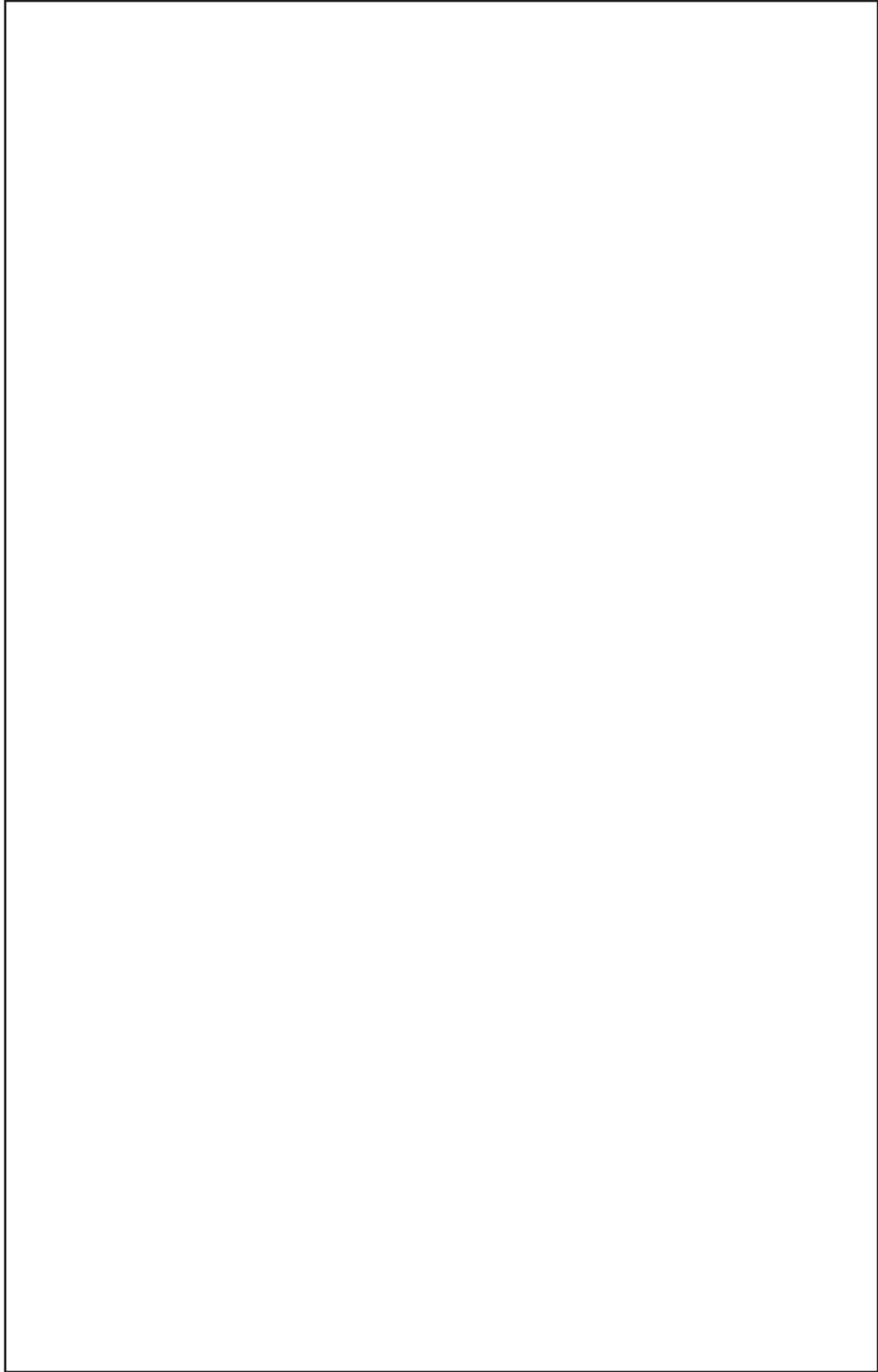




**Interim Financial Information (un-audited)**  
**For the Nine Months Ended**  
**March 31, 2021**



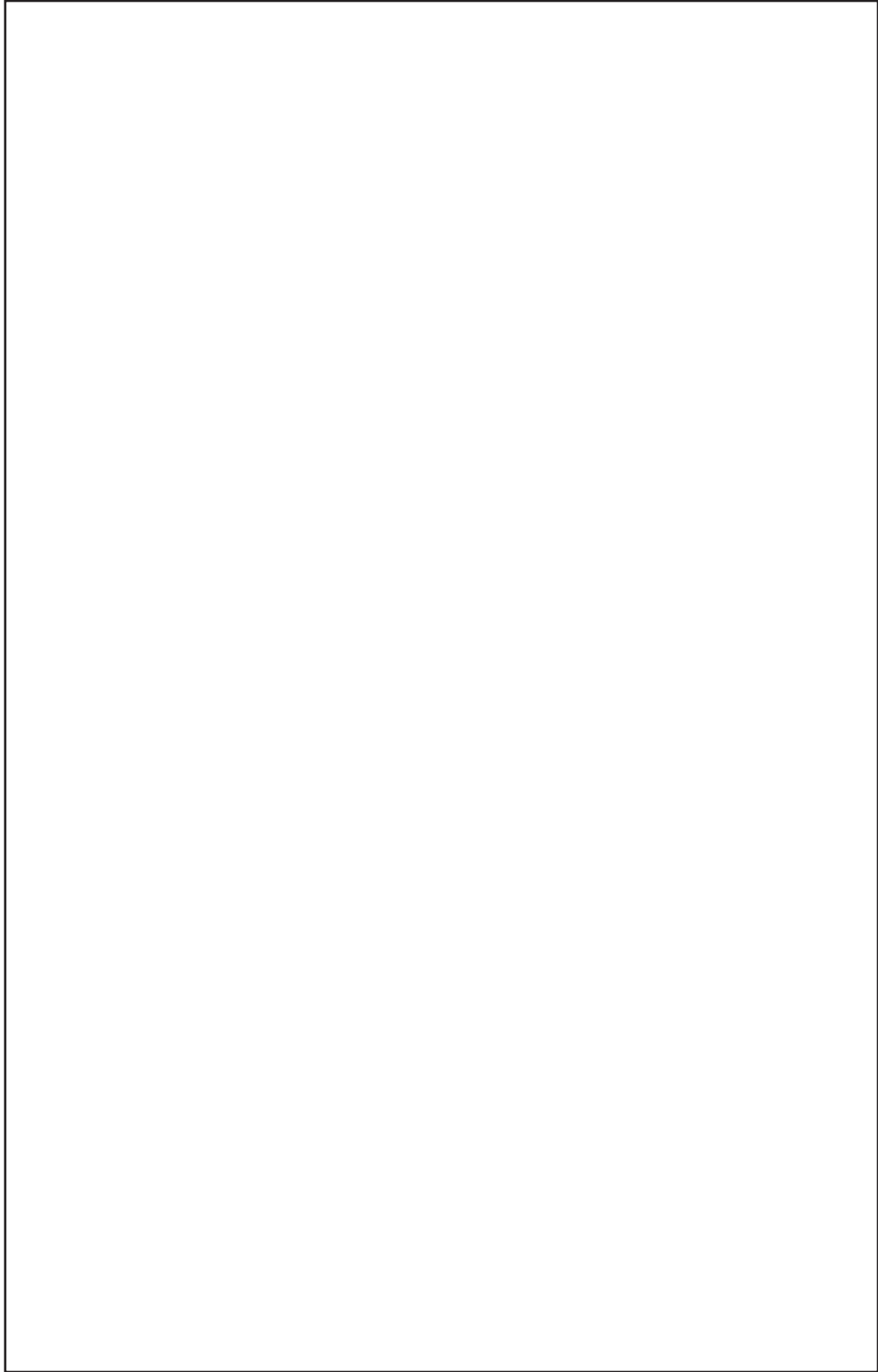
EMCO INDUSTRIES LIMITED





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## COMPANY INFORMATION

### Board of Directors

Mr. Javaid S. Siddiqi	Chairman / Non-Executive Director
Mr. Tariq Rehman	Chief Executive / Executive Director
Mr. Suhail Mannan	Non-Executive Director
Mr. Pervaiz S. Siddiqi	Non-Executive Director
Mr. Usman Haq	Non-Executive Director
Mr. Salem Rehman	Executive Director
Mr. Ahsan Suhail Mannan	Executive Director / Company secretary
Mr. Awais Noorani	Non-Executive Director
Mrs. Ayesha Mussadaque Hamid	Independent Director
Ch. Imran Ali	Independent Director
Syed Muhammad Mohsin	Independent Director

### Chief Financial Officer

Mr. Riaz Ahmad

### Company Secretary

Mr. Ahsan Suhail Mannan

### Audit Committee

Ch. Imran Ali	Chairman
Syed Muhammad Mohsin	Member
Mr. Javaid Shafiq Siddiqi	Member
Mr. Usman Haq	Member

Mr. Ahsan Suhail Mannan  
will be the Committee Secretary as required by the  
Chapter IX, 27 (1) (iv) of Code of Corporate Governance, Regulations 2019.

### HR Committee

Mrs. Ayesha Mussadaque Hamid	Chairman
Mr. Pervaiz Shafiq Siddiqi	Member
Mr. Ahsan Suhail Mannan	Member / Committee Secretary
Mr. Awais Noorani	Member

### Risk Management Committee

Syed Muhammad Mohsin	Chairman
Mr. Tariq Rehman	Member
Mr. Salem Rehman	Member / Committee Secretary
Mr. Javaid Shafiq Siddiqi	Member

### Nomination Committee

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

### 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  
Chaudhary Associates Law Inn  
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

#### RTV Coating

- Room Temperature Vulcanised
- Silicone Rubber Coating

#### 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, 2021.

### Operations and Sales Review

The Company produced 3,577 tons during the period under review (July-March 2021) as compared to 3,252 tons of the corresponding period of last year.

Company sold 3,630 tons during the period under review (July-March 2021) as compared to 3,250 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 2021) increased to Rs. 1,461 million as compared to Rs. 1,187 million of the corresponding period of last year.

### Financial Performance

For the period under review (July-March 2021), the Company posted gross profit of Rs. 363.00 million compared to Rs. 257.95 million of the corresponding period of last year.

The net operating profit for the period under review (July-March 2021) is recorded at Rs. 276.36 million as compared to Rs. 177.62 million of the corresponding period of last year.

Finance cost for the period under review (July-March 2021) has been decreased and stood at Rs. 63.30 million as compared to Rs. 81.47 million of the corresponding period of last year.

After taking into account financial charges, profit before tax increased to Rs. 206.69 million as compared to profit before tax of Rs. 94.43 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. 147.52 million for the period under review as compared to a profit of Rs. 72.21 million for the corresponding period of last year.

During the period under review, the Company has paid Rs. 57.05 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. 4.21 as compared to basic earnings per share of Rs. 2.06 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.



#### **COVID-19 Effects and Measures**

During COVID-19 pandemic Federal and Provincial Governments responded well to the crisis and implemented a carefully crafted lockdown during first phase. It is expected that current wave of Covid 19 would also be managed well Inshallah. The country's macroeconomic indicators are expected to slowly revert to a stable trajectory.

#### **Near Term Outlook**

Going forward, Management of your Company foresees stable demand for Company's products. Moreover, the Company has already started some exports to regional countries during the period under review and is keenly working to improve it further. 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 your Company. Within a healthy order book the Company is quite confident to meet its annual plans.

#### **Acknowledgments**

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

On behalf of board

A handwritten signature in black ink, appearing to read 'Tariq Rehman'.

**Tariq Rehman**  
Chief Executive Officer

April 22, 2021  
Lahore

## ڈائریکٹرز کا جائزہ

بورڈ آف ڈائریکٹرز کی جانب سے 31 مارچ 2021 کو ختم ہونے والے نو ماہ 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 اور سیل کا جائزہ:

کمپنی نے زیر جائزہ مدت (جولائی تا مارچ 2021) کے دوران 3,577 ٹن کی پیداوار دی جو کہ گزشتہ سال کی اسی مدت میں 3,252 ٹن تھی۔ کمپنی نے زیر جائزہ مدت (جولائی تا مارچ 2021) میں 3,630 ٹن کی فروخت کی جو کہ گزشتہ سال کی اسی مدت میں 3,250 ٹن تھی۔ قدر کے اعتبار سے زیر جائزہ مدت (جولائی تا مارچ 2021) میں سیل ویلیو 1,461 ملین روپے تک بڑھ گئی جو کہ گزشتہ سال اسی مدت میں 1,187 ملین روپے تھی۔

### مالیاتی کارکردگی:

زیر جائزہ مدت (جولائی تا مارچ 2021) میں کمپنی نے 363.00 ملین روپے کا مجموعی منافع کمایا جو کہ گزشتہ سال اسی مدت میں 257.95 ملین روپے تھا۔ زیر جائزہ مدت (جولائی تا مارچ 2021) میں آپریٹنگ منافع 276.36 ملین روپے ریکارڈ کیا گیا۔ جو کہ گزشتہ سال اسی مدت میں 177.62 ملین روپے تھا۔ زیر جائزہ مدت (جولائی تا مارچ 2021) میں مالیاتی اخراجات کم ہو کر 63.30 ملین روپے تک ہو گئے جو کہ گزشتہ سال اسی مدت میں 81.47 ملین روپے تھے۔ مالیاتی اخراجات منہا کرنے کے بعد زیر جائزہ مدت (جولائی تا مارچ 2021) میں قبل از ٹیکس منافع 206.69 ملین روپے رہا جو کہ گزشتہ سال اسی مدت میں 94.43 ملین روپے تھا۔ ٹیکس کو کٹانے کے بعد کمپنی نے زیر جائزہ مدت (جولائی تا مارچ 2021) میں 147.52 ملین روپے کا خالص منافع کمایا۔ جو کہ گزشتہ سال اسی مدت میں 72.21 ملین روپے تھا۔ زیر جائزہ مدت (جولائی تا مارچ 2021) کمپنی نے طویل مدتی قرضوں کی مد میں 57.05 ملین واپس کیے ہیں۔ اور کوئی قرضہ زائد ادا نہیں ہے۔

### فی شیئر آمدنی:

گزشتہ سال اسی مدت کیلئے بنیادی فی شیئر آمدنی 2.06 روپے کے مقابلے میں زیر جائزہ مدت (جولائی تا مارچ 2021) کی فی شیئر آمدنی 4.21 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۔

### کوویڈ-19 اثرات اور اقدامات:

کوویڈ-19 کی عالمی وبا کے دوران وفاقی اور صوبائی حکومتوں نے اس بحران کا بھرپور جواب دیا اور پھیلے ہوئے خطرے میں احتیاط سے تیار کردہ لاک ڈاؤن کو نافذ کیا۔ توقع کی جارہی ہے کہ کوویڈ-19 کی موجودہ لہر سے بچاؤ کا بھی اچھی طرح انتظام کیا جائیگا۔ توقع کی جارہی ہے کہ ملک کے معاشی و اقتصادی اشارے آہستہ آہستہ ایک مستحکم راستے پر واپس آجائیں گے۔ انشاء اللہ





### قریب مدتی منظر نامہ:

میجمنٹ مستقبل قریب میں کمپنی کی مصنوعات کی طلب میں استحکام دیکھ رہی ہے۔ مزید برآں کمپنی نے موجودہ مدت کے دوران علاقائی ممالک کو برآمدات بھی شروع کر دی ہیں اور اس کو مزید بڑھانے کیلئے کوشاں ہے۔ میجمنٹ پیداواری صلاحیت کی بہتری اور موجودہ وسائل کی کارکردگی کو بڑھانے کیلئے مستقل بنیادوں پر وقتاً فوقتاً پیشتر پراجیکٹس پر کام کرتی رہتی ہے۔ کمپنی کی انتظامیہ 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 کے بہتر ہوتے مایاتی اشارے کو بروئے کار لانے کیلئے مختلف متعلقہ کاروباری منصوبوں کی بھی تلاش کر رہی ہے۔ صحت مند آرڈر کے ساتھ کمپنی اپنے سالانہ منصوبوں کو پورا کرنے کے لیے کافی پر اعتماد ہے۔

### اظہار تشکر:

آپ کے ڈائریکٹرز تمام سٹیک ہولڈرز کی مسلسل حمایت اور عزم کی تعریف کرتے ہیں۔ وہ کمپنی کے عملے اور ملازمین کی محنت اور پر خلوص کارکردگی کا بھی اعتراف کرتے ہیں اور بنکوں اور مایاتی اداروں کے خصوصی شکر گزار ہیں۔

بورڈ آف ڈائریکٹرز کی جانب سے



طارق رحمان،

چیف ایگزیکٹو آفیسر

لاہور: 22 اپریل، 2021

## CONDENSED INTERIM STATEMENT OF FINANCIAL

	Note	(Un-Audited) March 31, 2021 Rupees	(Audited) June 30, 2020 Rupees
<b>EQUITY AND LIABILITIES</b>			
<b>Share Capital and Reserves</b>			
<b>Authorized share capital:</b>			
40,000,000 (June 30, 2020: 40,000,000) Ordinary shares of Rs. 10 each		400,000,000	400,000,000
<b>Issued, subscribed and paid up capital:</b>			
35,000,000 (June 30, 2020: 35,000,000) Ordinary shares of Rs. 10 each		350,000,000	350,000,000
Reserves		242,508,228	81,732,464
Sponsors' loan		115,708,828	115,708,828
Surplus on Revaluation of Property, Plant & Equipment	4	911,039,461	926,135,400
		<b>1,619,256,517</b>	1,473,576,692
<b>Non Current Liabilities</b>			
Long term financing	5	163,731,624	213,797,385
Deferred income - government grant		229,649	-
Lease liabilities		2,829,149	4,799,669
Deferred liabilities		73,018,798	64,031,075
Deferred tax liability		50,800,387	23,628,740
		<b>290,609,607</b>	306,256,869
<b>Current Liabilities</b>			
Trade and other payables		294,763,084	272,258,522
Unclaimed dividends		243,677	243,677
Accrued finance cost		20,510,883	26,626,525
Short term borrowings	6	620,523,651	547,187,306
Current portion of non-current liabilities		71,805,151	65,011,707
		<b>1,007,846,446</b>	911,327,737
<b>Contingencies and Commitments</b>			
	7	<b>2,917,712,566</b>	2,691,161,298

The annexed notes 1 to 13 form an integral part of these financial statements.

Lahore  
April 22, 2021

  
(Tariq Rehman)  
Chief Executive Officer



## POSITION AS AT MARCH 31, 2021

	Note	(Un-Audited) March 31, 2021 Rupees	(Audited) June 30, 2020 Rupees
<b>ASSETS</b>			
<b>Non Current Assets</b>			
Property, plant and equipment	8	1,468,625,635	1,362,665,573
Intangible assets		1,473,358	1,682,417
Long term prepayments and other receivables		52,195,901	46,803,001
Long term deposits		3,751,900	3,751,900
Long term loans		1,328,210	730,120
		<b>1,527,375,004</b>	1,415,633,011
<b>Current Assets</b>			
Stores, spares and loose tools		96,361,306	80,613,844
Stock-in-trade		629,935,711	610,421,620
Trade receivables		523,942,577	366,066,725
Advances, deposits, prepayments and other receivables		37,756,928	83,381,045
Income tax refundable from the Government		88,728,340	91,095,096
Cash and bank balances		13,612,699	43,949,957
		<b>1,390,337,562</b>	1,275,528,287
		<b>2,917,712,566</b>	2,691,161,298

  
(Ahsan Suhail Mannan)  
Director

  
(Riaz Ahmed)  
Chief Financial Officer

## CONDENSED INTERIM PROFIT OR LOSS ACCOUNT (UN-AUDITED)

FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2021

	Note	Nine Months Ended March 31,		Quarter Ended March 31,	
		2021 Rupees	2020 Rupees	2021 Rupees	2020 Rupees
Revenue		1,461,320,997	1,187,026,807	540,941,123	389,893,889
Cost of revenue	9	(1,098,321,530)	(929,074,344)	(421,747,540)	(304,973,197)
<b>Gross Profit</b>		<b>362,999,467</b>	257,952,463	<b>119,193,583</b>	84,920,692
- Administrative expenses		(65,644,632)	(57,761,363)	(23,197,848)	(18,450,993)
- Selling and distribution expenses		(20,993,442)	(22,567,526)	(6,128,578)	(5,755,239)
		(86,638,074)	(80,328,889)	(29,326,426)	(24,206,232)
<b>Operating Profit</b>		<b>276,361,393</b>	177,623,574	<b>89,867,157</b>	60,714,460
Other operating expenses		(20,029,188)	(6,193,449)	(5,614,500)	(1,972,815)
Finance cost		(63,299,365)	(81,473,325)	(19,926,974)	(29,930,107)
Other income		13,656,001	4,471,112	4,657,506	174,129
<b>Profit before Taxation</b>		<b>206,688,841</b>	94,427,912	<b>68,983,189</b>	28,985,667
Taxation		(59,168,448)	(22,214,955)	(19,722,810)	(13,636,822)
<b>Net Profit for the Period</b>		<b>147,520,393</b>	72,212,957	<b>49,260,379</b>	15,348,845
<b>Earnings per Share - Basic and Diluted</b>		<b>4.21</b>	2.06	<b>1.41</b>	0.44

The annexed notes 1 to 13 form an integral part of these financial statements.

Lahore  
April 22, 2021

  
(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, 2021

	Nine Months Ended March 31,		Quarter Ended March 31,	
	2021 Rupees	2020 Rupees	2021 Rupees	2020 Rupees
<b>Net Profit for the Period</b>	<b>147,520,393</b>	72,212,957	<b>49,260,379</b>	15,348,845
<b>Other comprehensive income</b>				
Items that will not be reclassified to profit or loss	-	-	-	-
Items that may be reclassified to the profit or loss	-	-	-	-
<b>Total Comprehensive Profit for the Period</b>	<b>147,520,393</b>	72,212,957	<b>49,260,379</b>	15,348,845

The annexed notes 1 to 13 form an integral part of these financial statements.

Lahore  
April 22, 2021

  
(Tariq Rehman)  
Chief Executive Officer

  
(Ahsan Suhail Mannan)  
Director

  
(Riaz Ahmed)  
Chief Financial Officer

## CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)

FOR THE NINE MONTHS ENDED MARCH 31, 2021

	Nine Months Ended March 31,	
	2021 Rupees	2020 Rupees
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit / (loss) before taxation	206,688,841	94,427,912
- Depreciation on property, plant and equipment - owned	59,748,888	55,174,483
- Amortization	209,061	209,062
- Provision for gratuity	12,330,860	12,062,808
- Liabilities written back	(2,191,106)	-
- Provision for Doubtful Debts	3,177,946	-
- Exchange gain	(22,869)	(955,555)
- Finance cost	63,299,365	81,473,325
	136,552,145	147,964,123
<b>Operating profit before working capital changes</b>	<b>343,240,986</b>	<b>242,392,035</b>
(Increase) / decrease in current assets:		
- Stores, spares and loose tools	(15,747,462)	(13,884,816)
- Stock in trade	(18,959,209)	(125,865,095)
- Trade receivables	(171,649,970)	159,312,661
- Advances, deposits, prepayments and other receivables	4,409,766	149,089
(Decrease) / increase in current liabilities:		
- Trade and other payables	34,759,274	(44,059,202)
	(167,187,601)	(24,347,364)
<b>Cash generated from operations</b>	<b>176,053,385</b>	<b>218,044,671</b>
Changes in long term prepayments and other receivables		
Finance cost paid	(57,317,730)	(64,829,623)
Gratuity paid	(3,399,985)	(4,307,948)
Income tax (paid) / refunded - net	(31,470,051)	(29,508,874)
	(92,187,766)	(98,646,445)
<b>Net Cash generated from Operating Activities</b>	<b>83,865,619</b>	<b>119,398,226</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Fixed capital expenditure	(124,494,621)	(40,999,232)
(Disbursements) / Recoveries of long term loans	(5,990,990)	101,103
Proceeds from disposal of Assets Held for Sales	-	17,570,186
	(130,485,611)	(23,327,944)
<b>Net Cash used in Investing Activities</b>	<b>(130,485,611)</b>	<b>(23,327,944)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Long term financing from related parties acquired / (repaid) - net	(36,050,000)	(28,241,070)
Long term financing from banking companies repaid - net	(21,003,611)	(27,741,259)
Short term borrowing from related parties acquired - net	(27,455,151)	(73,830,651)
Short term borrowing from banking companies repaid - net	100,791,496	35,578,083
	16,282,734	(94,234,897)
<b>Net Cash generated from / (used in) Financing Activities</b>	<b>16,282,734</b>	<b>(94,234,897)</b>
<b>Net Increase / (Decrease) in Cash and Cash Equivalents</b>	<b>(30,337,258)</b>	<b>1,835,385</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>43,949,957</b>	<b>5,273,337</b>
<b>Cash and Cash Equivalents at the End of the Period</b>	<b>13,612,699</b>	<b>7,108,723</b>

The annexed notes 1 to 13 form an integral part of these financial statements.

  
 Lahore  
 April 22, 2021  
 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, 2021

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				
<b>Balance as at June 30, 2019</b>	<b>350,000,000</b>	<b>39,898,526</b>	<b>90,000,000</b>	<b>(187,639,602)</b>	<b>(57,741,076)</b>	<b>115,708,828</b>	<b>757,853,611</b>	<b>1,165,821,363</b>
Total comprehensive income for the nine months period ended March 31, 2020	-	-	-	72,212,957	72,212,957	-	-	72,212,957
Incremental depreciation for the period on surplus on revaluation of property, plant and equipment-net	-	-	-	13,650,300	13,650,300	-	(13,650,300)	-
Effect of change in effective tax rate	-	-	-	-	-	-	(263,558)	(263,558)
<b>Balance as at March 31, 2020</b>	<b>350,000,000</b>	<b>39,898,526</b>	<b>90,000,000</b>	<b>(101,776,345)</b>	<b>28,122,181</b>	<b>115,708,828</b>	<b>743,939,753</b>	<b>1,237,770,762</b>
<b>Balance as at June 30, 2020</b>	<b>350,000,000</b>	<b>39,898,526</b>	<b>90,000,000</b>	<b>(48,166,062)</b>	<b>81,732,464</b>	<b>115,708,828</b>	<b>926,135,400</b>	<b>1,473,576,692</b>
Total comprehensive income for the nine months period ended March 31, 2021	-	-	-	147,520,393	147,520,393	-	-	147,520,393
Incremental depreciation for the period on surplus on revaluation of property, plant and equipment - net of deferred tax	-	-	-	13,255,375	13,255,375	-	(13,255,375)	-
Effect of change in effective tax rate	-	-	-	-	-	-	(1,840,568)	(1,840,568)
<b>Balance as at March 31, 2021</b>	<b>350,000,000</b>	<b>39,898,526</b>	<b>90,000,000</b>	<b>112,609,706</b>	<b>242,508,232</b>	<b>115,708,828</b>	<b>911,039,457</b>	<b>1,619,256,517</b>

The annexed notes 1 to 13 form an integral part of these financial statements.

Lahore  
April 22, 2021  
  
(Tariq Rehman)  
Chief Executive Officer

  
(Ahsan Suhail Mannan)  
Director

  
(Riaz Ahmed)  
Chief Financial Officer

# NOTES TO AND THE FORMING PART OF CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE NINE MONTHS ENDED MARCH 31, 2021

## 1. The Company and its Operations

**1.1** EMCO Industries Limited ("the Company") is incorporated in Pakistan and is listed on Pakistan Stock Exchange Limited. The Company was incorporated as a Joint Stock Company in Pakistan under the Companies Act, 1913, (now the Companies Act, 2017) as a private limited company on August 17, 1954 by the name of Electric Equipment Manufacturing Company (Private) Limited. Later, it was converted into a public company on August 20, 1983 and its name was changed to EMCO Industries Limited on September 12, 1983. The Company was listed on stock exchanges on December 29, 1983. Its registered office is situated at 4th Floor, National Tower, 28 Egerton Road, Lahore.

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

## 2. Basis of Preparation

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

- International Accounting Standard (IAS) 34, Interim Financial Reporting, 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 the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

**2.2** This condensed interim financial information should be read in conjunction with annual audited financial statements for the year ended June 30, 2020. Comparative statement of financial position is extracted from annual audited financial statements for the year ended June 30, 2020 whereas comparative statement of profit or 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, 2020.

**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, 2020.

**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, 2020.

	Note	(Un-Audited) March 31, 2021 Rupees	(Audited) June 30, 2020 Rupees
<b>4. Surplus on Revaluation of Property, Plant and Equipment</b>			
Land - Freehold		542,838,745	542,838,745
Buildings on freehold land		178,855,927	191,962,393
Plant and machinery		204,440,727	212,080,338
		<b>926,135,399</b>	946,881,476
Effect of change in effective tax rates		(1,840,572)	259,846
Incremental depreciation charged on revalued property, plant and equipment in current year net of deferred tax (transferred to retained earnings)		(13,255,366)	(21,005,922)
		<b>911,039,461</b>	926,135,400
<b>5. Long Term Financing</b>			
<b>Banking companies - secured</b>			
National Bank of Pakistan		29,890,812	46,720,813
Unwinding / winding up of interest		(244,594)	(625,551)
		<b>29,646,219</b>	46,095,262
Standard Chartered Bank (Pakistan) Limited		45,021,865	60,760,494
Unwinding / winding up of interest		(3,000,828)	(6,554,709)
		<b>42,021,037</b>	54,205,785
Habib Bank Limited		49,359,690	35,150,480
Less: Deferred income - Government Grant	5.1	(2,611,379)	-
		<b>46,748,311</b>	35,150,480
		<b>118,415,567</b>	135,451,527
<b>Associated companies / related parties - unsecured</b>			
Associated Engineers (Private) Limited		27,335,447	27,335,447
Unwinding / winding up of interest		(2,382,962)	(3,088,998)
		<b>24,952,485</b>	24,246,449
EMCO Industries Limited Provident Fund		112,929,818	148,979,818
Unwinding / winding up of interest		(28,085,896)	(35,417,886)
		<b>84,843,922</b>	113,561,932

	<b>(Un-Audited) March 31, 2021 Rupees</b>	<b>(Audited) June 30, 2020 Rupees</b>
Imperial Electric Company (Private) Limited Unwinding / winding up of interest	<b>2,615,692</b> <b>(228,022)</b>	2,615,692 (295,582)
	<b>2,387,670</b>	2,320,110
	<b>230,599,644</b>	275,580,018
<b>Less: current portion:</b>		
- Banking companies	<b>(66,868,020)</b>	(56,802,815)
- Associated companies / related parties	<b>-</b>	(4,979,818)
	<b>(66,868,020)</b>	(61,782,633)
	<b>163,731,624</b>	213,797,385

**5.1** This represents deferred grant recognized in line with Guideline issued by the Institute of Chartered Accountants of Pakistan "Accounting considerations for lenders and borrowers under the State Bank of Pakistan introduced Refinance Scheme for Payment of Wages and Salaries to the Workers and Employees of Business Concerns.

	<b>(Un-Audited) March 31, 2021 Rupees</b>	<b>(Audited) June 30, 2020 Rupees</b>
<b>6. Short Term Borrowings</b>		
<b>Interest bearing</b>		
Banking companies - secured	<b>399,420,577</b>	298,629,081
Related parties - unsecured:		
- Associated company - ICC (Private) Limited	<b>155,750,000</b>	155,750,000
	<b>555,170,577</b>	454,379,081
<b>Interest free</b>		
Related parties - unsecured:		
- Directors and close relatives thereof	<b>65,353,074</b>	92,808,225
	<b>620,523,651</b>	547,187,306

## **7. Contingencies and Commitments**

### **Contingencies**

There is no material change in the status of contingencies as reported in financial statements of the Company for the year ended June 30, 2020 except for the following:

- SNGPL raised a demand of Rs. 14.18 million along with impugned bill of Rs. 590,925 for the month of September 2020. The Company has filed an appeal in the Lahore High Court against the said demand. The Honorable High Court has allowed dispensation sought by the Company vide its order sheet dated October 14, 2020. The management believes that it may not be liable to pay GIDC arrears as these pertain to years before 2015 and the same has not been passed on to the customers. Therefore, no provision has been accounted for in the financial statements.



	(Un-Audited) March 31, 2021 Rs. in millions	(Audited) June 30, 2020 Rs. in millions
<b>Commitments</b>		
Letters of credit other than for capital expenditure	108.810	47.219
Letters of credit for capital expenditure	-	8.337
<b>Guarantees</b>		
NTDC/DISCOs	364.490	301.508
Sui Northern Gas Pipelines Limited	22.406	22.406
Collectorate of Customs	8.978	8.978
	<b>395.874</b>	<b>332.892</b>

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

	Not later than one year ----- Rupees	Later than one year and Not later than five years ----- Rupees	later than five years ----- Rupees
	2,475,232	2,565,399	-

	Note	(Un-Audited) March 31, 2021 Rupees	(Audited) June 30, 2020 Rupees
<b>8. Property, Plant and Equipment</b>			
Operating fixed assets	8.1	1,374,197,783	1,354,563,200
Right of Use assets		5,738,627	7,725,071
Capital work in progress - civil works	8.2	88,689,225	377,302
		<b>1,468,625,635</b>	<b>1,362,665,573</b>
<b>8.1 Operating fixed assets</b>			
Opening written down value		1,354,563,200	1,149,254,897
Additions during the period / year		77,968,384	88,632,548
Revaluation adjustment		-	191,552,505
		<b>1,432,531,584</b>	<b>1,429,439,950</b>
Depreciation charge for the period / year		<b>(58,333,801)</b>	<b>(74,876,750)</b>
		<b>1,374,197,783</b>	<b>1,354,563,200</b>
<b>8.2 Breakup is as follows:</b>			
Civil works		41,214,470	377,302
Long term advances		47,474,755	-
		<b>88,689,225</b>	<b>377,302</b>

	Nine Months Ended March 31,		Quarter Ended March 31,	
	2021 Rupees	2020 Rupees	2021 Rupees	2020 Rupees
<b>9. Cost of Revenue</b>				
Raw and packing material consumed	526,459,489	385,836,433	188,257,712	129,105,088
Stores and spares consumed	46,270,007	41,027,175	17,498,107	17,921,564
Salaries, wages and benefits	231,855,003	223,424,154	80,224,644	69,659,014
Power and gas	150,888,332	190,778,158	55,368,589	64,433,713
Vehicle maintenance	581,168	645,030	108,463	276,414
Repairs and maintenance	3,383,270	3,089,651	763,443	1,064,555
Entertainment	1,213,974	1,969,214	420,817	522,302
Insurance	2,240,365	2,355,212	745,309	733,505
Ijarah rentals	2,221,902	1,681,814	740,634	740,634
Communication and stationery	1,438,189	1,081,703	355,234	388,285
Rent, rates and taxes	2,258,035	2,507,009	572,069	621,988
Travelling and conveyance	54,119,439	44,320,224	18,110,811	18,989,848
Testing and experiment charges	28,625,703	30,763,663	7,947,519	9,720,860
Miscellaneous	531,759	498,632	109,146	217,982
Depreciation on property, plant and equipment	59,748,888	55,174,483	20,821,239	18,677,622
	<b>1,111,835,521</b>	985,152,556	<b>392,043,734</b>	333,073,375
<b>Work in process:</b>				
- Opening work in process	69,305,970	51,996,616	89,711,986	62,726,021
- Closing work in process	(81,243,663)	(63,731,624)	(81,243,663)	(63,731,624)
	<b>(11,937,693)</b>	(11,735,008)	<b>8,468,323</b>	(1,005,603)
<b>Cost of goods manufactured</b>	<b>1,099,897,828</b>	973,417,548	<b>400,512,057</b>	332,067,772
<b>Finished goods:</b>				
- Opening finished goods	252,998,539	222,498,720	275,810,319	239,747,347
- Closing finished goods	(254,574,837)	(266,841,924)	(254,574,837)	(266,841,924)
	<b>(1,576,298)</b>	(44,343,204)	<b>21,235,482</b>	(27,094,577)
	<b>1,098,321,530</b>	929,074,344	<b>421,747,540</b>	304,973,197



## 10. Transactions 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. These are un-secured 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	(Un-Audited) Nine Months Ended March 31,	
			2021 Rupees	2020 Rupees
Associated Engineers (Private) Limited	Associated company	Loan term financing obtained	-	3,000,000
EMCO Industries Limited Provident Fund	Associated undertaking	Principal repaid	36,050,000	31,241,070
The Imperial Electric Company (Private) Limited	Associated company	Rent expense	-	1,473,338
		Interest Expense on lease liability	676,610	-
ICC (Private) Limited	Associated company	Repayment of lease liability	2,647,130	-
		Short term borrowing obtained	-	143,700,000
Directors and close family members	Associated persons	Short term borrowing repaid	-	143,700,000
		Markup on short term borrowing	11,614,975	18,810,996
		Markup paid on short term borrowing	14,850,318	16,428,665
		Short term borrowing obtained	133,350,000	287,810,009
		Short term borrowing repaid	171,800,958	361,640,660
		Markup on short term borrowing	347,905	2,902,757
		Markup on short term borrowing paid	950,086	3,477,142

		(Un-Audited) March 31, 2021 Rupees	(Audited) June 30, 2020 Rupees
<b>Outstanding balances as at;</b>			
Associated Engineers (Private) Limited	Long term financing - interest Free Markup on long term financing	27,335,447 6,391,541	27,335,447 6,391,541
EMCO Industries Limited Provident Fund	Long term financing	112,929,818	148,979,818
Imperial Electric Company (Private) Limited	Long term financing - interest Free Markup on long term financing Lease liability payable against rent	2,615,692 2,343,326 6,058,223	2,615,692 2,343,326 8,049,862
ICC ( Pvt ) Limited	Short term borrowing - interest bearing Markup on short term borrowing Advance Given	155,750,000 5,365,396 14,533	155,750,000 8,600,739 29,544
Directors and close Family Members	Sponsors' loans Short term borrowing Markup on short term borrowing	115,708,828 54,357,267 40,349	115,708,828 92,808,225 643,141

### 11. Segment Reporting

There is only one reportable segment of the Company.

### 12. Date of Authorization for Issue

This condensed interim financial statement (un-audited) is authorized for issuance on 22 April 2021 by the Board of Directors of the Company.

### 13. General

Corresponding figures are re-arranged / reclassified, wherever necessary, to facilitate comparison. No material reclassifications have been made in these condensed interim financial statements (un-audited).

Lahore  
April 22, 2021

  
(Tariq Rehman)  
Chief Executive Officer

  
(Ahsan Suhail Mannan)  
Director

  
(Riaz Ahmed)  
Chief Financial Officer

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