the commission as required under clause 20 of the Regulations.

Lahore
August 09, 2019


HORWATH HUSSAIN CHAUDHURY & CO.
Chartered Accountants
(Engagement partner: Muhammad Nasir Muneer)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EMCO INDUSTRIES LIMITED REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the annexed financial statements of **EMCO INDUSTRIES LIMITED** (the Company), which comprise the statement of financial position as at June 30, 2019, and the statement of profit or loss, the statement of the comprehensive loss, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, 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 the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the Company's affairs as at June 30, 2019 and of the profit, other comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standard Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the Key Audit Matters:

Sr.#	Key audit matters	How the matter was addressed in our audit
	First time adoption of International Financial Reporting Standard (IFRS) 9 'Financial Instruments' and International Financial Reporting Standard (IFRS) 15 'Revenue from Contracts with Customers'.	
1	<p>During the year, the Company has first time adopted IFRS 9 (Financial Instruments) and IFRS 15 (Revenue from Contracts with Customers).</p> <p>As part of this first time adoption and transition to the requirements, the management performed an analysis to identify differences between the previous and the current applicable standards and as a result certain amendments relating to presentation and disclosures were made in the accompanying financial statements.</p> <p>Any change in presentation or classification of items has been accounted for in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' and comparative figures have been restated as disclosed in note 5 of the financial statements.</p>	<p>We reviewed and understood the requirements of IFRS 9 and IFRS 15. Our audit procedures included the following</p> <ul style="list-style-type: none"> Reviewed the management's process to identify the additional disclosure requirements and related revisions (if any) as a result of first time adoption of IFRS 9 and IFRS 15; Obtained understanding of the recorded trade receivables by discussing with the management and making inquiries on the entire accounting process associated with the recording of trade receivables;



Sr.#	Key audit matters	How the matter was addressed in our audit
	In view of the amendments and various new disclosures prepared and presented in the financial statements, we considered this as a key audit matter.	<ul style="list-style-type: none"> • Obtained relevant underlying supporting documents for ensuring that management has complied with the revenue recognition criteria as introduced by IFRS 15; and • Obtained relevant underlying supporting documentation on test basis for the additional disclosures and assessed their appropriateness for the sufficient audit evidence.

Information Other than the Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual Report 2019, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of Directors is responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

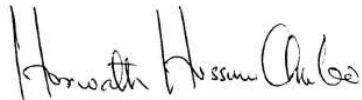
Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- the statement of financial position, the statement of profit or loss, the statement of other comprehensive loss, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditors' report is Muhammad Nasir Muneer.

Lahore
August 09, 2019


HORWATH HUSSAIN CHAUDHURY & CO.
Chartered Accountants
(Engagement partner: Muhammad Nasir Muneer)





STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2019

	Note	2019 Rupees	2018 Rupees
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Authorized share capital 40,000,000 (2018: 40,000,000) ordinary shares of Rs. 10 each		400,000,000	400,000,000
Issued, subscribed and paid up capital 35,000,000 (2018: 35,000,000) ordinary shares of Rs. 10 each	6	350,000,000	350,000,000
Reserves	7	(57,741,076)	(340,387,836)
Sponsors' loan	8	115,708,828	115,708,828
Surplus on revaluation of property, plant and equipment	9	757,853,611	890,805,277
		1,165,821,363	1,016,126,269
Non Current Liabilities			
Long term financing	10	237,092,262	315,810,026
Deferred liabilities	11	57,658,457	45,419,240
Deferred tax liability	12	-	35,427,534
		294,750,719	396,656,800
Current Liabilities			
Trade and other payables	13	271,980,730	241,050,264
Unclaimed dividends		243,677	243,677
Accrued finance cost	14	26,555,724	21,170,977
Short term borrowings	15	614,434,005	537,413,016
Current portion of long term financing	10	66,847,343	70,643,311
		980,061,479	870,521,245
Liabilities of disposal group classified as held for sale	26	16,830,375	65,499,988
Contingencies and Commitments			
	16	-	-
		2,457,463,936	2,348,804,302
ASSETS			
Non Current Assets			
Property, plant and equipment	17	1,149,254,897	1,142,841,563
Intangible assets	18	1,961,168	2,239,916
Deferred tax asset	12	27,349,030	-
Long term prepayments and other receivables	19	51,389,848	37,356,451
Long term loans	20	1,463,500	1,377,650
Long term deposits		1,659,900	1,659,900
		1,233,078,343	1,185,475,480
Current Assets			
Stores, spares and loose tools	21	79,567,641	84,922,144
Stock in trade	22	449,783,487	376,764,428
Trade receivables	23	533,532,521	300,910,812
Advances, deposits, prepayments and other receivables	24	78,036,810	73,565,632
Income tax refundable from the Government		51,984,532	70,558,593
Cash and bank balances	25	5,273,337	10,135,269
		1,198,178,328	916,856,878
Disposal group classified as held for sale	26	26,207,265	246,471,944
		2,457,463,936	2,348,804,302

The annexed notes from 1 to 47 form an integral part of these financial statements.

DIRECTOR

DIRECTOR

CHIEF FINANCIAL OFFICER

At the time of the meeting of Board of Directors, the Chief Executive Officer is not available in Pakistan. Therefore, as prescribed under section 232 of Companies Act, 2017, these financial statements are signed by two directors and the Chief Financial Officer.

STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED JUNE 30, 2019

	Note	2019 Rupees	2018 Rupees
Revenue	27	1,385,892,713	1,147,896,680
Cost of sales	28	(1,038,364,381)	(991,034,781)
Gross Profit		347,528,332	156,861,899
Administrative expenses	29	(69,396,191)	(60,211,029)
Selling and distribution expenses	30	(27,753,122)	(25,129,649)
		(97,149,313)	(85,340,678)
Operating Profit		250,379,019	71,521,221
Other operating expenses	31	(80,030,737)	(97,641,185)
Other income	32	50,169,168	63,134,732
Finance cost	33	(81,772,307)	(61,946,129)
Profit / (Loss) before Taxation		138,745,143	(24,931,361)
Taxation	34	5,794,212	60,881,391
Net Profit for the Year		144,539,355	35,950,030
Earnings per Share - Basic and Diluted	35	4.13	1.03

The annexed notes from 1 to 47 form an integral part of these financial statements.


DIRECTOR


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STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2019

	2019 Rupees	2018 Rupees
Net Profit for the Year	144,539,355	35,950,030
Other comprehensive income		
<i>Items that will not be reclassified to profit or loss</i>		
Remeasurement of retirement benefits asset	(360,402)	(3,445,497)
Related tax impact	101,669	1,005,396
Reversal of revaluation surplus due to impairment of plant and equipment	-	(13,379,246)
Related tax impact	-	3,904,064
<i>Items that may be reclassified to profit or loss</i>	-	-
Other comprehensive loss for the year - net of tax	(258,733)	(11,915,283)
Total Comprehensive Income for the Year	144,280,622	24,034,747

The annexed notes from 1 to 47 form an integral part of these financial statements.



DIRECTOR



DIRECTOR



CHIEF FINANCIAL OFFICER

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STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2019

	Note	2019 Rupees	2018 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Generated from Operations	36	40,786,927	100,152,149
Long term prepayments and other receivables		(14,033,397)	(14,965,750)
Finance cost paid		(57,678,681)	(55,568,797)
Gratuity paid		(62,477)	(2,755,459)
Payments against discontinued provident fund		(65,000)	(22,329)
Workers' Profit Participation Fund paid		-	(6,241,081)
Dividends paid		-	(1,125)
Income tax paid		(32,892,150)	(9,767,223)
		(90,698,308)	(74,356,014)
Net Cash (Used in) / Generated from Operating Activities		(63,944,778)	10,830,385
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(51,726,348)	(17,072,823)
Capital work in progress		(23,303,038)	(42,609,940)
Recoveries against long term loans		(85,850)	122,211
Long term security deposits		-	(1,492,400)
Proceeds received from disposal of assets held for sale		155,295,326	65,499,988
Proceeds received from disposal of property, plant and equipment		1,134,000	34,278,376
Net Cash Genrated from Investing Activities		81,314,090	38,725,412
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term financing repaid		(100,402,233)	(88,322,784)
Long term financing obtained		1,150,000	1,650,000
Short term borrowings obtained / (repaid) - net		77,020,989	44,693,170
Net Cash Used in Financing Activities		(22,231,244)	(41,979,614)
Net (Decrease) / Increase in Cash and Cash Equivalents		(4,861,932)	7,576,183
Cash and cash equivalents at the beginning of the year		10,135,269	2,559,086
Cash and Cash Equivalents at the End of the Year		5,273,337	10,135,269

The annexed notes from 1 to 47 form an integral part of these financial statements.


DIRECTOR


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CHIEF FINANCIAL OFFICER

At the time of the meeting of Board of Directors, the Chief Executive Officer is not available in Pakistan. Therefore, as prescribed under section 232 of Companies Act, 2017, these financial statements are signed by two directors and the Chief Financial Officer.



STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2019

Particulars	Issued, Subscribed and Paid up Capital	Reserves				Sponsors' Loan	Surplus on Revaluation of Property, Plant and Equipment	Total
		Capital	Revenue		Total Reserves			
		Share Premium Reserve	General Reserve	Accumulated Loss				
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Balance as at June 30, 2017	350,000,000	39,898,526	90,000,000	(523,515,346)	(393,616,820)	115,708,828	920,533,260	992,625,268
Net profit for the year	-	-	-	35,950,030	35,950,030	-	-	35,950,030
Other comprehensive loss for the year	-	-	-	(2,440,101)	(2,440,101)	-	(9,475,182)	(11,915,283)
Incremental depreciation for the year on surplus on revaluation of property, plant and equipment-net	-	-	-	19,719,055	19,719,055	-	(19,719,055)	-
Effect of change in effective tax rate	-	-	-	-	-	-	(533,746)	(533,746)
Balance as at June 30, 2018	350,000,000	39,898,526	90,000,000	(470,286,362)	(340,387,836)	115,708,828	890,805,277	1,016,126,269
Net profit for the year	-	-	-	144,539,355	144,539,355	-	-	144,539,355
Other comprehensive loss for the year	-	-	-	(258,733)	(258,733)	-	-	(258,733)
Surplus on revaluation of property, plant and equipment realized on disposal of land	-	-	-	119,268,219	119,268,219	-	(119,268,219)	-
Incremental depreciation for the year on surplus on revaluation of property, plant and equipment - net	-	-	-	19,097,919	19,097,919	-	(19,097,919)	-
Effect of change in effective tax rate	-	-	-	-	-	-	5,414,472	5,414,472
Balance as at June 30, 2019	350,000,000	39,898,526	90,000,000	(187,639,602)	(57,741,076)	115,708,828	757,853,611	1,165,821,363

The annexed notes from 1 to 47 form an integral part of these financial statements.



DIRECTOR



DIRECTOR



CHIEF FINANCIAL OFFICER

At the time of the meeting of Board of Directors, the Chief Executive Officer is not available in Pakistan. Therefore, as prescribed under section 232 of Companies Act, 2017, these financial statements are signed by two directors and the Chief Financial Officer.

NOTES TO AND THE FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

1. THE COMPANY AND ITS OPERATIONS

EMCO Industries Limited ("the Company") was incorporated as a Joint Stock Company in Pakistan under the repealed Companies Act, 1913, (now the Companies Act, 2017) 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 exchange on December 29, 1983. The Company is domiciled in Pakistan and its registered office is located at 4th Floor, National Tower, 28 Egerton Road, Lahore, while its factory is located at 19-Km, Lahore Sheikhpura Road, Lahore.

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

2. SIGNIFICANT TRANSACTIONS AND EVENTS AFFECTING THE COMPANY'S FINANCIAL POSITION AND PERFORMANCE

2.1 Summary of significant events and transactions in the current reporting year:

	2019 Impact in Rupees
- Realization of surplus on revaluation of property, plant and equipment on disposal of land	119,268,219
- Repayment of long term financing	100,402,233
- Increase in short term borrowings - Net	77,020,989
- Purchase of property, plant and equipment	86,702,578
- Impairment charged on disposal group during the year	57,941,524

3. BASIS OF PREPARATION

3.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

3.2 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 11.2
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 17
The Company is using the revaluation model for certain property, plant and equipment. Revaluation is performed by an independent valuer periodically.
- c) Deferred markup, interest free loans from related parties and provident fund loan
The Company is carrying deferred / frozen markup on certain bank borrowings, interest free loans from related parties and provident fund loan at amortized cost.



3.3 Functional and presentation currency

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

3.4 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.

3.5 Changes in accounting standards, interpretations and pronouncements

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

The following amendments to existing standards and interpretations have been published and are mandatory for accounting periods beginning on or after July 1, 2018 and are considered to be relevant to the Company's financial statements:

The Company has adopted IFRS 9 'Financial Instruments' during the year that has replaced IFRIC 9 - Reassessment of Embedded Derivatives, IAS 39 - Financial Instruments: Recognition and Measurement, IFRS 9 (2009), IFRS 9 (2010) and IFRS 9 (2013). IFRS 9 shall now govern the recognition, measurement, presentation and disclosure of financial instruments.

The Company has also adopted IFRS 15 (Revenue from contract) with customers that has replaced IAS 18 covers revenue for goods and services, IAS 11 which covers construction contracts, SIC-31 - Revenue - Barter transaction involving advertising services, IFRIC 15 - Agreements for the construction of real estate and IFRIC 18 - Transfer of assets from customers.

The Company has adopted both the standards with effect from July 01, 2018, any change in presentation or classification of items has been accounted for in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

3.5.2 Standards, interpretation and amendments to approved accounting standards that are not yet effective

The following standards have been issued by the International Accounting Standards Board [IASB], which are yet to be notified by the Securities and Exchange Commission of Pakistan [SECP] for the purpose of their applicability in Pakistan. The Company intends to adopt these standards, if applicable, when they become effective.

Standard or Interpretation		Effective Date (Period beginning on or after)
IAS 23	Borrowing costs	January 1, 2019
IFRIC 23	Uncertainty over Income Tax Treatments	January 1, 2019
IAS 19	Employee Benefits [Amendments]	January 1, 2019
Conceptual Framework in IFRS Standards [Amendments]		January 1, 2020
IAS 1 and IAS 8 [Amendments]		January 1, 2020

Amendments to IAS 19 specify the basis for determining the current service cost and the net interest expense / income for the period between a defined benefit retirement plan amendment, curtailment or settlement and the end of the reporting period.

The IASB has published a revised Conceptual Framework for Financial Reporting that will be used to develop new Standards and Interpretations in future. In particular, the definitions of assets and liabilities as well as the guidance on measurement and derecognition, presentation and disclosure were amended. This has not resulted in any technical amendments to current Standards to date. The amendments merely update the references to the Conceptual Framework in existing Standards. The Conceptual Framework itself is not subject of the endorsement procedure.

Amendments to IAS 1 & IAS 8 clarify the definition of "material". Besides additional explanations, the definition of "material" in the Conceptual Framework as well as all Standards was aligned with the central definition no anchored in IAS 1.

The Company expects that such improvement to the standards will not have any material impact on its financial statements in the period of initial application, except for IAS 19.

The following standards and amendments to published accounting standards were not effective during the year and have not been early adopted by the Company. The Company intends to adopt these standards, if applicable, when they become effective.

		Effective Date (Period beginning on or after)
IFRIC 23	Uncertainty over Income Tax Treatments	January 01, 2019
IFRS 9	Financial Instruments [Amendments]	January 01, 2019
IAS 28	Investments in Associates and Joint Ventures	January 01, 2019
IFRS 16	Leases	January 01, 2019

IFRIC 23 clarifies the requirements for measuring and recognizing uncertain income tax items. The interpretation must be applied to the determination of taxable profit / loss, tax bases, unused tax losses, unused tax credits and tax rates when there is uncertainty over income tax treatments under IAS 12.

Amendment to IFRS 9 clarifies how certain financial instruments with prepayment features with negative compensation are classified.

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. The Company expects that such improvement to the standards will not have any material impact on the company's financial statements.

The Company expects that such improvement to the standards will not have any material impact on the Company's financial statements.

There are certain new standards, amendments to the approved accounting standards and new interpretations that are mandatory for accounting periods beginning on or after July 1, 2017, but are considered not to be relevant or have any significant effect on the Company's reporting and are therefore, not disclosed in these financial statements.



4. 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 periods presented except for the application of IFRS 15 revenue from contracts with customers (Note 4.15) and IFRS 9 'Financial Instruments' (Note 4.13) adopted with effect from July 01, 2018.

4.1 Provisions

Provisions are recognized 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 reporting date and adjusted to reflect the current best estimate.

4.2 Employee retirement benefits

Defined benefit plan

The Company operates an unfunded gratuity scheme for workmen and non-workmen employees. 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 actuarial 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.

4.3 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the statement of profit or loss except to the extent that relates to items recognized directly in equity or other comprehensive income, in which case it is recognized in equity, or other comprehensive income.

4.3.1 Current

The charge for current tax is based on taxable income higher of corporate tax and Alternate corporate tax 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 recognized as minimum tax liability on turnover of the Company in accordance with the provisions of the Income Tax Ordinance, 2001.

4.3.2 Deferred

Deferred tax is accounted for using the 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 recognized for all major taxable temporary differences.

Deferred tax assets are recognized 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 utilized.

Carrying amounts of deferred tax assets are reviewed at each reporting date and recognized only to the extent that it is probable that future taxable profits will be available against which assets may be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Unrecognized deferred tax assets are reassessed at each reporting date and are recognized 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 utilized or the liability is settled, based on the tax rates that have been enacted or substantially enacted at the reporting date.

4.4 Leases - Company as lessee

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, if any.

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 statement of profit or loss. 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 or loss on straight line basis over the lease term.

4.5 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.

4.6 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 less impairment loss. 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 identified impairment losses, if any.

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 include 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 or loss 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 profit or loss 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 reserves 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 17.1.



Depreciation method, residual value and useful lives of assets are reviewed at least at each Reporting date 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 capitalized. Gains or losses on disposal of property, plant and equipment are included in the statement of profit or loss.

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 Property, Plant and Equipment of the Company are debited against revaluation surplus directly in equity. All other decreases are charged to the statement of profit or loss.

4.7 Capital work-in-progress

Capital work-in-progress is stated at cost less identified impairment loss, if any, 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 may also include applicable borrowing costs. Transfers are made to relevant property, plant and equipment category as and when the assets are available for use.

4.8 Intangible assets

An intangible asset is recognized as an asset if it is probable that future economic benefits attributable to the asset will flow to the Company and the cost of such asset can be measured reliably. Cost of intangible assets i.e. ERP software includes purchase cost and directly attributable expenses incidental to bring the software to its intended use.

Costs that are directly associated with identifiable software and have probable economic benefits beyond one year, are recognized as an intangible asset. However, costs associated with the maintenance of software are recognized as an expense.

All intangibles are measured initially at cost and subsequently stated at cost less accumulated amortization and identified impairment losses, if any. Amortization is charged to income using the straight line method so as to write off the cost of an asset over its estimated useful life. The amortization period and the amortization method for intangible assets are reviewed, at each reporting date, and adjusted if impact on amortization is significant. ERP software is being amortized over 10 years based on estimated useful life.

4.9 Impairment of assets

The Company, at each reporting date assesses 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 statement of profit or loss. A previously recognized impairment loss is reversed only if there is 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 or loss. Where an impairment loss is recognized, the depreciation charge is adjusted in future periods to allocate the assets' revised carrying amount over its estimated useful life.

4.10 Borrowing cost

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

4.11 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.

4.12 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, labor 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 realizable value is lower than the carrying amount, a write-down is recognized for the amount by which the carrying amount exceeds its net realizable value. Provision is made in the financial statements for obsolete and slow moving stock in trade based on management estimate.

4.13 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

4.13.1 Financial assets

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 financial assets are recognized and derecognized, as applicable, using trade-date accounting or settlement date accounting.

Classification

The Company classifies its financial assets in the following categories: at amortized cost, at fair value through other comprehensive income and at fair value through profit or loss. The classification is based on the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. The management determines the classification of its financial assets at the time of initial recognition.

a) Financial assets at amortized cost

A financial asset is measured at amortized cost if the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

b) Financial assets at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

c) Financial assets at fair value through profit or loss

A financial asset is measured at fair value through profit or loss unless it is measured at amortized cost or at fair value through other comprehensive income. However, the Company can make an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured at fair value through profit or loss to present subsequent changes in fair value in other comprehensive income unless these are held for trading in which case these have to



be measured at fair value through profit or loss. The equity investments of the Company held in short term investments are classified at fair value through profit or loss because they are frequently traded.

Reclassification

When the Company changes its business model for managing financial assets, it reclassifies all affected financial assets accordingly. The Company applies the reclassification prospectively from the reclassification date.

In case of reclassification out of the amortized cost measurement category to fair value through profit or loss measurement category, fair value of the financial asset is measured at the reclassification date. Any gain or loss arising from a difference between the previous amortized cost and fair value is recognized in profit or loss.

In case of reclassification out of fair value through profit or loss measurement category to the amortized cost measurement category, fair value of the financial asset at the reclassification date becomes its new gross carrying amount.

In case of reclassification out of the amortized cost measurement category to fair value through other comprehensive income measurement category, fair value of the financial asset is measured at the reclassification date. Any gain or loss arising from a difference between the previous amortized cost and fair value is recognized in other comprehensive income. The effective interest rate and the measurement of expected credit losses are not adjusted as a result of the reclassification.

In case of reclassification out of fair value through other comprehensive income measurement category to the amortized cost measurement category, the financial asset is reclassified at its fair value at the reclassification date. However, the cumulative gain or loss previously recognized in other comprehensive income is removed from equity and adjusted against the fair value of the financial asset at the reclassification date. The effective interest rate and the measurement of expected credit losses are not adjusted as a result of the reclassification.

In case of reclassification out of fair value through profit or loss measurement category to the fair value through other comprehensive income measurement category, the financial asset continues to be measured at fair value.

In case of reclassification out of fair value through other comprehensive income measurement category to the fair value through profit or loss measurement category, the financial asset continues to be measured at fair value. The cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment at the reclassification date.

Initial recognition and measurement

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 – the date on which the Company commits to purchase or sell the asset.

Except for trade receivables, 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. Trade receivables are initially measured at the transaction price if these do not contain a significant financing component in accordance with IFRS 15. Where the Company uses settlement date accounting for an asset that is subsequently measured at amortized cost, the asset is recognized initially at its fair value on the trade debt.

Subsequent measurement

For the purpose of measuring financial assets after initial recognition, these are classified into the following four categories:

- financial assets at amortized cost;
- financial assets at fair value through other comprehensive income; and
- financial assets at fair value through profit or loss.

Financial assets carried at amortized cost are subsequently measured using the effective interest method. Gain or loss on financial assets not part of hedging relationship is recognized in profit or loss when the financial asset is derecognized, reclassified, through the amortization process or in order to recognize impairment gains or losses.

When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset, the Company recalculates the gross carrying amount of the financial asset and recognizes a modification gain or loss in profit or loss.

Financial assets 'at fair value through other comprehensive income' are marked to market using the closing market rates and are carried in the statement of financial position at fair value. Net gains and losses arising on changes in fair values of these financial assets are recognized in other comprehensive income. Interest calculated using the effective interest rate method is credited to the statement of profit or loss. Dividends on equity instruments are credited to the statement of profit or loss when the Company's right to receive payments is established.

Financial assets 'at fair value through profit or loss' are marked to market using the closing market rates and are carried in the balance sheet at fair value. Net gains and losses arising on changes in fair values of these financial assets are taken to the profit and loss account in the period in which these arise.

Fair values of quoted investments are based on current prices. If the market for a financial asset is not active (and for unlisted securities), the Company measures the investments at cost less impairment in value, if any.

Derecognition

Financial assets are derecognized when:

- the contractual rights to receive cash flows from the assets have expired; or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:
 - a) the Company has transferred substantially all the risks and rewards of the asset; or
 - b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

The difference between the carrying amount and the consideration received is recognized in profit or loss.

If the Company transfers a financial asset in a transfer that qualifies for derecognition in its entirety and retains the right to service the financial asset for a fee, it recognizes either a servicing asset or a servicing liability for that servicing contract.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a passthrough arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred



asset to the extent of its continuing involvement. In that case, the Company also recognizes an associated liability which cannot be offset with the related asset. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

If the Company's continuing involvement is in only a part of a financial asset, the Company allocates the previous carrying amount of the financial asset between the part it continues to recognize under continuing involvement, and the part it no longer recognizes on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognized and the consideration received for the part no longer recognized is recognized in profit or loss.

Impairment of financial assets

The Company directly reduces the gross carrying amount of a financial asset when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

The Company recognizes a loss allowance for expected credit losses on a financial asset measured at amortized cost and through other comprehensive income, a lease receivable, a contract asset or a loan commitment and a financial guarantee contract. In case of financial assets measured at fair value through other comprehensive income, loss allowance is recognized in other comprehensive income and carrying amount of the financial asset in the statement of financial position is not reduced.

The Company measures, at each reporting date, the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. Where the credit risk on a financial instrument has not increased significantly since the initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

The Company always measures the loss allowance at an amount equal to lifetime expected credit losses for trade receivables or contract assets that result from transactions under IFRS 15 and lease receivables.

The Company recognizes the amount of expected credit losses (or reversal), that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized, in the profit or loss.

4.13.2 Financial liabilities

Initial recognition and measurement

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

Financial liabilities are classified, at initial recognition, as financial liabilities at amortized cost except for financial liabilities at fair value through profit or loss, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantee contracts, commitments to provide a loan at a below-market interest rate and contingent consideration recognized in a business combination.

The Company does not reclassify any of its financial liabilities.

Financial liabilities are initially recognized at fair value minus transaction costs for all financial liabilities not carried at fair value through profit or loss. Financial liabilities carried at fair value through profit or loss are initially recognized at fair value and transaction costs are credited in the profit and loss account.

The Company's financial liabilities include trade and other payables, loans and borrowings including Company overdrafts, financial guarantee contracts and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Such liabilities, including derivatives that are liabilities, are subsequently measured at fair value.

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

The amount of change in the fair value that is attributable to changes in the credit risk of financial liability is presented in other comprehensive income and the remaining amount of change in the fair value of the liability is presented in profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if it eliminates or significantly reduces a measurement or recognition inconsistency or a group of financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the Company's key management personnel. The Company has not designated any financial liability as at fair value through profit or loss.

Financial guarantee contracts and commitments to provide a loan at a below-market interest rate
Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts and commitments to provide a loan at a below-market interest rate are recognized initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount recognized less cumulative amortization.

Contingent consideration recognized in a business combination

These are subsequently measured at fair value with changes recognized in profit or loss.

All other liabilities

All other financial liabilities are measured at amortized cost using the Effective Interest Rate (EIR) method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit or loss.

Derecognition

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. The difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

If the Company repurchases a part of a financial liability, the Company allocates the previous carrying amount of the financial liability between the part that continues to be recognized and the part that is derecognized based on the relative fair values of those parts on the date of the repurchase. The difference between the carrying amount allocated to the part derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, for the part derecognized is recognized in profit or loss.



4.13.3 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 recognized amount and the Company intends either to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

4.14 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 statement of profit or loss.

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

4.15 Balances from contract with customers

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. The Company recognizes a contract asset for the earned consideration that is conditional if the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due.

Trade receivables

A receivable represents the Company's right to an amount of consideration that is unconditional. Trade receivables are carried at original invoice amount less expected credit loss based on a review of all outstanding amounts at the year end. Bad debts are written off when identified.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration from the customer. A contract liability is recognized at earlier of when the payment is made or the payment is due if a customer pays consideration before the Company transfers goods or services to the customer.

Right of return assets

Right of return asset represents the Company's right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the inventory, less any expected costs to recover the goods, including any potential decreases in the value of the returned goods. The Company updates the measurement of the asset recorded for any revisions to its expected level of returns, as well as any additional decreases in the value of the returned products.

Refund liabilities

A refund liability is the obligation to refund some or all of the consideration received (or receivable) from the customer and is measured at the amount the Company ultimately expects it will have to return to the customer. The Company updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period.

4.16 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with Companies, other short-term highly liquid investments with original maturities of three months or less, which are subject to an insignificant risk of changes in value.

Cash flows are inflows and outflows of cash and cash equivalents.

Operating activities are the principal revenue-producing activities of the entity and other activities that are not investing or financing activities.

Investing activities are the acquisition and disposal of long-term assets and other investments not included in cash equivalents.

Financing activities are activities that result in changes in the size and composition of the contributed equity and borrowings of the entity.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash in hand and cash at banks.

4.17 Foreign currency transactions and translation

All monetary assets and liabilities in foreign currencies are translated into Pak rupees at exchange rates prevailing at the reporting 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 statement of profit or loss.

4.18 Revenue recognition

Revenue is to be recognised in accordance with the aforementioned principle by applying the following steps:

- i) Identify the contract with a customer
- ii) Identify the performance obligation in the contract
- iii) Determine the transaction price of the contract
- iv) Allocate the transaction price to each of the separate performance obligations in the contract
- v) Recognize the revenue when (or as) the entity satisfies a performance obligation

Revenue is recognised either at a point in time or over time, when (or as) the Company satisfies performance obligations by transferring the promised goods or services to its customers. Any bundled goods or services that are distinct are separately recognized, and any discounts or rebates on the contract price are generally allocated to the separate elements.

4.19 Contingent liabilities

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

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

4.20 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.

4.21 Related party transactions

Transactions in relation to revenue, purchases and services with related parties are made at arm's length prices determined in accordance with the Company's policy except for the allocation of expenses such as utilities, rental and common overheads shared with related parties, which are on actual basis.

5 CHANGE IN ACCOUNTING POLICY

The Company has adopted IFRS 9 'Financial Instruments' during the year that has replaced IFRIC 9 - Reassessment of Embedded Derivatives, IAS 39 - Financial Instruments: Recognition and Measurement, IFRS 9 (2009), IFRS 9 (2010) and IFRS 9 (2013). IFRS 9 shall now govern the classification and measurement of financial instruments, impairment of financial assets and hedge accounting.

The Company has also adopted IFRS 15 (Revenue from contract) with customers which replaced IAS 18 which covers revenue for goods and services, IAS 11 which covers construction contracts, SIC31 - Revenue - Barter transaction involving advertising services, IFRIC 15 - Agreements for the construction of real estate and IFRIC 18 - Transfer of assets from customers.

The Company has adopted both the standards with effect from July 01, 2018, any change in presentation or classification of items has been accounted for in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. There has been no financial effect of the change in accounting policy on the prior period financial statements except for the following reclassifications in the corresponding period from adoption of IFRS 15:



Statement of financial position

In statement of financial position, contract liabilities are recognized in respect of Company's obligation to transfer goods or services to a customer for which the Company has received consideration (or the amount is due) from a customer. Amounts as at June 30, 2018 have also been reclassified as follows for the purpose of comparability:

Description	As at 30 June 2018		
	Carrying Amount as stated	Reclassification	IFRS 15 Carrying Amount
	Rupees	Rupees	Rupees
Advances from customers	11,954,517	(11,954,517)	-
Contract liabilities	-	11,954,517	11,954,517
	11,954,517	-	11,954,517

Statement of profit or loss

In statement of profit or loss, liquidated damages are classified in revenue where it is highly probable that delay in delivery resulted in penalty as described in delivery clause of purchase order. Amounts as at June 30, 2018 have also been reclassified as follows for the purpose of comparability:

Description	As at 30 June 2018		
	Carrying Amount as stated	Reclassification	IFRS 15 Carrying Amount
	Rupees	Rupees	Rupees
Selling and distribution expenses	11,395,956	(11,395,956)	-
- Late delivery charges / liquidity damages	-	11,395,956	(11,395,956)
Revenue	11,395,956	-	(11,395,956)

The application of IFRS 15 did not have a material impact on amounts in the statement of comprehensive income, the statement of changes in equity and the statement of cash flows as the current methodology for revenue recognition adequately reflects timing of satisfaction of performance obligations under requirements of the new standard.

The impact of changes in accounting policy due to initial application of IFRS 9 has no material impact on corresponding figures as financial asset has been derecognised due to recovery in cash, hence no restatement is required in Company's financial statements.

6. ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2019 No. of Share	2018		2019 Rupees	2018 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 as right shares	136,295,400	136,295,400
35,000,000	35,000,000		350,000,000	350,000,000

6.1 There has been no repurchase in ordinary share capital during the year ended June 30, 2019.

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

	2019 (Number of Shares)	2018 (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

- 6.3 There are no agreements with shareholders for any specific voting rights, board selection, rights of first refusal and block voting etc.

7. RESERVES

	Note	2019 (Rupees)	2018 (Rupees)
Capital - share premium	7.1	39,898,526	39,898,526
Revenue - general reserve		90,000,000	90,000,000
Accumulated loss		(187,639,602)	(470,286,362)
		(57,741,076)	(340,387,836)

- 7.1 This reserve can be utilized by the Company only for the purposes specified in Section 81(2) of the Companies Act, 2017.

8. SPONSORS' LOAN

This represents unsecured, interest free loan given by directors and their 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.

9. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

	2019 (Rupees)	2018 (Rupees)
Land - Freehold:		
Opening balance	479,521,964	479,521,964
Surplus on revaluation realised on disposal of land held for sale	(119,268,219)	-
	360,253,745	479,521,964
Buildings on freehold land	239,785,858	252,550,999
Plant and machinery	171,497,455	188,460,297
Reversal of revaluation surplus due to impairment of plant and equipment	-	(13,379,246)
Related deferred taxation	-	3,904,064
	-	(9,475,182)
Effect of change in tax rates	5,414,472	(533,746)
Incremental depreciation charged on revalued property, plant and equipment in current year-net of deferred tax (transferred to retained earnings)	(19,097,919)	(19,719,055)
	757,853,611	890,805,277



- 9.1 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 independent valuer on June 30, 2017 using current market price / replacement cost methods, wherever applicable for the respective assets. This resulted in net additional revaluation surplus of Rs. 180.866 million.
- 9.2 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 building and plant & machinery and the equivalent depreciation based on the historical cost of these assets.

10. LONG TERM FINANCING

	Note	2019 (Rupees)	2018 (Rupees)
Banking companies - secured			
National Bank of Pakistan	10.1	69,160,813	114,102,368
Unwinding / winding of interest under IFRS 9	10.2	(1,379,623)	(2,838,939)
		67,781,190	111,263,429
Standard Chartered Bank (Pakistan) Limited	10.3	71,671,753	87,293,274
Unwinding / winding of interest under IFRS 9	10.2	(11,126,244)	(13,199,291)
		60,545,509	74,093,983
		128,326,699	185,357,412
Associated companies / related parties - unsecured			
Associated Engineers (Private) Limited	10.4	23,335,447	22,185,447
Unwinding / winding of interest under IFRS 9	10.2	(1,462,260)	(983,011)
		21,873,187	21,202,436
EMCO Industries Limited Provident Fund	10.5	194,720,888	221,435,040
Unwinding / winding of interest under IFRS 9	10.2	(43,539,584)	(57,240,370)
		151,181,304	164,194,670
ICC (Private) Limited	10.6	-	13,125,005
Imperial Electric Company (Private) Limited	10.7	2,615,692	2,615,692
Unwinding / winding of interest under IFRS 9	10.2	(57,277)	(41,878)
		2,558,415	2,573,814
		303,939,605	386,453,337
Less: current portion			
Banking companies		(40,126,455)	(28,772,531)
Associated companies / related parties		(26,720,888)	(41,870,780)
		(66,847,343)	(70,643,311)
		237,092,262	315,810,026

- 10.1 This represents long term financing (Demand Finance - I and Demand Finance II) created during the year ended June 30, 2017 by restructuring short term borrowings obtained from National Bank of Pakistan and accrued / unpaid markup thereon effective from March 30, 2017.

As per the covenants of this agreement, Rs. 17.602 million was paid upfront towards the principal liabilities and the balance amounting to Rs. 98.649 million was converted into DF-I, repayable in six years including one year grace period that carries mark-up at 1 month KIBOR. The mark up outstanding on financing facilities till cut-off date of June 30, 2016 was recalculated by the Bank and the resulting amount of Rs. 31.7 million was transferred to DF-II as frozen markup, repayable in 60 equal monthly installments amounting to Rs. 0.529 million each carrying no further mark up. Later on lumpsum payment of Rs 22.60 million was made against DF-I, of Rs. 17.76 million, and against DF-II of Rs. 4.840 million. Repayment schedule has been further revised in July, 2018. Under the latest terms, remaining loan will be repaid in 48 equal installments of DF-I of Rs. 1.442 million and DF-II of Rs. 0.428 million each. These loans are secured by Joint Pari Passu charge on fixed assets of Rs. 112 million alongwith the personal guarantees of certain directors of the Company. This loan will be fully repaid by June 30, 2022.

- 10.2 In accordance with the requirements of IFRS 9 discounting and unwinding have been carried out and the relevant difference is charged to the statement of profit or loss.

- 10.3 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 fully repaid. Deferred markup as at the reporting date is Rs. 55.826 million. These loans are secured by Joint Pari Passu charge on fixed assets of Rs. 110 million and Joint Pari Passu charge on current assets of Rs. 50 million alongwith the personal guarantees of certain directors of the Company. This loan will be fully repaid by February 28, 2023.

- 10.4 This includes interest-bearing loan of Rs. 7.396 million (2018: Rs. 7.396 million) and interest free loan of Rs. 14.477 million (2018: Rs. 13.952 million) The interest bearing loan carries mark-up @ 7.55 % (2018: 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.

- 10.5 "This represents loan obtained from EMCO Industries Limited Provident Fund on July 01, 2000. For liquidity issues, this loan has been rescheduled a number of times. Latest rescheduling of the loan was carried out on March 06, 2018 by the Trustees of the fund whereby the Company decided to discontinue the contributions to the provident fund and to discontinue the charging of markup on loan obtained from the fund on the basis of the following covenants.

- Amount of loan to be repaid through monthly installments of Rs. 2.0 million till complete settlement of the loan. This loan is due to mature on July 31, 2027.
- The payment will represent the principal repayment and no markup will be charged on the outstanding principal amount.
- The employees who are the members of the funds, will be inducted in a new gratuity scheme of the Company with effect from effective date.

- 10.6 This represents long term loan obtained from an associated company carrying markup at 1-month KIBOR + 3% p.a., recoverable in 24 equal monthly installments. The entire loan has been repaid during the year.

- 10.7 This represents outstanding loan obtained from an associated company. Rs. 1.986 million carries mark-up at 7.55% (2018: 7.55%) per annum and the remaining amount is interest free. The terms of repayment of loan have not been agreed; however, this loan is not repayable within next 12 months.



11. DEFERRED LIABILITIES

	Note	2019 Rupees	2018 Rupees
Payable to employees against discontinued provident fund	11.1	4,551,759	4,487,269
Staff gratuity - unfunded	11.2	53,106,698	40,931,971
		57,658,457	45,419,240
11.1 Payable to employees against discontinued provident fund			
Opening balance		4,487,269	4,371,128
Add: Mark-up accrued		129,490	138,470
		4,616,759	4,509,598
Less: Payments made / transferred to final settlements		(65,000)	(22,329)
Closing balance		4,551,759	4,487,269

11.1.1 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% (2018: 5%) per annum. The balance, along with the interest, is being paid as and when requested by employees.

11.2 Staff gratuity - unfunded

Latest actuarial valuation of the gratuity scheme was conducted as on June 30, 2019. Results of actuarial valuation are as under:

	Note	2019 Rupees	2018 Rupees
11.2.1 Movement in net liability for staff gratuity			
Opening balance		40,931,971	33,479,360
Charge for the year - statement of profit or loss	11.2.2	11,876,802	6,762,573
Charge for the year - Other comprehensive income		360,402	3,445,497
Payments made / approved during the year		(62,477)	(2,755,459)
Closing balance	11.2.3	53,106,698	40,931,971
11.2.2 Charge for the year			
The amounts recognised in the statement of profit or loss against defined benefit scheme are as follows:			
Current service cost		9,273,723	4,863,506
Interest cost		2,603,079	1,899,067
		11,876,802	6,762,573
11.2.3 Staff gratuity			
Present value of defined benefit obligation	11.2.4	45,884,288	35,768,351
Benefits due but not paid		7,222,410	5,163,620
Liability as at June 30,		53,106,698	40,931,971

	2019 Rupees	2018 Rupees
11.2.4 Movement in present value of defined benefit obligation		
Opening balance	35,768,351	26,827,769
Benefits due but not paid from last year	5,163,620	6,651,591
Current and past service cost	9,273,723	4,863,506
Interest cost	2,603,079	1,899,067
Benefits paid / approved	(62,477)	(2,755,459)
Benefits due but not paid	(7,222,410)	(5,163,620)
Actuarial loss recognized in other comprehensive income	360,402	3,445,497
Closing balance	45,884,288	35,768,351

	2019	2018
11.2.5 Actuarial assumptions		
Discount rate - per annum	13.25%	7.50%
Expected rate of increase in salary level - per annum	12.25%	6.50%
Average expected remaining working lives of employees	8 Years	9 Years
Expected mortality rate for active employees	SLIC (2001-2005) Mortality Table	
Actuarial valuation method	Projected Unit Credit Method	

11.2.6 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:

	2019 Rupees	2018 Rupees	2017 Rupees	2016 Rupees	2015 Rupees
Present value of defined benefit obligation	53,106,698	40,931,971	33,479,360	29,300,567	21,134,849
Fair value of plan asset	-	-	-	-	-
Net liability	53,106,698	40,931,971	33,479,360	29,300,567	21,134,849

	Rupees
11.2.7 Estimated Charge for the year 2019-2020	
Current and past service cost	10,004,070
Interest cost	6,079,668
	16,083,738

11.2.8 Year end sensitivity analysis on defined benefit obligation

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

	Rupees
Discount rate + 1%	41,820,954
Discount rate - 1%	50,647,562
Salary increase + 1%	50,647,562
Salary increase - 1%	41,753,533



11.2.9 The charge for the year has been allocated as follows:

	Note	2019 Rupees	2018 Rupees
Cost of sales	28	7,940,089	4,777,452
Administrative expenses	29	3,306,548	1,632,201
Selling and distribution expenses	30	630,165	352,920
		<u>11,876,802</u>	<u>6,762,573</u>

12. DEFERRED TAXATION

	Note	2019 Rupees	2018 Rupees
Credit / (debit) balances arising in respect of timing differences relating to:			
Taxable temporary differences			
- Accelerated tax depreciation		18,439,621	38,594,720
- Revaluation of property, plant and equipment		148,646,939	161,218,672
		<u>167,086,560</u>	<u>199,813,392</u>
Deductible temporary differences			
- Provision for doubtful debts		(28,631,792)	(28,367,407)
- Provision for obsolete stores and spares		(617,317)	(638,770)
- Provision for obsolete stock		(4,211,612)	(4,357,973)
- Others		(18,895,172)	(13,420,398)
- Unused tax losses / tax credits		(142,079,697)	(117,601,310)
		<u>(194,435,590)</u>	<u>(164,385,858)</u>
		<u>(27,349,030)</u>	<u>35,427,534</u>
12.1 Reconciliation of deferred tax liabilities / (assets), net			
Opening balance		35,427,534	101,628,934
Effect of change in tax rates on revaluation surplus		(5,414,472)	533,746
Reversal of deferred tax of revaluation surplus due to impairment of plant and equipment		-	(4,437,810)
Tax income during the year recognised in statement of profit or loss		(57,260,423)	(61,291,940)
Tax expense during the year recognised in statement of comprehensive income		(101,669)	(1,005,396)
Closing balance		<u>(27,349,030)</u>	<u>35,427,534</u>

13. TRADE AND OTHER PAYABLES	Note	2019 Rupees	2018 Rupees
Trade creditors	13.1	144,782,466	136,667,306
Accrued liabilities		60,777,119	59,940,932
Employee retirement benefit funds		2,618,430	2,129,566
Contract liabilities	13.2	16,282,149	11,954,517
Sales tax payable		30,234,584	24,458,443
Employees' welfare fund		-	158,968
Withholding tax payable		3,603,680	1,256,418
Workers' (profit) participation fund	13.3	7,036,777	1,631,773
Workers' welfare fund	13.4	6,645,525	2,852,341
		<u>271,980,730</u>	<u>241,050,264</u>

13.1 Trade creditors include Rs. 7,283,449 (2018: Rs. 7,336,395) due to related parties.

13.2 Contract liabilities amounting to Rs. 16,282,149 will be satisfied during year ended June 30, 2020.

	2019 Rupees	2018 Rupees
13.3 Workers' Profit Participation Fund		
Balance at the beginning of the year	1,631,773	5,692,640
Allocation for the year	7,397,167	1,992,163
	<u>9,028,940</u>	<u>7,684,803</u>
Interest on funds utilized in the Company's business	-	188,051
Payment / Adjustment	(1,992,163)	(6,241,081)
Closing balance	<u>7,036,777</u>	<u>1,631,773</u>
13.4 Workers' welfare fund		
Balance at the beginning of the year	2,852,341	2,091,310
Allocation for the year	3,793,184	761,031
	<u>6,645,525</u>	<u>2,852,341</u>
Payment	-	-
Closing balance	<u>6,645,525</u>	<u>2,852,341</u>

14. ACCRUED FINANCE COST	2019 Rupees	2018 Rupees
Accrued finance cost on:		
- Long term financing from banking companies	971,783	487,940
- Long term financing from associated companies / related parties	8,734,867	8,026,545
- Short term borrowings from banking companies	7,859,165	3,746,197
- Short term borrowings from associated companies / related parties	8,989,909	8,910,295
	<u>26,555,724</u>	<u>21,170,977</u>



15. SHORT TERM BORROWINGS	Note	2019 Rupees	2018 Rupees
Interest bearing			
Banking companies - secured	15.1 & 15.2	286,650,009	225,186,605
Related parties - unsecured:			
- Associated company - ICC (Private) Limited	15.3	75,000,000	75,000,000
- Director	15.4	49,888,766	32,648,590
		124,888,766	107,648,590
		411,538,775	332,835,195
Interest free			
Related parties - unsecured:			
- Associated company - ICC (Private) Limited		80,750,000	80,750,000
- Directors and close relatives thereof		122,145,230	123,827,821
		202,895,230	204,577,821
		614,434,005	537,413,016

15.1 Short-term running facilities available from various commercial banks under mark-up arrangements amount to Rs. 191 million (2018: Rs. 162 million) towards the working capital requirement. Rates of mark-up range from 1 month KIBOR + 1% to 6 months KIBOR + 3% (2018: from 1 month KIBOR + 1% to 3 months KIBOR + 3%) per annum on the balance outstanding. Aggregate short term finances are secured by first pari passu charge on present and future current 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.

15.2 Export and import finances available from various commercial banks under mark-up arrangements amount to Rs. 151 million (2018: Rs. 161 million). The rates of mark-up range from 1 month KIBOR to 6 months KIBOR plus 3.5% (2018: 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 1% 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.

15.2.1 The unutilized portion in respect of above funded facilities amount to Rs. 55.350 million (2018: Rs. 97.813 million).

15.3 This represents unsecured borrowings obtained from associated company that carries mark-up @ 3 months KIBOR + 3% per annum on the balance outstanding. (The borrowing of Rs. 84 million has been repaid during the year and new borrowing of Rs. 84 million has been obtained.)

15.4 This represents unsecured borrowing obtained from a director (Mr. Usman Haq) that carries mark-up ranging from 7.93% to 3 month KIBOR + 4% (2018: from 7.55% to 3 month KIBOR + 5%) per annum on the balance outstanding.

16 CONTINGENCIES AND COMMITMENTS

Contingencies

16.1 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. 194.720 million (2018: Rs. 192.689 million) as at June 30, 2018 into the fund.

- 16.2 The Collector of Customs has raised a demand of Rs. 8.978 million along with applicable penalty against liabilities of the Company, which has been challenged by the Company in Lahore High Court, Lahore. The Honourable Court has granted interim injunction against recovery of the claimed amounts and the matter is pending adjudication. The management is confident about the favorable outcome of this litigation and therefore has not incorporated any provision in these financial statements.
- 16.3 Three ex-employees have filed cases against the Company under various courts. The cases are pending adjudication and the legal advisor is of the opinion that there is no likelihood of any financial loss as a result of these cases.

Commitments

- 16.4 Letters of credit other than for capital expenditure amount to Rs. 29.83 million (2018: Rs. 32.25 million).
- 16.5 Letters of credit for capital expenditure amount to Rs. 9.376 million (2018: Nil).
- 16.6 Bank guarantees amount to Rs. 243.495 million (2018: Rs. 147.519 million) that have been issued in favour of the following companies:

	2019 Rupees	2018 Rupees
Sui Northern Gas Pipeline Limited	22,406,000	22,406,000
NTDC / DISCOS	212,110,715	116,134,993
Collector of Customs	8,978,358	8,978,358
	<u>243,495,073</u>	<u>147,519,351</u>

- 16.7 Commitments for future minimum payments in respect of Ijarah arrangements are as follows:

Not later than one year	Later than one year and later than five years	Later than five years
Rupees		
<u>1,342,272</u>	<u>1,789,696</u>	<u>-</u>

- 16.8 Operating lease commitments – Company as a lessee

The Company has entered into operating leases on building with lease terms three years.

Future rentals payable under non-cancellable operating leases as at June 30 2019 are, as follows:

Not later than one year	Later than one year and later than five years	Later than five years
Rupees		
<u>1,433,544</u>	<u>-</u>	<u>-</u>

Future rentals payable under non-cancellable operating leases as at June 30 2018 are, as follows:

<u>2,150,316</u>	<u>1,433,544</u>	<u>-</u>
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17. PROPERTY, PLANT AND EQUIPMENT

	Note	2019 Rupees	2018 Rupees
Operating fixed assets	17.1	1,149,254,897	1,131,168,371
Capital work in progress - civil works	17.8	-	11,673,192
		1,149,254,897	1,142,841,563

17.1 Operating fixed assets - owned

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
Net Carrying Value Basis Year Ended June 30, 2019								
Opening net book value	382,275,000	428,525,502	314,567,244	51,242	755,924	1,207,250	3,786,209	1,131,168,371
Additions	-	61,215,418	23,970,673	43,000	-	-	1,473,487	86,702,578
Disposal during the year								
- Cost	-	-	-	-	-	1,673,000	14,000	1,687,000
- Accumulated depreciation	-	-	-	-	-	(1,568,952)	(700)	(1,569,652)
	-	-	-	-	-	(104,048)	(13,300)	(117,348)
Depreciation charge	-	(32,576,962)	(38,117,733)	(15,615)	(151,182)	(241,450)	(895,762)	(71,998,704)
Transferred from non current assets classified as held for sale - (note 26)	3,500,000	-	-	-	-	-	-	3,500,000
Closing net book value	385,775,000	457,163,958	300,420,184	78,627	604,742	861,752	4,350,634	1,149,254,897
Depreciation rates		5%	4%-35%	20%-40%	20%	20%	20%	
Gross Carrying Value Basis As at June 30, 2019								
Cost / revalued amount	385,775,000	798,003,478	989,507,566	9,288,723	8,726,401	8,624,786	33,103,127	2,233,029,081
Accumulated depreciation	-	(340,839,520)	(689,087,382)	(9,210,096)	(8,121,659)	(7,763,034)	(28,752,493)	(1,083,774,184)
Net Book Value	385,775,000	457,163,958	300,420,184	78,627	604,742	861,752	4,350,634	1,149,254,897
Net Carrying Value Basis Year Ended June 30, 2018								
Opening net book value	507,612,500	396,704,800	527,146,924	65,552	944,892	1,509,062	3,960,045	1,437,943,775
Additions	-	61,325,934	16,379,851	-	-	-	692,972	78,398,757
Disposal during the year								
- Cost	-	-	174,250,734	-	-	-	-	174,250,734
- Accumulated depreciation	-	-	(136,998,116)	-	-	-	-	(136,998,116)
	-	-	(37,252,618)	-	-	-	-	(37,252,618)
Impairment	-	-	255,037,641	-	-	-	-	255,037,641
Reversal of accumulated depreciation	-	-	(217,481,976)	-	-	-	-	(217,481,976)
Impairment	-	-	(37,555,665)	-	-	-	-	37,555,665
Depreciation charge	-	(29,505,232)	(51,287,086)	(14,310)	(188,968)	(301,812)	(866,808)	(82,164,216)
Transferred out to non current assets classified as held for sale - (note 26)								
- Cost	(125,337,500)	-	(400,846,728)	-	-	-	-	(526,184,228)
- Accumulated depreciation	-	-	297,982,566	-	-	-	-	297,982,566
	(125,337,500)	-	(102,864,162)	-	-	-	-	(228,201,662)
Closing net book value	382,275,000	428,525,502	314,567,244	51,242	755,924	1,207,250	3,786,209	1,131,168,371
Depreciation rates		5%	4%-35%	20%-40%	20%	20%	20%	
Gross Carrying Value Basis As at June 30, 2018								
Cost / revalued amount	382,275,000	736,788,060	965,536,893	9,245,723	8,726,401	10,297,786	31,643,640	2,144,513,503
Accumulated depreciation	-	(308,262,558)	(650,969,649)	(9,194,481)	(7,970,477)	(9,090,536)	(27,857,431)	(1,013,345,132)
Net Book Value	382,275,000	428,525,502	314,567,244	51,242	755,924	1,207,250	3,786,209	1,131,168,371

	Note	2019 Rupees	2018 Rupees
17.2 Apportionment of depreciation charge for the year			
Depreciation charge for the year has been apportioned as follows:			
Cost of sales	28	71,687,460	81,775,164
Administrative expenses	29	311,244	389,052
		<u>71,998,704</u>	<u>82,164,216</u>

17.3 Particulars of immovable property (land and building) of the Company is as follow:

Location	Usage of immovable property	Total area
Factory Insulator Division 19-Km, Lahore Sheikhupura Road, Lahore	Production plant	223 kanal

17.4 Cost, accumulated depreciation and book value of revalued assets

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

	2019 Rupees	2018 Rupees
Freehold land	688,766	688,766
Buildings on freehold land	166,447,452	112,635,559
Plant and machinery	301,459,817	293,491,782
	<u>468,596,035</u>	<u>406,816,107</u>

17.5 Fair value of the properties was determined using the market comparable method. The valuations have been performed by the valuer and are based on proprietary databases of prices of transactions for properties of similar nature, location and condition. As at the date of revaluation on June 30, 2017, the properties' fair values was based on valuations performed by Indus surveyors an accredited independent valuer who has valuation experience for similar properties. Net gain from the revaluation of the factory properties at Sheikhupura Road, 19-Km, Lahore amounting to Rs. 180,866,462 in 2017 was recognized in Other Comprehensive Income. Forced sale value of land, buildings and plant and machinery is Rs. 431.470 million; Rs. 337.199 million; and Rs. 448.074 million respectively.

17.6 The carrying amount of temporarily idle property, plant and equipment as at the reporting date is Rs. Nil (2018: Nil).

17.7 The property, plant and equipment of the Company are subject to first and joint pari passu charge as security for certain financing by banks (refer Note to 10 and 15).

17.8 The reconciliation of the carrying amount is as follows:

	2019 Rupees	2018 Rupees
Opening balance	11,673,192	30,389,186
Construction cost	19,368,038	-
Other additions during the year	3,935,000	-
Transfers during the year	(34,976,230)	(18,715,994)
Closing balance	<u>-</u>	<u>11,673,192</u>



18.	INTANGIBLE ASSET	Note	2019 Rupees	2018 Rupees
	Intangible asset	18.1	1,961,166	2,239,916
18.1	Net Carrying Value			
	Net carrying value - opening balance		2,239,916	2,519,906
	Additions during the year		-	-
			2,239,916	2,519,906
	Amortization during the year	18.2	(278,750)	(279,990)
	Net carrying value as at June 30,		1,961,166	2,239,916
	Gross Carrying Value			
	Cost		2,787,496	8,994,900
	Accumulated amortization		(826,330)	(6,754,984)
	Net book value		1,961,166	2,239,916
			10%	10%
18.2	The Company has implemented ERP (SAP). Amortization charge for the year has been allocated to administrative expenses.			
19.	LONG TERM PREPAYMENTS AND OTHER RECEIVABLES			
		Note	2019 Rupees	2018 Rupees
	Long term prepayments	19.1	36,202,690	21,640,980
	Recoverable from employees	19.3	15,187,158	15,715,471
			51,389,848	37,356,451
19.1	Long term prepayments			
	Opening balance		29,277,192	5,224,259
	Addition during the year		33,042,430	30,034,378
	Charge to profit or loss	19.2	(12,226,327)	(5,981,445)
			50,093,295	29,277,192
	Current portion of long term prepayments	24	(13,890,605)	(7,636,212)
			36,202,690	21,640,980
19.2	Long term prepayments comprise expenses incurred on product testing and international assurance on product quality whose benefits will be availed through a number of successive years. Thus, these amounts will be charged to profit or loss on time proportionate basis.			
19.3	Recoverable from employees	Note	2019 Rupees	2018 Rupees
	Long term recoverable from employees		16,242,951	16,915,471
	Current portion	24	(1,055,793)	(1,200,000)
			15,187,158	15,715,471

19.4 This represents recoveries imposed on employees, falling under bonus policy on account of production of faulty finished goods.

20.	LONG TERM LOANS	Note	2019 Rupees	2018 Rupees
	Loans to employees - (Secured - considered good)	20.1	1,564,990	1,645,790
	Less: current portion		(101,490)	(268,140)
			1,463,500	1,377,650

20.1 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 over a period of two to eight years.

20.2 Reconciliation of carrying amount of loans to executive

	2019 Rupees	2018 Rupees
Opening balance	760,000	805,000
Less: Repayments / adjustment	(760,000)	(45,000)
Closing balance on June 30,	-	760,000

21.	STORES, SPARES AND LOOSE TOOLS	Note	2019 Rupees	2018 Rupees
	Stores		30,144,964	24,760,878
	Spare parts		49,429,527	60,036,547
	Loose tools		2,182,220	2,313,788
	Less: Provision for obsolescence of stock	21.1	81,756,711 (2,189,070)	87,111,213 (2,189,069)
			79,567,641	84,922,144

21.1 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

22.	STOCK-IN-TRADE	Note	2019 Rupees	2018 Rupees
	Raw materials		173,021,540	159,280,974
	Materials in transit		17,201,409	1,951,994
	Work-in-process		51,773,493	49,737,606
	Finished goods		222,721,841	180,728,650
	Less: Provision for obsolescence of stock	22.1	464,718,283 (14,934,796)	391,699,224 (14,934,796)
			449,783,487	376,764,428



		2019 Rupees	2018 Rupees
22.1	Provision for obsolescence of stock		
	Opening balance	14,934,796	14,934,796
	Provision for the year	-	-
		14,934,796	14,934,796
	Less: Obsolete stocks written off	-	-
		14,934,796	14,934,796

22.2 Stocks are under charge by way of hypothecation as security against financing obtained from banks (refer to Note 10 and 15).

	Note	2019 Rupees	2018 Rupees
23.	TRADE RECEIVABLES		
	Local - (Unsecured - considered good)	23.1 520,471,896	291,171,390
	Local - (Unsecured - considered doubtful)	101,225,313	97,215,241
	Foreign - (secured - considered good)	23.2 13,060,625	9,739,422
		634,757,834	398,126,053
	Less: Loss allowance	23.3 (101,225,313)	(97,215,241)
		533,532,521	300,910,812
23.1	Due from related parties		
	These relate to normal business of the Company and are interest free:		
	ICC (Private) Limited	-	63,059
	Nur Enterprises	-	305,866
		-	368,925
23.1.1	Loss allowance - associates and related parties		
	Opening balance	305,866	305,866
	Charged during the year	-	-
		305,866	305,866
	Less: Reversals	-	-
	Less: Bad debts written off	(305,866)	-
	Closing balance	-	305,866

23.2 Description of foreign trade receivables:

As at June 30, 2019 :

Foreign Jurisdiction	Exports During the Year					Amount outstanding at year end
	Through cash against documents and advance	Through contract	Through letter of credit (LC)	Total		
	Rupees	Rupees	Rupees	Rupees		Rupees
Turkey	21,691,205	-	-	21,691,205		13,060,625

As at June 30, 2018 :

Foreign Jurisdiction	Exports During the Year				
	Through cash against documents and advance	Through contract	Through letter of credit (LC)	Total	Amount outstanding at year end
	Rupees	Rupees	Rupees	Rupees	Rupees
Turkey	-	-	52,916,955	52,916,955	9,739,422

	2019 Rupees	2018 Rupees
23.3 Loss allowance		
Opening balance	97,215,241	49,308,292
Loss allowance for the year	11,708,025	47,906,949
	108,923,266	97,215,241
Less: Bad debts written off	(7,392,087)	-
	101,531,179	97,215,241

24. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	Note	2019 Rupees	2018 Rupees
Advances:			
- to employees - considered good	24.1	1,525,692	20,023,340
- to suppliers			
- Considered good		51,458,318	33,069,015
- Considered doubtful		575,685	575,686
		53,559,695	53,668,041
Security deposits		7,327,631	7,485,022
Margins held by bank		2,214,589	2,988,339
Claim receivable		365,366	258,332
Prepayments		97,326	431,799
Provident fund receivable		-	205,433
Current portion of loans to employees - considered good	20	101,490	268,140
Current portion of long term prepayments	19.1	13,890,605	7,636,212
Current portion of recoverable from employees	19.3	1,055,793	1,200,000
		78,612,495	74,141,318
Less: Provision for doubtful advances	24.2	(575,685)	(575,686)
		78,036,810	73,565,632

24.1 These advances are extended to employees and executives and are repayable in installments in accordance with the Company's policy. This does not include any amount due from directors (2018: Nil). The amount is paid to Commercial Manager as an advance for expenditure to be adjusted by the Company. These balances are secured against employees' retirement benefit balances.



24.2	Provision for doubtful advances	2019 Rupees	2018 Rupees
	Opening balance	575,686	575,686
	Add: Provision for the year	-	-
		575,686	575,686
	Less: Advances written off against provision	-	-
		575,686	575,686

25.	CASH AND BANK BALANCES	2019 Rupees	2018 Rupees
	Cash in hand	1,022,139	700,706
	Cash at bank - in current accounts	4,251,198	9,434,563
		5,273,337	10,135,269

26.	DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE	Note	2019 Rupees	2018 Rupees
	Land		-	125,337,500
	Plant and machinery	26.2	23,936,983	102,864,162
	Spare parts		2,270,282	18,270,282
			26,207,265	246,471,944

26.1 The Company had classified a piece of land measuring 81 kanals, situated at 19 KM Sheikhpura Road, Lahore and plant & machinery of "Tile Division" alongwith related spare parts as Held for Sale in accordance with IFRS-5, "Non-current Assets Held for Sale and Discontinued Operations". Disposal of land has been completed and disposal of plant and machinery will be completed till Dec 31, 2019. The sales values agreed between the Company and the buyers represent fair values of non current assets less costs of sale since the agreements were reached on the basis of prevailing market prices.

26.2 Disposal of assets held for sale

Detail of property, plant and equipment with book value exceeding Rs. 500,000 disposed off during the year is as follows:

Particulars	Cost / Fair value	Sale proceeds	Gain / (Loss)	Buyer Name	Mode of sale
	Rupees	Rupees	Rupees		
Land	121,837,500	181,349,375	57,698,381	Mr. Allah Dita Mr. M. Afzal Mr. Khaleel Ahmed	At market value
Sale of Tile Machinery	12,003,497	11,164,423	(839,074)	M/s Equity Market	At market value
Sale of Tile Machinery	24,982,157	13,264,637	(11,717,520)	M/s Aslam Metal Scrap	At market value
Total 2019	158,823,154	205,778,435	45,141,787		

27.	REVENUE		2019 Rupees	2018 Rupees
	Gross sales:			
	- Local		1,629,607,297	1,272,633,570
	- Against international tender		-	19,151,013
	- Export		21,691,205	52,916,955
			1,651,298,502	1,344,701,538
	Less: Trade discounts		(63,875)	(496,332)
	Less: Late delivery charges / liquidity damages		(22,173,810)	(11,395,956)
	Less: Sales tax		(243,168,104)	(184,912,570)
	Net sales		1,385,892,713	1,147,896,680
28.	COST OF SALES	Note	2019 Rupees	2018 Rupees
	Raw and packing material consumed		451,427,439	375,906,434
	Salaries, wages and benefits	28.1	258,221,085	245,236,502
	Power and gas		172,234,145	146,047,441
	Stores and spares consumed		49,535,698	37,452,953
	Testing and inspection		36,113,511	23,795,738
	Travelling and conveyance		28,674,045	12,333,344
	Rent, rates and taxes		2,983,437	1,445,557
	Repairs and maintenance		2,233,975	1,064,464
	Entertainment		2,062,629	1,809,016
	Insurance		3,630,330	3,830,985
	Ijarah rentals		1,342,272	894,848
	Communication and stationery		1,251,878	933,740
	Vehicle maintenance		606,010	610,294
	Miscellaneous		389,545	355,270
	Depreciation		71,687,460	81,775,164
			1,082,393,459	933,491,750
	Work in process			
	- Opening work in process		49,737,606	29,735,130
	- Closing work in process		(51,773,493)	(49,737,606)
			(2,035,887)	(20,002,476)
	Cost of goods manufactured		1,080,357,572	913,489,274
	Finished goods			
	- Opening finished goods		180,728,650	258,274,157
	- Closing finished goods		(222,721,841)	(180,728,650)
			(41,993,191)	77,545,507
			1,038,364,381	991,034,781

28.1 This includes contribution to the Provident Fund amounting to Rs. Nil (2018: Rs. 1,565,930).



29. ADMINISTRATIVE EXPENSES	Note	2019 Rupees	2018 Rupees
Salaries, wages and benefits	29.1	47,424,675	43,571,228
Communication and stationery		1,648,451	1,694,114
Travelling		6,884,035	3,008,120
Rent, rates and taxes		2,042,796	2,305,730
Legal and professional charges		4,095,974	2,432,904
Fees and taxes		2,322,082	1,899,494
Vehicle maintenance		562,920	846,237
Power and gas		797,233	775,465
Insurance		259,973	341,161
Repairs and maintenance		315,596	318,824
Computer charges		676,933	711,470
Security charges		240,703	240,271
Miscellaneous		382,078	673,915
Entertainment		1,152,748	723,054
Depreciation	17.2	311,244	389,052
Amortization	18.2	278,750	279,990
		69,396,191	60,211,029

29.1 This includes contribution to the Provident Fund amounting to Rs. Nil (2018: Rs. 8,707).

30. SELLING AND DISTRIBUTION EXPENSES		2019 Rupees	2018 Rupees
Handling, freight and transportation		16,819,795	16,079,009
Salaries, wages and benefits		5,151,221	3,973,143
Travelling		3,413,060	2,685,509
Insurance		112,949	1,094,236
Vehicle maintenance		374,252	188,920
Rent, rates and taxes		107,520	121,358
Communication		151,316	140,419
Advertisement and sales promotion		1,155,039	260,319
Miscellaneous		467,970	586,736
		27,753,122	25,129,649

31. OTHER OPERATING EXPENSES	Note	2019 Rupees	2018 Rupees
Auditor's remuneration:			
- statutory audit	31.1	908,000	730,000
- half yearly review		275,000	250,000
		1,183,000	980,000
Impairment loss on disposal group	31.2	57,941,524	42,906,137
Workers' (profit) participation fund		5,405,004	1,992,163
Workers' welfare fund		3,793,184	761,031
Bad debts written off		7,392,087	-
Loss allowance		4,315,938	47,906,949
Loss on disposal of property, plant and equipment		-	2,974,242
Security deposits written off		-	103,663
Sales tax penalties		-	17,000
		80,030,737	97,641,185

32.	OTHER INCOME	Note	2019 Rupees	2018 Rupees
	Exchange gain		1,887,037	2,411,845
	Gain on disposal of non-current assets held for sale		45,141,787	-
	Gain on disposal of property, plant and equipment		1,016,651	-
	Winding of liabilities under IFRS 9	10.2	1,970,378	59,149,032
	Rental income		40,164	226,139
	Miscellaneous income		113,151	614,704
	Liabilities written back		-	733,012
			48,282,131	60,722,887
			50,169,168	63,134,732

33.	FINANCE COST	Note	2019 Rupees	2018 Rupees
	Short term borrowings from banking companies		29,764,873	17,794,997
	Short term borrowings from associated companies / related parties		15,949,488	13,877,190
	Unwinding of liabilities under IFRS 9		18,708,879	5,493,932
	Long term financing from banking companies		7,665,778	11,194,966
	Commission on bank guarantees		3,783,129	3,275,752
	Long term financing from associated companies / related parties		708,322	7,809,830
	Discontinued provident fund	11.1	129,490	138,470
	Bank charges		5,062,348	2,360,992
			81,772,307	61,946,129

34.	TEXATION	Note	2019 Rupees	2018 Rupees
	Current		52,811,989	13,794,977
	Prior year adjustment			
	- Current tax		(1,345,778)	13,587,331
	- Tax credits	34.1	-	(26,971,759)
			51,466,211	410,549
	Deferred		(57,260,423)	(61,291,940)
			(5,794,212)	(60,881,391)

34.1 These tax credits are exclusive of unused tax credits amounting to Rs. Nil (2018: 26,399,819) available to the Company on account of excess of minimum tax over tax payable.

34.2 Sufficient tax provision has been incorporated in these financial statements. Income tax assessments are deemed finalized by the management up to the Tax Year 2018 as tax returns were filed under the self assessment scheme.

34.3 The Company computes tax based on the generally accepted interpretations of the tax laws to ensure that the sufficient provision for the purpose of taxation is available. The comparison of estimated provision for taxation and actual tax assessed as per income tax return filed for previous years can be analyzed as follows:

	2018 Rupees	2017 Rupees	2016 Rupees
Provision for taxation as per financial statements	13,794,977	12,142,003	10,158,384
Tax liability as per return	12,449,199	25,729,334	6,857,631
Excess / (shortage)	1,345,778	(13,587,331)	3,300,753



34.4 For the tax year 2018, tax return was filed on normal tax payable basis, such payable tax was adjusted through available minimum tax credits of previous years.

35. EARNINGS PER SHARE		2019 Rupees	2018 Rupees
Earnings for the year attributable to ordinary shareholders	Rupees	144,539,355	35,950,030
Weighted average number of ordinary shares outstanding during the year	Numbers	35,000,000	35,000,000
Earnings per share - Basic and diluted	Rupees	4.13	1.03

35.1 Diluted earnings per share

There is no dilution effect on the earnings per share of the Company.

36. CASH GENERATED FROM OPERATIONS		2019 Rupees	2018 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit / (loss) before taxation		138,745,143	(24,931,361)
Adjustment for:			
- Depreciation		71,998,704	82,164,216
- Amortization		278,750	279,990
- Provision for gratuity		11,876,802	6,762,573
- Workers' (profit) participation fund		5,405,004	1,992,163
- Workers' welfare fund		3,793,184	761,031
- Markup payable to employees against discontinued provident fund		129,490	138,470
- Security deposits written off		-	103,663
- Impairment loss on disposal group		57,941,524	42,906,137
- Loss allowance		4,315,938	47,906,949
- Bad debts written off		7,392,087	-
- Loss / (gain) on disposal of property, plant and equipment		(1,016,651)	2,974,242
- Gain on disposal of noncurrent assets held for sale		(45,141,787)	-
- Liabilities written back		-	(733,012)
- Winding of liabilities under IFRS 9		(1,970,378)	(70,136,896)
- Exchange gain		(1,887,037)	(2,411,845)
- Unwinding of liabilities under IFRS 9		18,708,879	5,493,932
- Finance cost		63,063,428	61,946,129
		194,887,937	180,147,742
Operating profit before working capital changes		333,633,080	155,216,381
(Increase) / decrease in current assets			
- Stores, spares and loose tools		5,354,503	(10,931,477)
- Stock in trade		(73,019,059)	49,363,039
- Trade debts		(242,442,697)	2,112,893
- Advances, deposits, prepayments and other receivables		(4,471,178)	(12,197,158)
Increase / (decrease) in current liabilities			
- Trade and other payables		21,732,278	(83,411,529)
		(292,846,153)	(55,064,232)
Cash generated from operations		40,786,927	100,152,149

37. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

	As at June 30, 2018	Non-cash changes	Cash flows (Net)	As at June 30, 2019
	Rupees	Rupees	Rupees	Rupees
Long term financing - net	386,453,337	16,738,501	(100,402,233)	302,789,605
Short term borrowings - net	537,413,016	-	77,020,989	614,434,005
	923,866,353	16,738,501	(23,381,244)	917,223,610

	As at June 30, 2017	Non-cash changes	Cash flows (Net)	As at June 30, 2018
	Rupees	Rupees	Rupees	Rupees
Long term financing - net	419,857,198	68,962,688	(102,366,549)	386,453,337
Short term borrowings - net	492,719,846	-	44,693,170	537,413,016
	912,577,044	68,962,688	(57,673,379)	923,866,353

38. 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	
	2019	2018	2019	2018	2019	2018	2019	2018
	Rupees		Rupees		Rupees		Rupees	
Managerial remuneration	7,357,680	6,688,800	7,326,792	6,660,720	-	-	6,343,884	8,585,212
House rent allowance	3,310,956	3,009,960	3,297,056	2,997,324	-	-	655,679	630,461
Bonus	-	-	-	-	-	-	-	-
Utilities	987,906	705,235	1,549,126	1,177,481	-	-	229,706	140,102
Medical expenses	365,501	682,626	1,090,865	1,295,916	-	-	84,923	162,375
Reimbursable expenses	1,105,087	1,420,169	3,464,727	3,163,941	-	-	254,812	356,949
	13,127,130	12,506,790	16,728,566	15,295,382	-	-	7,569,004	9,875,099
Number of persons	1	1	2	2	5	5	2	3

38.1 An executive is defined as an employee, other than the chief executive and directors, whose basic salary exceeds Rs. 1.2 million in a financial year.

38.2 The Company provides the Chief Executive and certain directors and executives with company maintained vehicles, residential telephone expenses, reimbursable club expenses, and servant salaries.

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

39. 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	2019 Rupees	2018 Rupees
Associated Engineers (Private) Limited	Associated company	Loan term financing obtained Markup on long term financing	1,150,000 558,403	1,650,000 558,403
EMCO Industries Limited Provident Fund	Associated undertaking	Markup on long term financing Markup paid Principal repaid	- - 26,714,152	7,341,952 265,444 30,645,263
Imperial Electric Company (Private) Limited	Associated company	Markup on long term financing Rent expense Short term borrowing received Short term borrowing repaid	149,919 2,150,316 106,500,000 106,500,000	149,919 2,427,088 74,000,000 74,000,000
ICC (Private) Limited	Associated company	Short term borrowing obtained Short term borrowing repaid Markup on short term borrowing Markup paid on short term borrowing	84,000,000 84,000,000 9,165,729 8,583,245	86,500,000 11,500,000 6,735,368 6,869,917
		Loan term financing repaid Markup on long term financing Markup paid on Long term Financing	13,125,005 515,665 632,252	16,041,663 1,982,670 2,119,624
Directors and close relatives				
Usman Haq		Short term borrowing obtained Short term borrowing repaid Markup on short term borrowing Markup on short term borrowing paid	261,965,757 244,725,581 6,783,759 7,209,461	309,262,485 353,189,850 7,141,822 6,887,478
Tariq Rehman Ahsan Suhail Mannan Salem Rehman Suhail Mannan	Associated persons	Short term borrowing repaid Short term borrowing repaid Short term borrowing repaid Short term borrowing repaid	49,705 821,493 48,344 763,049	142,176 857,489 70,535 926,103

Outstanding Balance as at the year end

		2019 Rupees	2018 Rupees
Associated Engineers (Private) Limited	Long term financing - interest bearing Long term financing - interest free Mark-up on long term financing	7,396,095 14,477,092 6,391,541	7,396,095 13,806,341 5,833,138
EMCO Industries Limited Provident Fund	Long term financing	151,181,304	164,194,671
Imperial Electric Company (Pvt.) Ltd.	Long term financing - interest bearing Long term financing - interest free Markup on long term financing	1,985,640 572,775 2,343,326	1,985,640 588,174 2,193,407
ICC (Private) Limited	Short term borrowing - interest free Short term borrowing - interest bearing Markup on borrowing Long term financing	80,750,000 75,000,000 7,559,706 -	80,750,000 75,000,000 7,054,390 13,125,005
ICC (Private) Limited	Receivable against sales	-	63,059
Nur Enterprises	Receivable against sales	-	305,866
Directors, executives and close relatives thereof			
Haris Noorani	Sponsors' loans	11,280,900	11,280,900
Usman Haq	Sponsors' loans	4,254,100	4,254,100
Tariq Rehman	Sponsors' loans	36,122,305	36,122,305
Tahir Rehman	Sponsors' loans	6,740,000	6,740,000
Ambreen Haq	Sponsors' loans	1,300,000	1,300,000
Suhail Mannan	Sponsors' loans	15,815,833	15,815,833
Attia Zaheer	Sponsors' loans	4,322,856	4,322,856
Saira Khayyam	Sponsors' loans	4,322,333	4,322,333
Rehana Shafique	Sponsors' loans	4,322,333	4,322,333
Mehmuna Luqman	Sponsors' loans	4,322,334	4,322,334
Pervaiz Shafiq Siddiqi	Sponsors' loans	3,545,000	3,545,000
Javaid Shafiq Siddiqi	Sponsors' loans	3,545,000	3,545,000
Ahsan Suhail Mannan	Sponsors' loans	15,815,834	15,815,834

Outstanding Balance as at the year end		2019 Rupees	2018 Rupees
Tariq Rehman	Short term borrowing	43,865,466	43,915,171
Haris Noorani	Short term borrowing	16,039,654	14,278,484
Suhail Mannan	Short term borrowing	8,517,121	8,517,121
Ahsan Suhail Mannan	Short term borrowing	10,259,900	11,081,393
Salem Rehman	Short term borrowing	13,039,096	13,087,440
Pervaiz Shafiq Siddiqi	Short term borrowing	8,800,000	8,800,000
Javaid Shafiq Siddiqi	Short term borrowing	8,750,000	8,750,000
Tahir Rehman	Short term borrowing	5,605,000	5,605,000
Nur Enterprises	Short term borrowing	1,037,484	1,037,484
Usman Haq	Short term borrowing	4,498,900	4,498,900
Haris Noorani	ther payables	-	1,761,170
Suhail Mannan	Other payables	1,732,609	2,495,658
	Markup on short term borrowing	1,430,203	1,855,905

39.1 Following are the related parties with whom the Company had entered into transactions:

S. No.	Company Name	Basis of association	Aggregate % of Shareholding
1	ICC (Private) Limited	Associate	5.74%
2	Imperial Electric Company (Pvt.) Ltd.	Associate	1.66%
3	Associated Engineers (Pvt.) Ltd.	Associate	5.76%

40. 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.

The carrying values of all financial assets and liabilities reflected in financial statements approximate to their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (i.e., unobservable inputs) (level 3).

The following table presents the Company's financial assets that are measured at fair value at June 30, 2019:

	Date of Valuation	Valuation Technique	Level 1	Level 2	Level 3	Total
Assets						
<i>Recurring fair value measurements</i>						
Revalued property, plant and equipment	30 June, 2017	Market Based	-	1,143,359,142	-	-
			-	1,143,359,142	-	-



The following table presents the Company's financial assets that are measured at fair value at June 30, 2018:

	Date of Valuation	Valuation Technique	Level 1	Level 2	Level 3	Total
Assets						
<i>Recurring fair value measurements</i>						
Revalued property, plant and equipment	30 June, 2017	Market Based	-	1,125,367,746	-	-
			-	1,125,367,746	-	-

41. FINANCIAL RISK MANAGEMENT

41.1 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, 2019, 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. 0.4315 million (2018: Rs. Rs. 0.422 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 borrowings and long term financings. These financing, 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 reporting date fluctuate by 1% higher / lower with all other variables held constant, profit before tax for the year would have been Rs. 7.004 million (2018: Rs. 5.827 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 reporting 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:

	2019 Rupees	2018 Rupees
Long term loans	1,564,990	1,645,790
Long term deposits	1,659,900	1,659,900
Trade receivables	533,532,521	300,910,812
Advances, deposits and other receivables	9,542,220	10,473,361
Bank balances	4,251,198	9,434,563
The aging of receivables as at reporting date date is as follows:		
Past due 1 - 90 days	477,614,612	183,951,547
Past due 91 - 180 days	55,917,909	76,510,442
Past due 181 - 365 days	-	16,423,830
More than 365 days	-	24,024,993
	<u>533,532,521</u>	<u>300,910,812</u>

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 statement of profit or loss.



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	2019 Rupees	2018 Rupees
Allied Bank Limited	A1+	AAA	PACRA	3,016,616	17,634
Askari Bank Limited	A1+	AA+	PACRA	17,733	6,512
Bank Alfalah Limited	A1+	AA+	PACRA	20,296	20,032
The Bank of Punjab	A1+	AA	PACRA	39,160	10,018,020
Faysal Bank Limited	A1+	AA	PACRA	(4,552,689)	(4,265,356)
Habib Bank Limited	A-1+	AAA	JCR-VIS	179,636	711,529
MCB Bank Limited	A1+	AAA	PACRA	62,617	64,320
National Bank of Pakistan	A1+	AAA	PACRA	(57,220)	71,674
Silk Bank Limited	A-2	A-	JCR-VIS	5,400,808	584,977
Standard Chartered Bank (Pakistan) Ltd	A1+	AAA	PACRA	100,000	100,000
United Bank Limited	A-1+	AAA	JCR-VIS	24,241	2,105,221
				4,251,198	9,434,563

(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 reporting 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, 2019:						
Long term financing	303,939,605	336,448,702	66,847,343	92,880,000	176,721,359	-
Trade and other payable	208,178,015	207,934,338	207,934,338	-	-	-
Accrued finance cost	26,555,724	26,555,724	26,555,724	-	-	-
Short term borrowings	614,434,005	709,783,996	614,434,005	-	-	-
	1,153,107,349	1,280,722,760	915,771,410	92,880,000	176,721,359	-
Contractual maturities of financial liabilities as at June 30, 2018:						
Long term financing	386,453,337	460,462,119	70,643,311	75,173,000	196,382,000	118,263,808
Trade and other payable	198,653,095	198,653,095	198,653,095	-	-	-
Accrued finance cost	21,170,977	21,170,977	21,170,977	-	-	-
Short term borrowings	537,413,016	576,106,753	537,413,016	-	-	-
	1,143,690,425	1,256,392,944	827,880,399	75,173,000	196,382,000	118,263,808

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 reporting 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, 2019 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 reporting date. The fair values of all other financial assets and liabilities are not considered to be significantly different from their carrying values.

41.2 Financial instruments by categories

Financial assets as at June 30, 2019

	At fair value through profit or loss Rupees	At amortized cost Rupees	At fair value through other comprehensive income Rupees	Total Rupees
Long term loans	-	1,564,990	-	1,564,990
Long term deposits	-	1,659,900	-	1,659,900
Trade debts	-	533,532,521	-	533,532,521
Advances, deposits & other receivables	-	9,542,220	-	9,542,220
Cash and bank balances	-	5,273,337	-	5,273,337
	-	551,572,968	-	551,572,968

Financial assets as at June 30, 2018

Long term loans	-	1,645,790	-	1,645,790
Long term deposits & advances	-	1,659,900	-	1,659,900
Trade debts	-	300,910,812	-	300,910,812
Advances, deposits & other receivables	-	10,473,361	-	10,473,361
Cash and bank balances	-	10,135,269	-	10,135,269
	-	324,825,132	-	324,825,132

Financial liabilities at amortized cost	2019 Rupees	2018 Rupees
Long term financing	303,939,605	386,453,337
Trade and other payables	208,178,015	198,653,095
Accrued finance cost	26,555,724	21,170,977
Short term borrowings	614,434,005	537,413,016
	1,153,107,349	1,143,690,425

42. 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 pay-out 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 reporting date, the gearing ratio of the Company was worked out as under:

	2019 Rupees	2018 Rupees
Borrowings	918,373,610	923,866,353
Cash and bank balances	(5,273,337)	(10,135,269)
Net debt	913,100,273	913,731,084
Equity	1,165,821,363	1,016,126,269
Total capital employed	2,078,921,636	1,929,857,353
Gearing ratio	43.92%	47.35%

43. PLANT CAPACITY AND PRODUCTION

	Capacity		Total Production	
	2019 Rupees	2018 Rupees	2019 Rupees	2018 Rupees
Insulators - tons	5,000	5,000	4,556	4,862

43.1 Actual production has been decreased during the year due to utilization of resources on high value products required more labour time and resources.

44. Provident Fund Related Disclosures

The Company operated a recognised provident fund for all its permanent workers. However, the Company has discontinued the fund with effect from March 06, 2018 pursuant to a rescheduling agreement between the Company and the Trustees of the fund as detailed in note 10.5.

The following information is based on audited financial statements of the Fund as at December 31, 2018 and December 31, 2017:

	2019 Rupees	2018 Rupees
Size of the Fund	218,019,919	261,119,521
Cost of investments made	295,822	458,046
Percentage of the investments made	0.1357%	0.1754%
Fair value of investments	295,822	458,046
Break up of investments		
Special accounts in a scheduled bank	295,822	458,046

- 44.1 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 capital + 1% per annum. As at December 31, 2018, the Company owes Rs. 207.663 million (2017: Rs. 132.478 million) as principal and Nil (2017: Rs. 117.456 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 218 of the Companies Act, 2017 and the rules formulated for this purpose.

45. NUMBER OF EMPLOYEES	Note	2019 Rupees	2018 Rupees
Employees as at June 30,	45.1	471	487
Average number of employees during the year	45.2	479	475

- 45.1 This includes 374 (2018: 385) factory employees.

- 45.2 This includes 380 (2018: 385) factory employees.

46 AUTHORIZATION OF FINANCIAL STATEMENTS

These financial statements were approved and authorized for issue on August 09, 2019 by the Board of Directors of the Company.

47. 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
Prepayments	Testing and experiment (Note 28) (Cost of sales)	Advance Deposit and Prepayments	1,914,879
Car instalments	Miscellaneous (Note 28) (Cost of sales)	Travelling and Conveyance (Cost of sales Note 28)	885,817
Travelling and conveyance expense	Vehicle maintenance (Note 29) (Admin expenses)	Travelling and conveyance (Admin Expenses Note 29)	2,524,003
Car instalments	Miscellaneous (Note 30) (Selling and distribution expenses)	Travelling and conveyance (Note 30) (Selling and distribution expenses)	354,867
Advertisement expenses	Miscellaneous (Note 29) (Admin expenses)	Advertisement and sales promotion (Selling and distribution expenses Note 30)	524,323
Late delivery charges	Selling and distribution expenses (Note 30)	Revenue (Note 27)	11,395,956
Loss on disposal of property, plant and equipment	Other Income (Note 32)	Other Operating Expenses (Note 31)	(2,974,242)


DIRECTOR


DIRECTOR


CHIEF FINANCIAL OFFICER

At the time of the meeting of Board of Directors, the Chief Executive Officer is not available in Pakistan. Therefore, as prescribed under section 232 of Companies Act, 2017, these financial statements are signed by two directors and the Chief Financial Officer.





PATTERN OF SHARE HOLDING

AS ON JUNE 30, 2019

No. of Shareholders	Shareholding		Total Shares Held
	From	To	
130	1	100	3,082
271	101	500	65,583
65	501	1,000	52,730
111	1,001	5,000	270,550
27	5,001	10,000	208,795
9	10,001	15,000	111,780
4	15,001	20,000	77,084
3	20,001	25,000	61,522
4	25,001	30,000	113,250
2	30,001	35,000	63,500
1	35,001	40,000	35,500
3	40,001	45,000	121,956
1	45,001	50,000	49,681
1	65,001	70,000	69,019
2	80,001	85,000	164,691
1	120,001	125,000	125,000
3	125,001	130,000	380,311
1	130,001	135,000	132,582
2	135,001	140,000	279,400
1	160,001	165,000	160,458
1	170,001	175,000	174,000
1	175,001	180,000	177,125
1	210,001	215,000	214,500
1	225,001	230,000	228,052
1	245,001	250,000	246,312
1	275,001	280,000	276,902
1	290,001	295,000	291,777
1	395,001	400,000	399,378
1	435,001	440,000	436,046
1	530,001	535,000	532,618
1	560,001	565,000	564,063
1	580,001	585,000	581,842
1	635,001	640,000	637,654
1	660,001	665,000	660,492
1	755,001	760,000	756,711
1	760,001	765,000	763,954
1	845,001	850,000	850,000
1	1,160,001	1,165,000	1,164,915
1	1,175,001	1,180,000	1,179,001
1	1,195,001	1,200,000	1,200,000
1	1,285,001	1,290,000	1,288,942
1	1,475,001	1,480,000	1,475,634
1	1,785,001	1,790,000	1,787,817
1	1,825,001	1,830,000	1,829,810
1	2,010,001	2,015,000	2,011,325
1	2,100,001	2,105,000	2,103,920
1	2,105,001	2,110,000	2,109,524
1	2,400,001	2,405,000	2,401,301
1	2,940,001	2,945,000	2,943,411
1	3,165,001	3,170,000	3,166,500
672			35,000,000

Categories of Shareholders	Numbers of Shareholders	Shares Held	% of paid up Capital
Individuals	653	29,288,094	84%
Insurance Companies	1	12,550	0%
Joint Stock Companies	15	5,628,356	16%
Financials Institutions	2	1,981	0%
Pension Fund	1	69,019	0%
	672	35,000,000	100%

PATTERN OF SHARE HOLDING

AS ON JUNE 30, 2019

	CATEGORY OF SHAREHOLDER	HOLDING	% AGE
1	MR. TARIQ REHMAN - (CDC)	132,582	0.3788
2	MR. SUHAIL MANNAN	2,103,920	6.0112
	MR. SUHAIL MANNAN (CDC)	80,691	0.2305
3	MR. JAVAID SHAFIQ	291,777	0.8336
	MR. JAVAID SHAFIQ SIDDIQI (CDC)	2,109,524	6.0272
4	MR. PERVAIZ SHAFIQ SIDDIQI (CDC)	2,401,301	6.8609
5	MR. USMAN HAQ (CDC)	1,829,810	5.2280
6	MR SALEM REHMAN (CDC)	436,046	1.2458
	MR SALEM REHMAN (CDC)	763,954	2.1827
7	MR. AHSAN SUHAIL MANNAN	160,458	0.4585
	MR. AHSAN SUHAIL MANNAN (CDC)	1,787,817	5.1080
8	MR. AWAIS NOORANI	20,511	0.0586
9	CH. IMRAN ALI	500	0.0014
10	MRS. SHAHIMA REHMAN W/O TARIQ REHMAN	290	0.0008
	MRS. SHAHIMA REHMAN W/O TARIQ REHMAN - (CDC)	399,378	1.1411
11	MRS. AMINA SUHAIL MANNAN W/O SUHAIL MANNAN - (CDC)	246,312	0.7037
12	MRS. NAILA SUHAIL MANNAN W/O SUHAIL MANNAN- (CDC)	228,052	0.6516
13	MRS. AMBREEN HAQ W/O USMAN HAQ (CDC)	1,164,915	3.3283
		<u>14,157,838</u>	<u>40.4510</u>

ASSOCIATED COMPANIES:

1	ASSOCIATED ENGINEERS (PVT) LTD.	2,011,325	5.7466
2	ICC (PVT) LIMITED (CDC)	2,943,411	8.4097
3	THE IMPERIAL ELECTRIC CO PVT LTD (CDC)	532,618	1.5218
4	THE IMPERIAL ELECTRIC COMPANY (PVT.) LIMITED (CDC)	49,681	0.1419
		<u>5,537,035</u>	<u>15.8201</u>

NIT & ICP:

1	IDBP (ICP UNIT)	1,057	0.0030
		<u>1,057</u>	<u>0.0030</u>

FINANCIAL INSTITUTION:

1	PAKISTAN INDUSTRIAL CREDIT & INVESTMENT CORP. LTD.	500	0.0014
2	NATIONAL BANK OF PAKISTAN (CDC)	424	0.0012
		<u>924</u>	<u>0.0026</u>

INSURANCE COMPANIES:

1	GULF INSURANCE COMPANY LIMITED	12,550	0.0359
		<u>12,550</u>	<u>0.0359</u>

MODARABAS & MUTUAL FUNDS:

		<u>0</u>	<u>0.0000</u>
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PENSION FUNDS

1	TRUSTEE NATIONAL BANK OF PAKISTAN EMPLOYEES PENSION FUND (CDC)	69,019	0.1972
		<u>69,019</u>	<u>0.1972</u>



PATTERN OF SHARE HOLDING

AS ON JUNE 30, 2019

JOINT STOCK COMPANIES:		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	CLIKTADE LIMITED - (CDC)	82	0.0002
6	FIKREES (PRIVATE) LIMITED (CDC)	1,999	0.0057
7	MAPLE LEAF CAPITAL LIMITED - (CDC)	1	0.0000
8	MRA SECURITIES LIMITED - MF (CDC)	84,000	0.2400
9	MSMANIAR FINANCIALS (PVT) LIMITED - (CDC)	400	0.0011
11	NH SECURITIES (PVT) LIMITED - (CDC)	1,000	0.0029
12	WASI SECURITIES (SMC-PVT) LIMITED - (CDC)	30	0.0001
		91,321	0.2609
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):		15,124,769	43.2136
SHARES HELD BY THE GENERAL PUBLIC (FOREIGN):		3,065	0.0088
		15,127,834	43.2224
TOTAL:		35,000,000	100.0000
SHAREHOLDERS HOLDING 10% OR MORE OF TOTAL CAPITAL:			
S. No.	Name	Holding	% AGE
	NIL		
SHAREHOLDERS HOLDING 5% OR MORE OF TOTAL CAPITAL:			
S. No.	Name	Holding	% AGE
1	MR. MUNAF IBRAHIM (CDC)	3,166,500	9.0471
2	ICC (PVT) LIMITED (CDC)	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. SUHAIL MANNAN	2,184,611	6.2417
6	ASSOCIATED ENGINEERS (PVT) LTD.	2,011,325	5.7466
7	MR. AHSAN SUHAIL MANNAN (CDC)	1,948,275	5.5665
8	MR. USMAN HAQ (CDC)	1,829,810	5.2280
		18,886,534	53.9615

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








Mr. Tariq Rehman (CEO) Gifted out 898,635 shares to his son.










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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-Egerton Road, Lahore on 17th September 2019 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.

www.emco.com.pk



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