

Emco Industries Limited

Manufacturers of High Tension Electrical Porcelain Insulators, High Voltage Switchgear



SD- 56

29.04.2021

The General Manager,
Pakistan Stock Exchange
(Guarantee) Limited,
Stock Exchange Building,
Stock Exchange Road,
Karachi.

**SUB: Transmission of Quarterly Report for the Period Ended
31.03.2021**

Dear Sir,

We have to inform you that the Quarterly Report of the Company for the period ended 31.03.2021 have been transmitted through PUCARS and is also available on Company's website.

You may please inform the TRE Certificate Holders of the Exchange accordingly.

Yours faithfully,
For EMCO INDUSTRIES LIMITED

A handwritten signature in blue ink, appearing to read 'Riaz Ahmad', written over a faint red circular stamp.

(Riaz Ahmad)
Chief Financial Officer



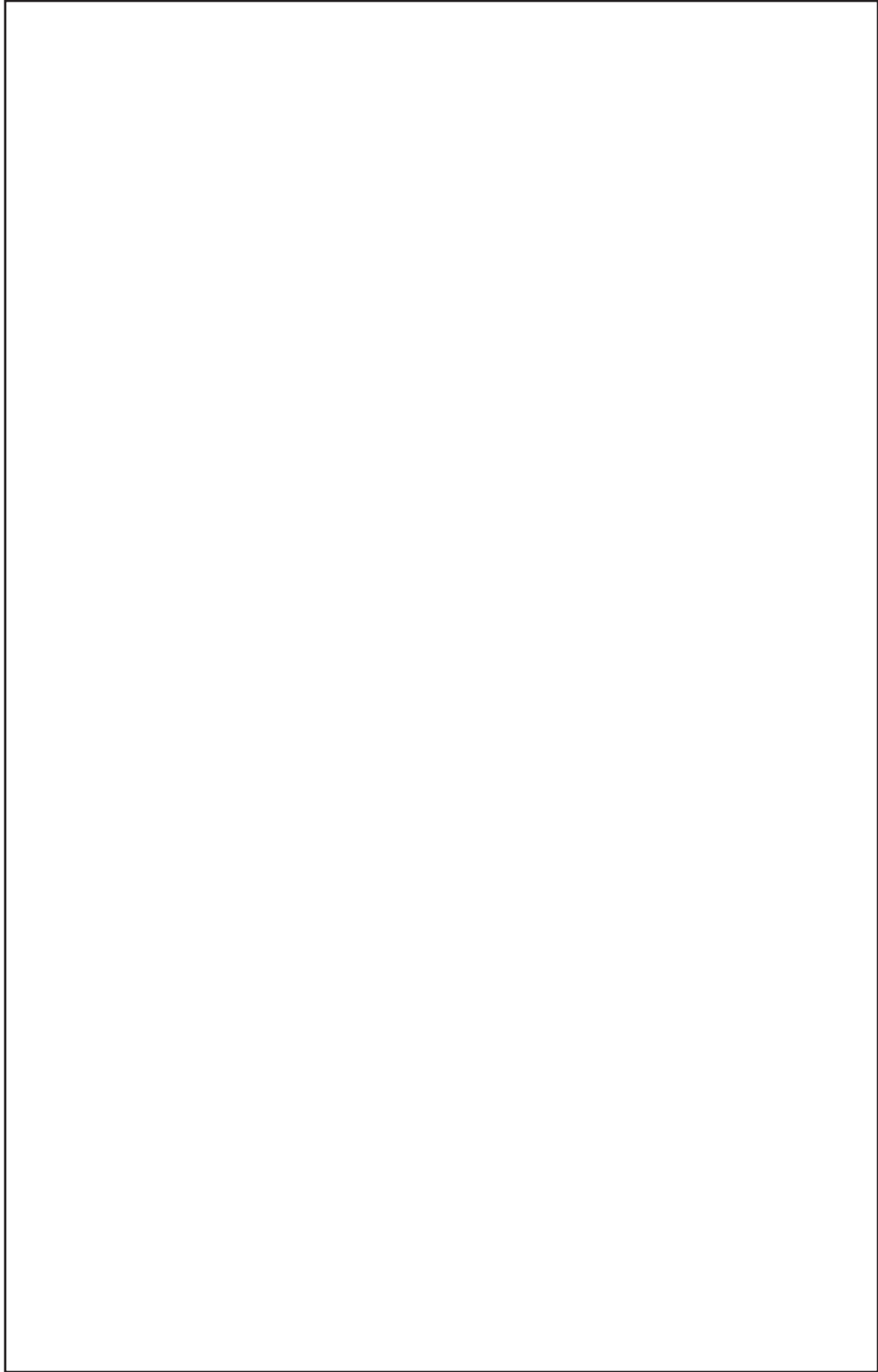
HEAD OFFICE: 4th Floor, National Tower, 28-Egerton Road, P.O. Box 36, Lahore - 54000, Pakistan
PABX: (042) 3630 6545 - 46 **FAX :** (042) 3636 8119 **WEBSITE:** www.emco.com.pk **E-MAIL :** info@emco.com.pk
FACTORY : 19-Km, Lahore - Shiekhpura Road, Lahore. **PABX:** (042) 3716 8922-28, **FAX :** (042) 3716 8932
E-MAIL : insulator@emco.com.pk



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



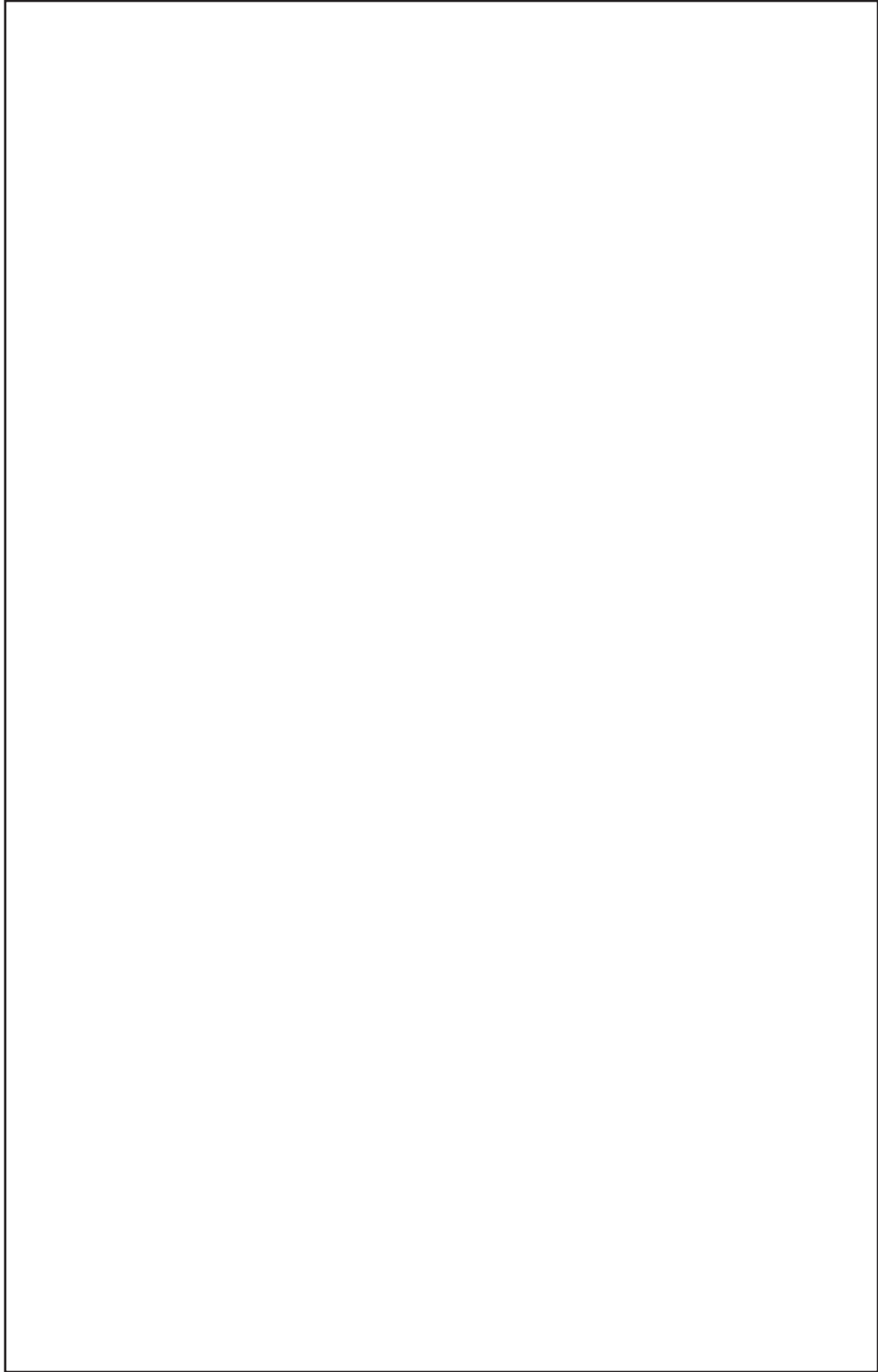
EMCO INDUSTRIES LIMITED





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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 |
|---|------|---|---|
| EQUITY AND LIABILITIES | | | |
| Share Capital and Reserves | | | |
| Authorized share capital: | | | |
| 40,000,000 (June 30, 2020: 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, 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 |
| | | 1,619,256,517 | 1,473,576,692 |
| Non Current Liabilities | | | |
| 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 |
| | | 290,609,607 | 306,256,869 |
| Current Liabilities | | | |
| 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 |
| | | 1,007,846,446 | 911,327,737 |
| Contingencies and Commitments | | | |
| | 7 | 2,917,712,566 | 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 |
|---|------|---|---|
| ASSETS | | | |
| Non Current Assets | | | |
| 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 |
| | | 1,527,375,004 | 1,415,633,011 |
| Current Assets | | | |
| 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 |
| | | 1,390,337,562 | 1,275,528,287 |
| | | 2,917,712,566 | 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) |
| Gross Profit | | 362,999,467 | 257,952,463 | 119,193,583 | 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) |
| Operating Profit | | 276,361,393 | 177,623,574 | 89,867,157 | 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 |
| Profit before Taxation | | 206,688,841 | 94,427,912 | 68,983,189 | 28,985,667 |
| Taxation | | (59,168,448) | (22,214,955) | (19,722,810) | (13,636,822) |
| Net Profit for the Period | | 147,520,393 | 72,212,957 | 49,260,379 | 15,348,845 |
| Earnings per Share - Basic and Diluted | | 4.21 | 2.06 | 1.41 | 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 |
| Net Profit for the Period | 147,520,393 | 72,212,957 | 49,260,379 | 15,348,845 |
| Other comprehensive income | | | | |
| Items that will not be reclassified to profit or loss | - | - | - | - |
| Items that may be reclassified to the profit or loss | - | - | - | - |
| Total Comprehensive Profit for the Period | 147,520,393 | 72,212,957 | 49,260,379 | 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 |
| CASH FLOW FROM OPERATING ACTIVITIES | | |
| 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 |
| Operating profit before working capital changes | 343,240,986 | 242,392,035 |
| (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) |
| Cash generated from operations | 176,053,385 | 218,044,671 |
| 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) |
| Net Cash generated from Operating Activities | 83,865,619 | 119,398,226 |
| CASH FLOW FROM INVESTING ACTIVITIES | | |
| 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) |
| Net Cash used in Investing Activities | (130,485,611) | (23,327,944) |
| CASH FLOW FROM FINANCING ACTIVITIES | | |
| 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) |
| Net Cash generated from / (used in) Financing Activities | 16,282,734 | (94,234,897) |
| Net Increase / (Decrease) in Cash and Cash Equivalents | (30,337,258) | 1,835,385 |
| Cash and cash equivalents at the beginning of the period | 43,949,957 | 5,273,337 |
| Cash and Cash Equivalents at the End of the Period | 13,612,699 | 7,108,723 |

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 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 | | | | |
| 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 |
| 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) |
| 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 |
| Balance as at June 30, 2020 | 350,000,000 | 39,898,526 | 90,000,000 | (48,166,062) | 81,732,464 | 115,708,828 | 926,135,400 | 1,473,576,692 |
| 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) |
| Balance as at March 31, 2021 | 350,000,000 | 39,898,526 | 90,000,000 | 112,609,706 | 242,508,232 | 115,708,828 | 911,039,457 | 1,619,256,517 |

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 |
|---|------|---|---|
| 4. Surplus on Revaluation of Property, Plant and Equipment | | | |
| 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 |
| | | 926,135,399 | 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) |
| | | 911,039,461 | 926,135,400 |
| 5. Long Term Financing | | | |
| Banking companies - secured | | | |
| National Bank of Pakistan | | 29,890,812 | 46,720,813 |
| Unwinding / winding up of interest | | (244,594) | (625,551) |
| | | 29,646,219 | 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) |
| | | 42,021,037 | 54,205,785 |
| Habib Bank Limited | | 49,359,690 | 35,150,480 |
| Less: Deferred income - Government Grant | 5.1 | (2,611,379) | - |
| | | 46,748,311 | 35,150,480 |
| | | 118,415,567 | 135,451,527 |
| Associated companies / related parties - unsecured | | | |
| Associated Engineers (Private) Limited | | 27,335,447 | 27,335,447 |
| Unwinding / winding up of interest | | (2,382,962) | (3,088,998) |
| | | 24,952,485 | 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) |
| | | 84,843,922 | 113,561,932 |

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

| | (Un-Audited) March 31, 2021 Rupees | (Audited) June 30, 2020 Rupees |
|--|---|---|
| 6. Short Term Borrowings | | |
| Interest bearing | | |
| Banking companies - secured | 399,420,577 | 298,629,081 |
| Related parties - unsecured: | | |
| - Associated company - ICC (Private) Limited | 155,750,000 | 155,750,000 |
| | 555,170,577 | 454,379,081 |
| Interest free | | |
| Related parties - unsecured: | | |
| - Directors and close relatives thereof | 65,353,074 | 92,808,225 |
| | 620,523,651 | 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 |
|--|--|--|
| Commitments | | |
| Letters of credit other than for capital expenditure | 108.810 | 47.219 |
| Letters of credit for capital expenditure | - | 8.337 |
| Guarantees | | |
| NTDC/DISCOs | 364.490 | 301.508 |
| Sui Northern Gas Pipelines Limited | 22.406 | 22.406 |
| Collectorate of Customs | 8.978 | 8.978 |
| | 395.874 | 332.892 |

- 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 |
|---|------|---|---|
| 8. Property, Plant and Equipment | | | |
| 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 |
| | | 1,468,625,635 | 1,362,665,573 |
| 8.1 Operating fixed assets | | | |
| 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 |
| | | 1,432,531,584 | 1,429,439,950 |
| Depreciation charge for the period / year | | (58,333,801) | (74,876,750) |
| | | 1,374,197,783 | 1,354,563,200 |
| 8.2 Breakup is as follows: | | | |
| Civil works | | 41,214,470 | 377,302 |
| Long term advances | | 47,474,755 | - |
| | | 88,689,225 | 377,302 |

| | Nine Months Ended March 31, | | Quarter Ended March 31, | |
|---|-----------------------------|----------------|-------------------------|----------------|
| | 2021 Rupees | 2020 Rupees | 2021 Rupees | 2020 Rupees |
| 9. Cost of Revenue | | | | |
| 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 |
| | 1,111,835,521 | 985,152,556 | 392,043,734 | 333,073,375 |
| Work in process: | | | | |
| - 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) |
| | (11,937,693) | (11,735,008) | 8,468,323 | (1,005,603) |
| Cost of goods manufactured | 1,099,897,828 | 973,417,548 | 400,512,057 | 332,067,772 |
| Finished goods: | | | | |
| - 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) |
| | (1,576,298) | (44,343,204) | 21,235,482 | (27,094,577) |
| | 1,098,321,530 | 929,074,344 | 421,747,540 | 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

| | | | (Un-Audited) Nine Months Ended March 31, | |
|---|------------------------|-------------------------------------|---|----------------|
| | | | 2021 Rupees | 2020 Rupees |
| Related party | Relationship | Nature of transaction | | |
| 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 | - |
| | | Repayment of lease liability | 2,647,130 | - |
| ICC (Private) Limited | Associated company | Short term borrowing obtained | - | 143,700,000 |
| | | 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 |
| Directors and close family members | Associated persons | 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 |
|---|--|---|---|
| Outstanding balances as at; | | | |
| 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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