

INTERIM FINANCIAL INFORMATION (Un-audited)

FOR THE NINE MONTHS ENDED

MARCH 31, 2020



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. Crowe 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
Askari 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.

DIRECTORS' REVIEW

Dear Shareholders

On behalf of the Board of Directors I am pleased to present the performance review of your Company together with the un-audited financial statements for the nine months ended March 31, 2020.

Operations and Sales Review

The Company produced 3,252 tons during the period under review (July-Mar 2020) as compared to 3,407 tons of the corresponding period of last year.

Company sold 3,250 tons during the period under review (July-March 2020) as compared to 3,209 tons of the corresponding period of last year.

In terms of value, the net sales of the Company for the period under review (July-March 2020) increased to Rs. 1,187.01 million as compared to Rs. 999.37 million of the corresponding period of last year.

Financial Performance

For the period under review (July-March 2020), the Company posted gross profit of Rs. 257.9 million compared to Rs. 260.0 million of the corresponding period of last year. The net operating profit for the period under review (July-March 2020) is recorded at Rs. 177.6 million as compared to Rs. 188.9 million of the corresponding period of last year.

Finance cost for the period under review (July-March 2020) has been increased and stood at Rs. 81.47 million as compared to Rs. 61.86 million of the corresponding period of last year owing to prevailing higher interest rate scenario.

After taking into account financial charges, profit before tax decreased to Rs. 94.43 million as compared to profit before tax of Rs. 112.96 million for the corresponding period of last year.

After accounting for tax, primarily backed by increased net sales, the Company has made a net profit of Rs. 72.21 million for the period under review as compared to a profit of Rs. 106.47 million for the corresponding period of last year.

During the period under review, the Company has paid Rs. 55.98 million toward Long Term Loans and there is no overdue against any loans.



Earnings per Share

The basic earnings per share is reported at Rs. 2.06 as compared to basic earnings per share of Rs. 3.04 of the comparable period of last year. There is no dilution effect on the earnings per share for the period under review and corresponding period of last year.

Near Term Outlook

State of Economy and the market remain uncertain for the year due to prevalence of COVID-19. Emco closed down its plant as per the Government Directive on 24th March 2020. Due to the high demand and the Discos and NTDC being open, Emco obtained an exemption to resume production from 6th of April 2020. The plant is now fully operational and producing goods against orders. During these testing times, the Board is happy to report that all staff is safe and the Company is taking all necessary precautions to keep its operations and people safe at work. The head office is working with skeletal staff and rest are working from home.

Besides, management has constantly been striving to improve productivity and efficiencies of existing facilities by undertaking different projects from time to time. Management of your Company will endeavor to maintain the performance in ensuing quarter with optimum plant utilization, volume maximization and a favorable product mix. Management is also exploring different related business ventures to capitalize the improving Financial Metrics of the your Company.

Acknowledgments

Your Directors appreciate the continued support and commitment of all the stakeholders. They are especially thankful to the Banks and Financial Institutions. They also wish to acknowledge, hard and sincere work of the staff and employees of the Company.

On behalf of board

Tariq Rehman
Chief Executive Officer

April 22, 2020
Lahore

ڈائریکٹرز کا جائزہ

محترم حصص داران:-

بورڈ آف ڈائریکٹرز کی جانب سے 31-03-2020 کو ختم ہونے والے نو ماہی کے لیے آپ کی کمپنی کی کارکردگی کا جائزہ مع غیر آڈٹ شدہ مالیاتی گوشوارے پیش کرنا میرے لیے باعث مسرت ہے۔

کاروبار کی کارکردگی وکیل کا جائزہ:

کمپنی نے زیر جائزہ مدت (جولائی تا مارچ 2020ء) کے دوران 3,252.3 ٹن کی پیداوار کی جو کہ گزشتہ سال کی اسی مدت میں 3,407.3 ٹن تھی۔ کمپنی نے زیر جائزہ مدت (جولائی تا مارچ 2020ء) میں 3,250.3 ٹن کی فروخت کی جو کہ گزشتہ سال کی اسی مدت میں 3,209 ٹن تھی۔

قدر کے اعتبار سے زیر جائزہ مدت (جولائی تا مارچ 2020ء) میں سیل و لیبا 1,187.01 ملین روپے تک بڑھ گئی جو کہ گزشتہ سال اسی مدت میں 999.37 ملین روپے تھی۔

مالیاتی کارکردگی:

زیر جائزہ مدت (جولائی تا مارچ 2020ء) میں کمپنی نے 257.9 ملین روپے کا مجموعی منافع کمایا جو کہ گزشتہ سال اسی مدت میں 260.0 ملین روپے تھا۔

زیر جائزہ مدت (جولائی تا مارچ 2020ء) میں اصل منافع 177.6 ملین روپے رہا جو کہ گزشتہ سال اسی مدت میں 188.9 ملین روپے تھا۔

زیر جائزہ مدت (جولائی تا مارچ 2020ء) میں مالیاتی اخراجات بڑھ کر 81.47 ملین روپے تک ہو گئے جو کہ گزشتہ سال اسی مدت میں 61.86 ملین روپے تھے۔

جس کی بنیادی وجہ بڑھتی ہوئی شرح سود ہے۔

مالیاتی اخراجات منہا کرنے کے بعد زیر جائزہ مدت (جولائی تا مارچ 2020ء) میں قبل از ٹیکس منافع 94.43 ملین روپے رہا جو کہ گزشتہ سال اسی مدت

میں 112.96 ملین روپے تھا۔

ٹیکس کے لیے کاؤنگ کے بعد، بنیادی طور پر بڑھتی ہوئی خالص فروخت کی حمایت میں، کمپنی نے زیر جائزہ مدت میں 72.21 ملین روپے خالص منافع کمایا جو کہ

گزشتہ برس اسی عرصہ کے دوران 106.47 ملین روپے تھا۔

زیر جائزہ مدت کے دوران، کمپنی نے 55.98 ملین روپے طویل المدتی قرضوں کی مدد میں ادا کیے اور کسی بھی قرض کی مدد میں کوئی رقم واجب الادا ہے۔

فی شیئر آمدنی:

گزشتہ سال اسی مدت کیلئے بنیادی فی شیئر آمدنی 3.04 روپے کے مقابلے میں زیر جائزہ مدت (جولائی تا مارچ 2020ء) کی بنیادی فیصد آمدنی 2.06 روپے

رپورٹ کی گئی۔ زیر جائزہ مدت اور گزشتہ سال کی اسی مدت کیلئے فی شیئر آمدنی کے کمزور پڑنے کے کوئی آثار نہیں ہیں۔

قریب مدتی منظر نامہ:

COVID-19 کے پھیلاؤ کی وجہ سے مارکیٹ اور معیشت کی صورت حال اس سال کے لیے غیر یقینی ہے۔ ایکو نے 24 مارچ 2020 کو گورنمنٹ کی ہدایت کے

مطابق اپنا پلانٹ بند کر دیا۔ زیادہ طلب اور سکوز اور NTDC کے کھلنے کی وجہ سے ایکو کو 106 اپریل 2020 سے دوبارہ پیداوار کرنے کی چھوٹ ملی۔

اب یہ پلانٹ مکمل طور پر چل رہا ہے اور آڈیٹرز کے مطابق سامان تیار کر رہا ہے۔ بورڈ رپورٹ پیش کرنے میں خوشی محسوس کرتا ہے کہ تمام عملہ محفوظ ہے اور کمپنی اپنے

کاموں اور لوگوں کو محفوظ رکھنے کے لیے تمام ضروری احتیاطی تدابیر اختیار کر رہی ہے۔ ہیڈ آفس کم سے کم سٹاف کے ساتھ کام کر رہا ہے۔ باقی گھر سے کام کر رہے ہیں۔

اس کے علاوہ انتظامیہ وقتاً فوقتاً مختلف پریذیکشن کے ذریعے موجودہ سہولیات کی پیداوار اور استعمال کو بہتر بنانے کے لیے کوشاں ہے۔ آپ کی کمپنی پلانٹ کے موثر

استعمال، پیداواری حجم میں اضافے اور موزوں پراڈکٹس کے ذریعے آنے والی سہ ماہی میں اپنی کارکردگی کو برقرار رکھنے کیلئے بھرپور طریقہ سے مصروف عمل ہے۔

انتظامیہ آپ کی کمپنی کی کارکردگی کو بہتر بنانے کیلئے مختلف مختلف کاروباری منصوبوں کی بھی تلاش کر رہی ہے۔



انکھانے تھکر:

آپکے ڈائریکٹرز کی مسلسل سرپرستی اور واہنگی پر تمام سٹیک ہولڈرز کو خراج تحسین پیش کرتے ہیں۔ وہ بینکوں اور مالیاتی اداروں کے خصوصی شکر گزار ہیں۔ وہ کمپنی کے عملے اور ملازمین کی محنت اور پر خلوص کارکردگی کا بھی اعتراف کرتے ہیں۔

بورڈ آف ڈائریکٹرز کی جانب سے

طارق رحمان

چیف ایگزیکٹو آفیسر

لاہور 22 اپریل، 2020

CONDENSED INTERIM BALANCE SHEET

	Note	(Un-Audited) March 31, 2020 Rupees	(Audited) June 30, 2019 Rupees
CAPITAL AND LIABILITIES			
Share Capital and Reserves			
Authorized share capital: 40,000,000 (June 30, 2019: 40,000,000) Ordinary shares of Rs. 10 each		400,000,000	400,000,000
Issued, subscribed and paid up capital: 35,000,000 (June 30, 2019: 35,000,000) Ordinary shares of Rs. 10 each		350,000,000	350,000,000
Reserves		28,122,181	(57,741,076)
Sponsors' loan		115,708,828	115,708,828
Surplus on Revaluation of Property, Plant & Equipment	5	743,939,753	757,853,611
		1,237,770,762	1,165,821,363
Non Current Liabilities			
Long term financing	6	196,388,898	237,092,262
Deferred liabilities		65,470,161	57,658,457
		261,859,059	294,750,719
Current Liabilities			
Trade and other payables		223,240,915	271,980,730
Unclaimed dividends		243,677	243,677
Accrued finance cost		30,990,953	26,555,724
Short term borrowings		576,177,247	614,434,005
Current portion of non-current liabilities		63,720,000	66,847,343
		894,372,792	980,061,479
Liabilities against non current assets classified as held for sale		-	16,830,375
Contingencies and Commitments	7	-	-
Total Equity and Liabilities		2,394,002,610	2,457,463,936

The annexed notes form an integral part of this condensed interim financial information (un-audited).

Lahore
April 22, 2020



(Tariq Rehman)
Chief Executive Officer



AS AT MARCH 31, 2020

	Note	(Un-Audited) March 31, 2020 Rupees	(Audited) June 30, 2019 Rupees
ASSETS			
Non Current Assets			
Property, plant and equipment	4	1,135,079,512	1,149,254,897
Intangible assets		1,752,106	1,961,168
Deferred tax asset		33,794,336	27,349,030
Long term prepayments and other receivables		57,417,841	51,389,848
Long term deposits		1,659,900	1,659,900
Long term loans		1,475,410	1,463,500
		1,231,179,105	1,233,078,343
Current Assets			
Stores, spares and loose tools		85,259,144	79,567,641
Stock-in-trade		576,203,480	449,783,487
Trade debts		369,855,114	533,532,521
Advances, deposits, prepayments and other receivables		71,826,895	78,036,810
Income tax refundable from the Government		52,570,148	51,984,532
Cash and bank balances		7,108,725	5,273,337
		1,162,823,506	1,198,178,328
Non current assets classified as held for sale		-	26,207,265
Total Assets		2,394,002,610	2,457,463,936


(Ahsan Suhail Mannan)
Director


(Riaz Ahmed)
Chief Financial Officer

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)

FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2020


	Note	Nine Months Ended March 31,		Quarter Ended March 31,	
		2020 Rupees	2019 Rupees	2020 Rupees	2019 Rupees
Sales - net		1,187,026,807	999,370,398	389,893,889	334,067,637
Cost of sales	8	(929,074,344)	(739,279,606)	(304,973,197)	(239,378,046)
Gross Profit		257,952,463	260,090,792	84,920,692	94,689,591
- Administrative expenses		(57,761,363)	(49,947,419)	(18,450,993)	(17,607,460)
- Selling and distribution expenses		(22,567,526)	(21,234,309)	(5,755,239)	(8,164,224)
		(80,328,889)	(71,181,728)	(24,206,232)	(25,771,684)
Operating Profit		177,623,574	188,909,064	60,714,460	68,917,907
Other operating expenses		(6,193,449)	(44,789,277)	(1,972,815)	(1,594,336)
Finance cost		(81,473,325)	(61,866,728)	(29,930,107)	(21,843,406)
Other income		4,471,112	30,704,704	174,129	12,753,771
Profit / (Loss) before Taxation		94,427,912	112,957,764	28,985,667	58,233,937
Taxation		(22,214,955)	(6,484,344)	(13,636,822)	(4,429,449)
Net Profit for the Period		72,212,957	106,473,420	15,348,845	53,804,488
Earnings per Share - Basic and Diluted (Rupees)		2.06	3.04	0.44	1.54

The annexed notes form an integral part of this condensed interim financial information (un-audited).

Lahore
April 22, 2020


(Tariq Rehman)
Chief Executive Officer


(Ahsan Suhail Mannan)
Director


(Riaz Ahmed)
Chief Financial Officer



**CONDENSED INTERIM STATEMENT OF
COMPREHENSIVE INCOME (UN-AUDITED)**
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2020


	Nine Months Ended March 31,		Quarter Ended March 31,	
	2020 Rupees	2019 Rupees	2020 Rupees	2019 Rupees
Net Profit for the Period	72,212,957	106,473,420	15,348,845	53,804,488
Other comprehensive income				
Items that will not be re-classified subsequently to the profit or loss	-	-	-	-
Items that will be reclassified subsequently to the profit or loss	-	-	-	-
Total Comprehensive Profit for the Period	<u>72,212,957</u>	<u>106,473,420</u>	<u>15,348,845</u>	<u>53,804,488</u>

The annexed notes form an integral part of this condensed interim financial information (un-audited).

Lahore
April 22, 2020


(Tariq Rehman)
Chief Executive Officer


(Ahsan Suhail Mannan)
Director


(Riaz Ahmed)
Chief Financial Officer

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

FOR THE NINE MONTHS ENDED MARCH 31, 2020


	Nine Months Ended March 31,	
	2020 Rupees	2019 Rupees
CASH FLOW FROM OPERATING ACTIVITIES		
Profit / (loss) before taxation	94,427,912	112,957,763
- Depreciation on property, plant and equipment - owned	55,174,483	52,035,580
- Amortization of intangible assets	209,062	203,793
- Impairment Loss	-	16,000,000
- Provision for gratuity	12,062,808	8,967,258
- Provision for doubtful debts	-	7,392,087
- Loss / Gain on disposal of property, plant and equipment	-	(29,677,578)
- Exchange (gain) / loss	(955,555)	(890,844)
- Finance cost	81,473,325	61,866,728
	147,964,123	115,897,025
Operating profit before working capital changes	242,392,035	228,854,788
(Increase) / decrease in current assets:		
- Stores, spares and loose tools	(13,884,816)	21,672,641
- Stock in trade	(125,865,095)	(80,316,655)
- Trade debts	159,312,661	(129,158,081)
- Advances, deposits, prepayments and other receivables	149,089	4,073,336
(Decrease) / increase in current liabilities:		
- Trade and other payables	(44,059,202)	4,159,025
	(24,347,364)	(179,569,735)
Cash (used in) / generated from operations	218,044,671	49,285,053
Finance cost paid	(64,829,623)	(43,377,489)
Payment to gratuity fund	(4,307,945)	(127,477)
Income tax (paid) / refunded - net	(29,508,874)	(23,938,248)
Net Cash (used in) / generated from Operating Activities	119,398,229	(18,158,162)
CASH FLOW FROM INVESTING ACTIVITIES		
Property, plant and equipment purchased	(40,999,232)	(49,603,926)
Long term loans and other receivables	101,103	(23,181,887)
Proceeds from disposal of property, plant and equipment	-	1,120,000
Proceeds from disposal of Assets Held for Sales	17,570,186	95,666,668
Net Cash used in Investing Activities	(23,327,944)	24,000,855
CASH FLOW FROM FINANCING ACTIVITIES		
Long term financing from related parties acquired/(repaid)-net	(28,241,070)	(33,249,157)
Long term financing from banking companies acquired/(repaid)-net	(27,741,259)	(52,291,568)
Short term borrowing from related parties acquired/(repaid)-net	(73,830,651)	16,207,772
Short term borrowing from banking companies acquired/(repaid)-net	35,578,083	63,147,582
Net Cash generated from / (used in) Financing Activities	(94,234,897)	(6,185,370)
Net Increase / (Decrease) in Cash and Cash Equivalents	1,835,388	(342,677)
Cash and cash equivalents at the beginning of the period	5,273,337	10,135,269
Cash and Cash Equivalents at the End of the Period	7,108,725	9,792,592

The annexed notes form an integral part of this condensed interim financial information (un-audited).

Lahore
April 22, 2020


(Tariq Rehman)
Chief Executive Officer


(Ahsan Suhail Mannan)
Director


(Riaz Ahmed)
Chief Financial Officer



**CONDENSED INTERIM STATEMENT OF CHANGES
IN EQUITY (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2020**


Particulars	Issued, Subscribed and Paid up Capital Rupees	Capital Share Premium Reserve Rupees	Reserves		Total Reserves Rupees	Sponsors' Loan Rupees	Surplus on revaluation of property, plant and equipment Rupees	Total Rupees
			General Reserve Rupees	Accumulated Loss Rupees				
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
Total comprehensive income for the nine months period ended March 31, 2019	-	-	-	106,473,419	106,473,419	-	-	106,473,419
Transfer of Surplus on revaluation of Land on sales	-	-	-	58,715,708	58,715,708	-	(58,715,708)	-
Incremental depreciation for the period on surplus on revaluation of property, plant and equipment-net	-	-	-	14,325,342	14,325,342	-	(14,325,342)	-
Effect of change in effective tax rate	-	-	-	-	-	-	5,469,722	5,469,722
Balance as at March 31, 2019	350,000,000	39,898,526	90,000,000	(290,771,893)	(160,873,367)	115,708,828	823,233,949	1,128,069,410
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
Total comprehensive income for the nine months period ended March 31, 2020	-	-	-	72,212,957	72,212,957	-	-	72,212,957
Transfer of Surplus on revaluation of Land on sales	-	-	-	-	-	-	-	-
Incremental depreciation for the period on surplus on revaluation of property, plant and equipment - net of deferred tax	-	-	-	13,650,300	13,650,300	-	(13,650,300)	-
Effect of change in effective tax rate	-	-	-	-	-	-	(263,558)	(263,558)
Balance as at March 31, 2020	350,000,000	39,898,526	90,000,000	(101,776,345)	28,122,181	115,708,828	743,939,753	1,237,770,762

The annexed notes form an integral part of this condensed interim financial information (un-audited).

Lahore
April 22, 2020


(Tariq Rehman)
Chief Executive Officer


(Ahsan Suhail Mannan)
Director


(Riaz Ahmed)
Chief Financial Officer

NOTES TO AND THE FORMING PART OF CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2020

1 The Company and its Operations

- 1.1 EMCO Industries Limited ("the Company") was incorporated as a Joint Stock Company in Pakistan under the 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. Corporate office of the Company is located at 4th Floor, National Tower, 28 Egerton Road, Lahore, while its factory is located at 19-Km, Lahore Sheikhpura Road, Lahore.
- 1.2 The Company is principally engaged in the manufacture and sale of high / low tension electrical porcelain insulators and switchgears.
- 1.3 The manufacturing unit of the Company is located at 19-Km, Lahore Sheikhpura Road, Lahore.

2 Basis of Preparation

- 2.1 These condensed interim financial statements have been prepared in accordance with the directives issued by the Securities and Exchange Commission of Pakistan (SECP) and are in compliance with the International Accounting Standard - 34 (Interim Financial Reporting).
- 2.2 This condensed interim financial information should be read in conjunction with annual audited financial statements for the year ended June 30, 2019. Comparative balance sheet is extracted from annual audited financial statements for the year ended June 30, 2019 whereas comparative profit and loss account, comparative statement of comprehensive income, comparative cash flows statement and comparative statement of changes in equity are extracted from unaudited interim financial information for the period ended March 31, 2019.
- 2.3 The preparation of these condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates. In preparing this condensed interim financial information, the significant judgments made by the management in applying accounting policies and key sources of estimation were the same as those that were applied to the financial statements for the year ended June 30, 2019.
- 2.4 This condensed interim financial information is presented in Pak Rupees, which is the Company's functional and presentational currency. All the figures have been rounded off to the nearest rupees, unless otherwise stated.

3 Significant Accounting Policies

The Company's accounting and financial risk management policies and methods of computation of this condensed interim financial information are the same as those followed in the preparation of annual financial statements for the preceding financial year ended June 30, 2019.



	Note	(Un-Audited) March 31, 2020 Rupees	(Audited) June 30, 2019 Rupees
4. Property, Plant and Equipment			
Operating fixed assets	4.1	1,135,079,512	1,149,254,897
Capital work in progress - civil works		-	-
		<u>1,135,079,512</u>	<u>1,149,254,897</u>
4.1 Operating fixed assets			
Opening written down value		1,149,254,897	1,131,168,371
Additions during the period / year		40,999,098	86,702,578
Disposals during the period / year		-	(117,348)
Transferred in from assets classified as held for sale to non current assets		-	3,500,000
		<u>1,190,253,995</u>	<u>1,221,253,601</u>
Depreciation charge for the period / year		(55,174,483)	(71,998,704)
		<u>1,135,079,512</u>	<u>1,149,254,897</u>
5. Surplus on Revaluation of Property, Plant and Equipment			
Land - Freehold		360,253,745	479,521,964
Buildings on freehold land		230,850,681	239,785,858
Plant and machinery		166,749,185	171,497,455
		<u>757,853,611</u>	<u>890,805,277</u>
Less: Transfer of Surplus on sales of land during the period / year		-	(119,268,218)
Effect of change in effective tax rates		(263,558)	5,414,472
Incremental depreciation charged on revalued property, plant and equipment in current year net of deferred tax transferred to retained earnings		(13,650,300)	(19,097,919)
		<u>743,939,753</u>	<u>757,853,612</u>

	(Un-Audited) March 31, 2020 Rupees	(Audited) June 30, 2019 Rupees
6. Long Term Financing		
Banking companies - secured		
National Bank of Pakistan	52,330,812	69,160,813
Unwinding/winding of interest under IFRS 9	(91,567)	(1,379,623)
	52,239,245	67,781,190
Standard Chartered Bank (Pakistan) Limited	61,593,014	71,671,753
Unwinding/winding of interest under IFRS 9	(7,041,867)	(11,126,244)
	54,551,147	60,545,509
	106,790,391	128,326,699
Associated companies / related parties - unsecured		
Associated Engineers (Private) Limited	26,335,447	23,335,447
Unwinding/winding of interest under IFRS 9	(2,149,137)	(1,462,260)
	24,186,310	21,873,187
EMCO Industries Limited Provident Fund	163,479,818	194,720,888
Unwinding/winding of interest under IFRS 9	(36,741,868)	(43,539,584)
	126,737,950	151,181,304
Imperial Electric Company (Private) Limited	2,615,692	2,615,692
Unwinding/winding of interest under IFRS 9	(221,446)	(57,277)
	2,394,246	2,558,415
	260,108,898	303,939,605
Less: current portion:		
- Banking companies	(39,720,000)	(40,126,455)
- Associated companies / related parties	(24,000,000)	(26,720,888)
	(63,720,000)	(66,847,343)
	<u>196,388,898</u>	<u>237,092,262</u>
7. Contingencies and Commitments		
Contingencies		
There has been no material change in contingencies since last audited annual financial statements.		
	(Un-Audited) 2020 Rs. in millions	(Audited) 2019 Rs. in millions
Letters of credit other than for capital expenditure	92.777	41.888
Guarantees		
NTDC/DISCOs	297.670	193.763
Sui Northern Gas Pipelines Limited	22.406	22.406
Collectorate of Customs	8.978	8.978
	<u>329.054</u>	<u>225.147</u>



(Un-Audited)

	Nine Months Ended March 31,		Quarter Ended March 31,	
	2020 Rupees	2019 Rupees	2020 Rupees	2019 Rupees
8. Cost of Sales				
Raw and packing material consumed	385,836,433	346,468,121	129,105,088	105,426,507
Stores and spares consumed	41,027,175	35,015,987	17,921,564	13,792,829
Salaries, wages and benefits	223,424,154	193,633,837	69,659,014	65,895,211
Power and gas	190,778,158	116,901,279	64,433,713	52,689,899
Testing and experiment charges	30,763,663	22,649,370	9,720,860	6,825,160
Travelling and conveyance	44,320,224	21,131,621	18,989,848	9,677,946
Rent, rates and taxes	2,507,009	1,503,470	621,988	604,955
Repairs and maintenance	3,089,651	2,026,690	1,064,555	1,000,682
Entertainment	1,969,214	1,724,842	522,302	418,228
Insurance	2,355,212	2,548,929	733,505	833,177
Ijarah rentals	1,681,814	1,006,704	740,634	335,568
Communication and stationery	1,081,703	870,969	388,285	306,465
Vehicle maintenance	645,030	363,335	276,414	199,396
Miscellaneous	498,632	380,783	217,982	52,608
Depreciation	55,174,483	51,802,147	18,677,622	17,975,709
	985,152,556	798,028,085	333,073,375	276,034,341
Work in process:				
- Opening work in process	51,996,616	49,737,606	62,726,021	46,747,482
- Closing work in process	(63,731,624)	(50,012,492)	(63,731,624)	(50,012,492)
	(11,735,008)	(274,886)	(1,005,603)	(3,265,010)
Cost of goods manufactured	973,417,548	797,753,199	332,067,772	272,769,331
Finished goods:				
- Opening finished goods	222,498,720	180,728,650	239,747,347	205,810,958
- Closing finished goods	(266,841,924)	(239,202,243)	(266,841,924)	(239,202,243)
	(44,343,204)	(58,473,593)	(27,094,577)	(33,391,285)
	929,074,344	739,279,606	304,973,195	239,378,046

9. Transactions with Related Parties

Related parties and associated companies comprise related group companies, associated companies, staff retirement funds, directors and key management personnel. Transactions along with balances with related parties and associated companies, other than remuneration and benefits to key management personnel under the terms of their employment, are as follows:

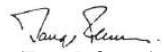
	(Un-Audited)	
	Nine Months Ended March 31,	
	2020 Rupees	2019 Rupees
Associates and related parties		
Mark-up on long term financing	-	1,047,392
Mark-up on short term borrowing	21,713,753	11,904,004
Long term financing obtained	3,000,000	750,000
Long term financing repaid	-	13,125,005
Short term borrowing obtained	431,510,009	357,709,757
Short term borrowing repaid	505,340,660	341,459,081
Mark-up on short term borrowing paid	19,905,807	11,584,153
Rent paid	1,473,338	1,612,737
Managerial services and expenses charged - net	15,838,081	16,271,157
Staff retirement fund		
Principal repaid	31,241,070	20,874,152
Expense charged to Gratuity Fund	12,062,808	8,967,258
	(Un-Audited)	(Audited)
	March 31, 2020	June 30, 2019
	Rupees	Rupees
Outstanding balances as at:		
Accrued mark-up on long term financing	8,734,867	8,734,867
Accrued mark-up on short term borrowing	11,797,856	8,989,909
Long term financing	308,139,785	291,321,734
Short term borrowings	253,953,346	277,895,203
Payable for expenses	410,973	7,063,362

10. Date of Authorization for Issue


This condensed interim financial information (un-audited) is authorized for issuance on 22 April 2020 by the Board of Directors of the Company.

11. General

Corresponding figures are re-arranged / reclassified, wherever necessary, to facilitate comparison.

Lahore
April 22, 2020

(Tariq Rehman)
Chief Executive Officer


(Ahsan Suhail Mannan)
Director


(Riaz Ahmed)
Chief Financial Officer

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