



**Interim Financial Information** (un-audited)  
For the Half Year Ended  
**December 31, 2020**



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 half-year ended December 31, 2020.

### Operations and Sales Review

The Company produced 2,367 tons during the period under review (July-December 2020) as compared to 2,181 tons of the corresponding period of last year.

Company sold 2,364 tons during the period under review (July-December 2020) as compared to 2,274 tons of the corresponding period of last year.

In terms of value, the net sales of the Company for the period under review (July-December 2020) increased to Rs. 920.38 million as compared to Rs. 797.13 million of the corresponding period of last year.

### Financial Performance

For the period under review (July-December 2020), the Company posted gross profit of Rs. 243.80 million compared to Rs. 173.03 million of the corresponding period of last year.

The net operating profit for the period under review (July-December 2020) is recorded at Rs. 186.50 million as compared to Rs. 116.91 million of the corresponding period of last year.

Finance cost for the period under review (July-December 2020) has been decreased and stood at Rs. 43.37 million as compared to Rs. 51.54 million of the corresponding period of last year.

After taking into account financial charges, profit before tax increased to Rs. 137.70 million as compared to profit before tax of Rs. 65.44 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. 98.26 million for the period under review as compared to a profit of Rs. 56.86 million for the corresponding period of last year.

During the period under review, the Company has paid Rs. 50.00 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. 2.81 as compared to basic earnings per share of Rs. 1.62 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. The country's macroeconomic indicators are expected to slowly revert to a stable trajectory as revival efforts for businesses.

State Bank of Pakistan played very important and timely role by announcing various schemes to mitigate the adverse impact of COVID-19 on economy specially; reduction in policy rate, Temporary Economic Refinance Facility (TERF), one year moratorium of Long Term Loan repayment, salary and wages refinance to avoid lay off workers.

### 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. Company with healthy order book and is quite confident to meet its annual plans.

### 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

February 10, 2021  
Lahore



## ڈائریکٹرز کا جائزہ

یورڈ آف ڈائریکٹرز کی جانب سے 31 دسمبر 2020 کو ختم ہونے والے نصف سال کے لیے آپ کی کمپنی کی کارکردگی کا جائزہ مع غیر آڈٹ شدہ مالیاتی گوشوارے پیش کرتا میرے لیے باعث مسرت ہے۔

### کاروباری کارکردگی اور سیل کا جائزہ:

کمپنی نے زیر جائزہ مدت (جولائی تا دسمبر 2020) کے دوران 2,367 ٹن کی پیداوار دی جو کہ گزشتہ سال کی اسی مدت میں 2,181 ٹن تھی۔ کمپنی نے زیر جائزہ مدت (جولائی تا دسمبر 2020) میں 2,364 ٹن کی فروخت کی جو کہ گزشتہ سال کی اسی مدت میں 2,274 ٹن تھی۔ قدر کے اعتبار سے زیر جائزہ مدت (جولائی تا دسمبر 2020) میں سیل و بیو 920.38 ملین روپے تک بڑھ گئی جو کہ گزشتہ سال اسی مدت میں 797.13 ملین روپے تھی۔

### مالیاتی کارکردگی:

زیر جائزہ مدت (جولائی تا دسمبر 2020) میں کمپنی نے 243.80 ملین روپے کا مجموعی منافع کمایا جو کہ گزشتہ سال اسی مدت میں 173.03 ملین روپے تھا۔ زیر جائزہ مدت (جولائی تا دسمبر 2020) میں آپریٹنگ منافع 186.50 ملین روپے ریکارڈ کیا گیا۔ جو کہ گزشتہ سال اسی مدت میں 116.91 ملین روپے تھا۔ زیر جائزہ مدت (جولائی تا دسمبر 2020) میں مالیاتی اخراجات کم ہو کر 43.37 ملین روپے تک ہو گئے جو کہ گزشتہ سال اسی مدت میں 51.54 ملین روپے تھے۔ مالیاتی اخراجات مٹا کرنے کے بعد زیر جائزہ مدت (جولائی تا دسمبر 2020) میں قبل از ٹیکس منافع 137.70 ملین روپے رہا جو کہ گزشتہ سال اسی مدت میں 65.44 ملین روپے تھا۔ ٹیکس کو کٹانے کے بعد کمپنی نے زیر جائزہ مدت (جولائی تا دسمبر 2020) میں 98.26 ملین روپے کا خالص منافع کمایا۔ جو کہ گزشتہ سال اسی مدت میں 56.86 ملین روپے تھا۔ زیر جائزہ مدت (جولائی تا دسمبر 2020) کمپنی نے طویل مدتی قرضوں کی مد میں 50.00 ملین واپس کیے ہیں۔ اور کوئی قرضہ زائد ادا کیا نہیں ہے۔

### فی شیئر آمدنی:

گزشتہ سال اسی مدت کیلئے بنیادی فی شیئر آمدنی 1.62 روپے کے مقابلے میں زیر جائزہ مدت (جولائی تا دسمبر 2020) کی فی شیئر آمدنی 2.81 روپے رپورٹ کی گئی۔ زیر جائزہ مدت اور گزشتہ سال کی اسی مدت کیلئے فی شیئر آمدنی کے کمزور پڑنے کے کوئی آچار 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 پہلے مرحلے 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۔ بزنس کی بحالی کی کوششوں کے لیے توقع کی جارہی ہے کہ ملک کے معاشی و اقتصادی اشارے آہستہ آہستہ ایک مستحکم راستے پر واپس آجائیں گے۔

اسٹیٹ بینک آف پاکستان نے مختلف منصوبوں کا اعلان کر کے معیشت پر COVID-19 کے منفی اثرات کو کم کرنے میں بہت اہم اور بروقت کردار ادا کیا۔ خاص طور پر پالیسی ریت میں کمی، عارضی معاشی ریلیف سہولت (ای آئی آر ایف)، طویل مدتی قرضوں کی ادائیگی میں ایک سال کی چھوٹ، کارکنوں کو نوکریوں سے محروم ہونے سے بچانے کے لیے تنخواہ اور اجروں کی ریمنسیفیکیشن۔

### قریب مدتی منظر نامہ:

منجمنٹ مستقل قریب میں کھپنی کی مصنوعات کی طلب میں استحکام دیکھ رہی ہے۔ مزید برآں کھپنی نے موجودہ مدت کے دوران علاقائی ممالک کو برآمدات بھی شروع کر دی ہیں اور اس کو مزید بڑھانے کیلئے کوشاں ہے۔ منجمنٹ پیداواری صلاحیت کی بہتری اور موجودہ وسائل کی کارکردگی کو بڑھانے کیلئے مستقل بنیادوں پر وقتاً فوقتاً پیشتر پراجیکٹس پر کام کرتی رہتی ہے۔ کھپنی کی انتظامیہ پلانٹ کے موثر استعمال، پیداواری حجم میں اضافے اور موزوں پراڈکٹس کے ذریعے آنے والی سرمایہ میں اپنی کارکردگی کو برقرار رکھنے کیلئے بھرپور طریقہ سے مصروف عمل ہے۔ انتظامیہ آپ کی کھپنی کے بہتر ہوتے مالیاتی اشارے کو بروئے کار لانے کیلئے مختلف متعلقہ کاروباری منصوبوں کی بھی تلاش کر رہی ہے۔

### اتنیہاتشکر:

آپ کے ڈائریکٹرز تمام سٹیک ہولڈرز کی مسلسل حمایت اور عزم کی تعریف کرتے ہیں۔ وہ بنکوں اور مالیاتی اداروں کے خصوصی شکر گزار ہیں۔ وہ کھپنی کے عملے اور ملازمین کی محنت اور پرتلاش کا کردار بھی اعتراف کرتے ہیں۔

بورڈ آف ڈائریکٹرز کی جانب سے

*Tauqeer Khan*

طارق رحمان،  
چیف ایگزیکٹو آفیسر

لاہور: 10 فروری، 2021



## INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS

We have reviewed the accompanying condensed interim statement of financial position of **EMCO Industries Limited** as at December 31, 2020 and the related condensed interim statement of profit or loss account, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review. The figures included in the condensed interim statement of profit or loss account and condensed interim statement of comprehensive income for the quarters ended December 31, 2019 and December 31, 2020 have not been reviewed, as we are required to review only the cumulative figures for half year ended December 31, 2020.

### Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

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

LAHORE  
Dated: February 10, 2021

CROWE HUSSAIN CHAUDHURY & CO.

Chartered Accountants

## CONDENSED INTERIM STATEMENT OF FINANCIAL

	Note	(Un-Audited) December 31, 2020 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 (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 (2020: 35,000,000) ordinary shares of Rs. 10 each		350,000,000	350,000,000
Reserves		190,454,278	81,732,464
Sponsors' loan		115,708,828	115,708,828
Surplus on revaluation of property, plant and equipment 4		913,833,027	926,135,400
		1,569,996,133	1,473,576,692
<b>Non Current Liabilities</b>			
Long term financing	5	176,591,924	213,797,385
Deferred income - government grant		504,114	-
Lease liabilities		3,854,258	4,799,669
Deferred liabilities		74,901,206	64,031,075
Deferred tax liability		40,516,129	23,628,740
		296,367,631	306,256,869
<b>Current Liabilities</b>			
Trade and other payables		276,372,818	272,258,522
Unclaimed dividends		243,677	243,677
Accrued finance cost		17,167,784	26,626,525
Short term borrowings	6	566,697,772	547,187,306
Current portion of non-current liabilities		79,548,518	65,011,707
		940,030,569	911,327,737
<b>Contingencies and Commitments</b>			
	7	-	-
		2,806,394,333	2,691,161,298

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

Lahore  
February 10, 2021

  
(Tariq Rehman)  
Chief Executive Officer



## POSITION AS AT DECEMBER 31, 2020

	Note	(Un-Audited) December 31, 2020 Rupees	(Audited) June 30, 2020 Rupees
<b>ASSETS</b>			
<b>Non Current Assets</b>			
Property, plant and equipment	8	1,403,079,532	1,362,665,573
Intangible assets		1,543,043	1,682,417
Long term prepayments and other receivables		48,209,671	46,803,001
Long term loans		1,366,410	730,120
Long term deposits		3,751,900	3,751,900
		1,457,950,556	1,415,633,011
<b>Current Assets</b>			
Stores, spares and loose tools		84,201,139	80,613,844
Stock in trade		664,445,448	610,421,620
Trade receivables		405,815,381	366,066,725
Advances, deposits, prepayments and other receivables		94,034,415	83,381,045
Income tax refundable from the Government		86,823,107	91,095,096
Cash and bank balances		13,124,287	43,949,957
		1,348,443,777	1,275,528,287
		2,806,394,333	2,691,161,298

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

  
(Ahsan Suhail Mannan)  
Director

  
(Riaz Ahmed)  
Chief Financial Officer

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

FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2020

	Note	Half Year Ended December 31,		Quarter Ended December 31,	
		2020 Rupees	2019 Rupees	2020 Rupees	2019 Rupees
<b>Revenue</b>		920,379,874	797,132,918	457,495,157	385,583,684
Cost of revenue	9	(676,573,991)	(624,101,147)	(339,392,047)	(310,711,794)
<b>Gross Profit</b>		243,805,883	173,031,771	118,103,110	74,871,890
Administrative expenses		(42,446,784)	(39,310,370)	(20,126,321)	(19,308,079)
Selling and distribution expenses		(14,864,864)	(16,812,287)	(7,390,300)	(9,173,446)
		(57,311,648)	(56,122,657)	(27,516,621)	(28,481,525)
<b>Operating Profit</b>		186,494,235	116,909,114	90,586,489	46,390,365
Other operating expenses		(14,414,688)	(4,220,634)	(11,062,686)	(2,009,411)
Other income		8,998,495	4,296,983	8,808,899	3,243,931
Finance cost		(43,372,391)	(51,543,218)	(22,863,369)	(28,052,333)
<b>Profit before Taxation</b>		137,705,651	65,442,245	65,469,333	19,572,552
Taxation		(39,445,638)	(8,578,133)	(27,386,312)	(2,171,082)
<b>Net Profit for the Period</b>		98,260,013	56,864,112	38,083,021	17,401,470
<b>Earnings per Share - Basic and Diluted</b>		2.81	1.62	1.09	0.50

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

Lahore  
February 10, 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 HALF YEAR AND QUARTER ENDED DECEMBER 31, 2020

	Half Year Ended December 31,		Quarter Ended December 31,	
	2020 Rupees	2019 Rupees	2020 Rupees	2019 Rupees
<b>Net Profit for the Period</b>	98,260,013	56,864,112	38,083,021	17,401,470
<b>Other comprehensive income</b>				
Items that will not be reclassified to profit or loss	-	-	-	-
Items that may be reclassified to profit or loss	-	-	-	-
<b>Total Comprehensive Income for the Period</b>	98,260,013	56,864,112	38,083,021	17,401,470

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

Lahore  
February 10, 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 HALF YEAR ENDED DECEMBER 31, 2020

	Half Year Ended December 31,	
	2020 Rupees	2019 Rupees
<b>Profit before taxation</b>	137,705,651	65,442,245
<b>Adjustment for:</b>		
- Depreciation	38,927,649	36,499,219
- Depreciation on right of use assets	1,324,296	-
- Amortization	139,374	139,372
- Provision for gratuity	12,879,454	8,041,872
- Workers' (profit) participation fund	7,411,919	3,516,630
- Workers' welfare fund	3,120,819	-
- Markup on discontinued provident fund	56,852	56,852
- Amortisation of government grant	(1,464,573)	-
- Provision for obsolescence of stock in trade	3,177,946	-
- Lease liabilities	457,832	-
- Gain on disposal of non-current assets held for sale	-	(328,796)
- Liabilities written back	(1,156,596)	(307,860)
- Winding up of liabilities	(2,610,984)	-
- Exchange gain	(133,239)	(943,696)
- Unwinding of liabilities	11,340,873	6,405,177
- Finance cost	31,516,834	42,767,458
	104,988,456	95,846,228
<b>Operating profit before working capital changes</b>	242,694,107	161,288,473
(Increase) / decrease in current assets:		
- Stores, spares and loose tools	(23,785,281)	(6,111,422)
- Stock in trade	(57,201,774)	(96,987,460)
- Trade receivables	(39,615,417)	144,468,153
- Advances, deposits, prepayments and other receivables	(10,653,370)	(8,170,376)
Decrease in current liabilities:		
- Trade and other payables	(5,261,846)	(47,409,516)
	(136,517,688)	(14,210,621)
<b>Cash generated from operations</b>	106,176,419	147,077,852
Changes in long term prepayments and other receivables	(1,406,670)	(10,508,299)
Finance cost paid	(40,975,575)	(40,835,564)
Gratuity paid	(1,016,560)	(3,382,401)
Payments against discontinued provident fund	(1,049,615)	(723,131)
Workers' Profit Participation Fund paid	-	(7,033,260)
Income tax paid / withheld	(20,126,832)	(21,543,383)
	(63,168,582)	(73,517,739)
<b>Net Cash Generated from Operating Activities</b>	41,601,167	63,051,814



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

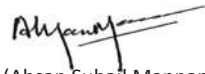
FOR THE HALF YEAR ENDED DECEMBER 31, 2020

	Half Year Ended December 31,	
	2020 Rupees	2019 Rupees
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Fixed capital expenditure	(60,467,918)	(23,211,872)
(Disbursements) / Recoveries of long term loans	(636,290)	27,220
Proceeds from disposal of assets held for sale	-	9,503,270
<b>Net Cash Used in Investing Activities</b>	<b>(61,104,208)</b>	<b>(13,681,382)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of long term financing	(48,125,664)	(35,468,943)
Repayment of lease liabilities	(1,852,991)	-
Proceeds from long term financing	19,145,560	-
Short term borrowings obtained / (repaid) - net	19,510,466	(9,194,283)
<b>Net Cash Used in Financing Activities</b>	<b>(11,322,629)</b>	<b>(44,663,226)</b>
<b>Net (Decrease) / Increase in Cash and Cash Equivalents</b>	<b>(30,825,670)</b>	<b>4,707,206</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>13,124,287</b>	<b>9,980,543</b>

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

Lahore  
February 10, 2021

  
(Tariq Rehman)  
Chief Executive Officer

  
(Ahsan Suhail Mannan)  
Director

  
(Riaz Ahmed)  
Chief Financial Officer

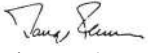


HALF YEAR ENDED REPORT 2021 | 13

## CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)

FOR THE HALF YEAR ENDED DECEMBER 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) / Profit 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>
Net profit for the period	-	-	-	56,864,112	56,864,112	-	-	56,864,112
Other comprehensive income for the period	-	-	-	-	-	-	-	-
Incremental depreciation for the period on surplus on revaluation of property, plant and equipment-net	-	-	-	9,100,200	9,100,200	-	(9,100,200)	-
Effect of change in effective tax rate	-	-	-	-	-	-	(263,558)	(263,558)
<b>Balance as at December 31, 2019</b>	<b>350,000,000</b>	<b>39,898,526</b>	<b>90,000,000</b>	<b>(121,675,290)</b>	<b>8,223,236</b>	<b>115,708,828</b>	<b>748,489,853</b>	<b>1,222,421,917</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>
Net profit for the period	-	-	-	98,260,013	98,260,013	-	-	98,260,013
Other comprehensive income for the period	-	-	-	-	-	-	-	-
Incremental depreciation for the period on surplus on revaluation of property, plant and equipment - net	-	-	-	10,461,801	10,461,801	-	(10,461,801)	-
Effect of change in effective tax rate	-	-	-	-	-	-	(1,840,572)	(1,840,572)
<b>Balance as at December 31, 2020</b>	<b>350,000,000</b>	<b>39,898,526</b>	<b>90,000,000</b>	<b>60,555,752</b>	<b>190,454,278</b>	<b>115,708,828</b>	<b>913,833,027</b>	<b>1,569,996,133</b>

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

 (Tariq Rehman) Chief Executive Officer	 (Ahsan Suhail Mannan) Director	 (Riaz Ahmed) Chief Financial Officer
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## NOTES TO AND THE FORMING PART OF CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE HALF YEAR ENDED DECEMBER 31, 2020

### 1. THE COMPANY AND ITS OPERATIONS

EMCO Industries Limited ("the Company") was incorporated as a Joint Stock Company in Pakistan under the repealed Companies Act, 1913, (now the Companies Act, 2017) on August 17, 1954 by the name of Electric Equipment Manufacturing Company (Private) Limited. Later, it was converted into a public company on August 20, 1983 and its name was changed to EMCO Industries Limited on September 12, 1983. The Company was listed on the stock exchange on December 29, 1983. The Company is domiciled in Pakistan and its registered office is located at 4th Floor, National Tower, 28 Egerton Road, Lahore, while its factory is located at 19-KM, Lahore Sheikhpura Road, Lahore.

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

### 2. 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 These condensed interim financial statements 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, comparative statement of comprehensive income, comparative statement of cash flows and comparative statement of changes in equity are extracted from unaudited condensed interim financial statements for the half year ended December 31, 2019.

2.3 These condensed interim financial statements are unaudited. However, a limited scope review has been performed by the external auditors as required by the Code of Corporate Governance.

2.4 The preparation of these condensed interim financial statements 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 these condensed interim financial statements, 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.

2.5 These condensed interim financial statements are 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 adopted in the preparation of these condensed interim (un-audited) financial statements are the same as those applied in the preparation of preceding annual financial statements of the Company for the year ended June 30, 2020.

	Note	(Un-audited) December 31, 2020 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		204,440,728	212,080,338
		926,135,400	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 period-net of deferred tax (transferred to retained earnings)		(10,461,801)	(21,005,922)
		913,833,027	926,135,400
<b>5. LONG TERM FINANCING</b>			
Banking companies - secured			
National Bank of Pakistan		35,500,813	46,720,813
Unwinding / winding up of interest		(353,444)	(625,551)
		35,147,369	46,095,262
Standard Chartered Bank (Pakistan) Limited		48,625,816	60,760,494
Unwinding / winding up of interest		(4,654,702)	(6,554,709)
		43,971,114	54,205,785
Habib Bank Limited		56,575,054	35,150,480
Less: Deferred income - Government Grant	5.1	(4,075,952)	-
		52,499,102	35,150,480
		131,617,585	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)
		24,952,485	24,246,449
EMCO Industries Limited Provident Fund		121,929,818	148,979,818
Unwinding / winding up of interest		(29,633,707)	(35,417,886)
		92,296,111	113,561,932



	(Un-audited) December 31, 2020 Rupees	(Audited) June 30, 2020 Rupees
The Imperial Electric Company (Private) Limited	2,615,692	2,615,692
Unwinding / winding up of interest	(228,022)	(295,582)
	2,387,670	2,320,110
	251,253,851	275,580,018
<b>Less: current portion</b>		
Banking companies	(74,661,927)	(56,802,815)
Associated companies / related parties	-	(4,979,818)
	(74,661,927)	(61,782,633)
	176,591,924	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) December 31, 2020 Rupees	(Audited) June 30, 2020 Rupees
<b>6. SHORT TERM BORROWINGS</b>		
<b>Interest bearing</b>		
Banking companies - secured	352,590,505	298,629,081
Related parties - unsecured:		
- Associated company - ICC (Private) Limited	155,750,000	155,750,000
	508,340,505	454,379,081
<b>Interest free</b>		
Related parties - unsecured:		
- Directors and close relatives thereof	58,357,267	92,808,225
	566,697,772	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.

### Commitments

- Letters of credit other than for capital expenditure amount to Rs. 63.024 million (June 30, 2020: Rs. 47.219 million).
- Letters of credit for capital expenditure amount to Rs. 1.013 million (June 30, 2020: Rs. 8.337 million).
- Commitments for future minimum payments in respect of Ijarah arrangements are as follows:

		Not later than one year	Later than one year and later than five years	later than five years
		----- Rupees -----		
		2,841,652	2,970,462	-
	Note	(Un-audited) December 31, 2020 Rupees	(Audited) June 30, 2020 Rupees	
<b>8. PROPERTY, PLANT AND EQUIPMENT</b>				
Operating fixed assets	8.1	1,355,500,425	1,354,563,200	
Right of use assets		6,400,775	7,725,071	
Capital work in progress - civil works	8.2	41,178,332	377,302	
		1,403,079,532	1,362,665,573	
<b>8.1 Operating fixed assets</b>				
Opening written down value		1,354,563,200	1,149,254,897	
Additions during the period / year		39,864,874	88,632,548	
Revaluation adjustment		-	191,552,505	
		1,394,428,074	1,429,439,950	
Depreciation charge for the period / year		(38,927,649)	(74,876,750)	
		1,355,500,425	1,354,563,200	
<b>8.2 Breakup is as follows:</b>				
Civil works		24,978,332	377,302	
Long term advances		16,200,000	-	
		41,178,332	377,302	



## 9. COST OF REVENUE

	Half Year Ended December 31,		Quarter Ended December 31,	
	2020 Rupees	2019 Rupees	2020 Rupees	2019 Rupees
Raw and packing materials consumed	338,201,777	256,731,345	172,749,177	139,349,345
Salaries, wages and benefits	151,630,359	153,765,140	75,608,380	73,785,765
Power and gas	95,519,743	126,344,445	47,967,914	64,062,895
Stores and spares consumed	28,771,900	23,105,611	14,582,664	12,312,810
Testing and inspection	20,678,184	21,042,803	9,653,451	12,669,905
Travelling and conveyance	36,008,628	25,330,376	15,031,314	15,680,777
Rent, rates and taxes	1,685,966	1,081,421	468,026	202,061
Repairs and maintenance	2,619,827	2,025,096	1,050,340	1,101,626
Entertainment	793,157	2,250,512	339,177	2,250,512
Insurance	1,495,056	1,621,707	747,528	702,883
Ijarah rentals	1,481,268	941,180	740,634	941,180
Communication and stationery	1,082,955	693,418	652,708	377,390
Vehicle maintenance	472,705	368,616	224,553	116,314
Miscellaneous	422,613	280,650	142,532	-
Depreciation	38,927,649	36,496,861	19,956,422	18,376,976
	719,791,787	652,079,181	359,914,820	341,930,439
<b>Work in process</b>				
- Opening work in process	69,305,970	51,773,493	68,207,256	59,756,970
- Closing work in process	(89,711,986)	(62,726,021)	(89,711,986)	(62,726,021)
	(20,406,016)	(10,952,528)	(21,504,730)	(2,969,051)
<b>Cost of goods manufactured</b>	699,385,771	641,126,653	338,410,090	338,961,388
<b>Finished goods</b>				
- Opening finished goods	252,998,539	222,721,841	276,792,276	211,497,753
- Closing finished goods	(275,810,319)	(239,747,347)	(275,810,319)	(239,747,347)
	(22,811,780)	(17,025,506)	981,957	(28,249,594)
	676,573,991	624,101,147	339,392,047	310,711,794

## 10. TRANSACTION WITH RELATED PARTIES

Related parties comprise associated companies, related group companies, directors of the Company and their close relatives, key management personnel and post employment benefit plans. The Company in the normal course of business carries out transactions with various related parties. 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) December 31, 2020 Rupees	(Un-audited) December 31, 2019 Rupees
Related party	Relationship	Nature of transaction		
Associated Engineers (Private) Limited	Associated company	Loan term financing obtained	-	2,000,000
EMCO Industries Limited Provident Fund	Associated undertaking	Principal repaid	27,050,000	18,391,070
The Imperial Electric Company (Private) Limited	Associated company	Rent expense	-	967,928
		Interest expense on lease liabilities	457,832	-
		Repayment of lease liability	1,852,991	-
ICC (Private) Limited	Associated company	Short term borrowings obtained	-	143,700,000
		Short term borrowings repaid	-	143,700,000
		Markup on short term borrowings	7,749,441	12,521,235
		Markup paid on short term borrowings	12,903,195	9,959,577
Directors and close family members	Associated persons	Short term borrowings obtained	100,850,000	92,752,503
		Short term borrowings repaid	135,300,958	180,583,154
		Conversion of short term borrowings to sponsors' loan	16,550,000	-
		Conversion of sponsors' loan to short term borrowings	16,550,000	-
		Markup on short term borrowings	312,257	2,047,555
		Markup on short term borrowings paid	826,939	3,385,803



Outstanding Balance as at the year end		December 31, 2020 (Un-audited) Rupees	June 30, 2020 (Audited) Rupees
Associated Engineers (Private) Limited	Long term financing - interest free	27,335,447	27,335,447
	Mark-up on long term financing	6,391,541	6,391,541
EMCO Industries Limited Provident Fund	Long term financing	121,929,818	148,979,818
The Imperial Electric Company (Private) Limited	Long term financing - interest free	2,615,692	2,615,692
	Markup on long term financing	2,343,326	2,343,326
	Lease liability payable against rent	6,633,584	8,049,862
ICC (Private) Limited	Short term borrowing - interest bearing	155,750,000	155,750,000
	Markup on borrowing	3,446,985	8,600,739
	Advance given	4,404	29,544
Directors and close family members	Sponsors' loan	115,708,828	115,708,828
	Short term borrowing	58,357,267	92,808,225
	Markup on short term borrowing	128,459	643,141

## 11. SEGMENT REPORTING

There is only one reportable segment of the Company.

## 12 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements (un-audited) is authorized for issuance on 10 February 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  
February 10, 2021

  
(Tariq Rehman)

Chief Executive Officer

  
(Ahsan Suhail Mannan)  
Director

  
(Riaz Ahmed)  
Chief Financial Officer

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