



EMCO INDUSTRIES LIMITED



**INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FIRST QUARTER ENDED
SEPTEMBER 30, 2021**



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COMPANY INFORMATION

Board of Directors

Mr. Javaid Shafiq Siddiqi	Chairman / Non-Executive Director
Mr. Tariq Rehman	Chief Executive / Executive Director
Mr. Suhail Mannan	Non-Executive Director
Mr. Pervaiz Shafiq 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	

is 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
The Bank of Khyber
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' REPORT



The Board of Directors of EMCO Industries Limited (the Company) is pleased to present their report together with the unaudited Interim Financial Information for the 1st quarter ended September 30, 2021.

Business Overview

During the 1st Quarter under review, Revenue are Rs. 546.69 million compared to Rs. 462.88 million in the previous corresponding period. The top line of the company grew by 18.1% primarily on account of operational efficiencies to enhance production output, along with rationalization in selling prices adjusted for rapidly rising input costs.

Gross Profit increased to Rs.135.42 million as compared to Rs. 125.70 million in the corresponding quarter of the last year witnessing an increase of 7.73%. Your Company has earned a pre-tax profit of Rs.85.7M (15.7% of Revenue) compared with Rs. 72.23 million (15.6% of Revenue) in the same period last year, thereby registering an increase of 18.6%. Similarly, after tax profit was recorded at Rs. 61.34 million (11.2% of Revenue) compared to Rs. 60.18 million (13% of Revenue) in the same period last year. Whilst the Company retained a focus on improving production output and controlling expenses, leading to improved pre-tax profitability, the Company has absorbed its carried forward tax benefits and is now booking normal tax liabilities, which has resulted in a higher tax liability for the period.

The Company is proud to announce that this is the first full quarter where the Company benefited from its 982kWp PV Solar Energy system. 20% of the Company's energy needs and now met by this renewable energy source, which has not only contributed positively to the profitability, but is a major step towards the Company's vision to reduce its carbon footprint.

Financial cost of the company also decreased to 3.5% of Revenue from 4.4% of Revenue in corresponding period. This was due to lower borrowing despite marginal increase in policy rate during the quarter under review compared with corresponding quarter of the last year.

Despite having capacity constraints, Company has been able to increase production from 1205 tons (96% capacity utilization) in the corresponding period to 1271 tons (102% capacity utilization) during the period under review, thereby exceeding the nameplate capacity through a continuous push for operational efficiencies. Nonetheless, the Company is expecting to continue to be affected by some delay penalties on deliveries whilst continuing to focus on operating the plant at maximum capacity during this financial year to service the requirements.

The Company is pleased to announce that 100% of its employees are now fully vaccinated against COVID-19, and would like to recognize the positive role played by the Government of Punjab Health Department in making this achievement possible.



Future Outlook:

The Board of Directors of the Company in their meeting held on 22 April 2021, and duly ratified in the AGM held on 30 September 2021 have approved the expansion plans at the Company's Insulator plant. This plan will enable the Company to boost output by 40%, and will streamline the Company's operations. Going forward, the Company is confident that the demand for Insulators and allied equipment will remain buoyant in the near future on account of building new capacity and rehabilitating existing transmission and distribution to handle additional power generation injected into the system. The Company is carefully following the current fluctuations in exchange rate and is mindful of the current upheaval in the logistics sector. These variables may have an impact on the expansion plan timelines.

On the other hand, the challenges of rising input costs of major metal based raw materials, devaluation of the Pakistani rupee, as well as rapidly escalating RLNG, fuel and power prices will continue to stress the Company's bottom line. Similarly, whilst the waning COVID-19 pandemic has led to significant rebounding of demand for our products, the related impact on global logistics coupled with the Power crisis in China is expected to cause further ripples in planning for the near future. However, your company is resilient enough to cope with such challenges.

Acknowledgments:

The Directors would like to place on record their appreciation for the hard work of the management and employees of the Company. On the behalf of the Company, we would like to acknowledge our valued customers, financial institutions and other stakeholders for their continued trust.

On behalf of board

Tariq Rehman
Chief Executive Officer
October 29, 2021
Lahore

Ahsan Suhail Mannan
Director / Company Secretary

دوسری جانب دھات پر مبنی بڑے خام مال کی برہتی ہوئی ان پٹ لاگت، پاکستانی روپے کی قدر میں کمی کے ساتھ ساتھ تیزی سے بڑھتی ہوئی آرائیں جی، ایندھن اور بجلی کی قیمتوں کے چیلنجز کمپنی کی چلانی پر دباؤ ڈالتے رہیں گے۔ اسی طرح جہاں کوویڈ-19 کی کم ہوتی ہوئی وبا کی وجہ سے ہماری مصنوعات کی طلب میں نمایاں اضافہ ہوا ہے وہیں چین میں بجلی کے بحران کے ساتھ ساتھ عالم لاجسٹکس پر متعلقہ اثرات مستقبل قریب کی منصوبہ بندی میں مزید لہریں پیدا کرنے کا امکان ہے۔ تاہم آپ کی کمپنی اس طرح کے چیلنجوں سے نمٹنے کے لیے کافی فلیکسبل ہے۔

اعترافات:-

ڈائریکٹرز کمپنی کی انتظامیہ اور ملازمین کی محنت کے لیے اپنی تعریف ریکارڈ پر رکھنا چاہتے ہیں۔ کمپنی کی جانب سے ہم اپنے قابل قدر صارفین، مالیاتی اداروں اور دیگر سٹیک ہولڈرز کو ان کے مسلسل اعتماد کے لیے تسلیم کرنا چاہیں گے۔

بورڈ کی طرف سے



احسن سہیل منان،
ڈائریکٹر / کمپنی سیکرٹری



طارق رحمان
چیف ایگزیکٹو آفیسر
29 اکتوبر 2021ء
لاہور



ڈائریکٹرز کا جائزہ

بِسْمِ اللّٰهِ الرَّحْمٰنِ الرَّحِیْمِ

ایمکو انڈسٹریز لمیٹڈ (کمپنی) کے بورڈ آف ڈائریکٹرز کو 30 ستمبر 2021 کو ختم ہونے والی پہلی سرمایہ کے لیے کمپنی کے غیر آڈٹ شدہ عبوری مالی بیانات پیش کرتے ہوئے خوشی ہو رہی ہے۔

کاروباری جائزہ:-

زیر غور پہلی سرمایہ کے دوران محصولات 546.69 ملین روپے رہی جبکہ گزشتہ اسی مدت میں یہ 462.88 ملین روپے تھے۔ کمپنی کی ٹاپ لائن میں بنیادی طور پر پیداواری پیداوار بڑھانے کے لیے آپریشنل کارکردگی کی وجہ سے 18.1 فیصد کا اضافہ ہوا، اس کے ساتھ ساتھ تیزی سے بڑھتی ہوئی ان پٹ لاگت کے لیے ایڈجسٹ کی گئی فروخت کی قیمتوں میں معقولیت بھی شامل ہے۔

مجموعی منافع بڑھ کر 135.42 ملین روپے ہو گیا جبکہ گزشتہ سال کی اسی سرمایہ میں مجموعی منافع 125.70 ملین روپے تھا۔ جس میں 7.73 فیصد کا اضافہ دیکھا گیا ہے۔ آپ کی کمپنی نے گزشتہ سال اسی عرصے میں قبل ازینکس منافع 72.23 ملین روپے (محصولات کا 15.6 فیصد) کے مقابلے میں 85.7 ملین روپے (محصولات کا 15.7 فیصد) کمایا ہے۔ جس سے اس طرح 18.6 فیصد کا اضافہ ریکارڈ کیا گیا ہے۔ اسی طرح بعد ازینکس منافع 61.34 ملین روپے (محصولات کا 11.2 فیصد) ریکارڈ کیا گیا جبکہ گزشتہ سال اسی مدت 60.18 ملین روپے (محصولات کا 13 فیصد) تھا۔ اگرچہ کمپنی نے پیداواری پیداوار کو بہتر اور اخراجات کو کنٹرول کرنے پر توجہ مرکوز رکھی، جس سے قبل ازینکس میں بہتری آئی ہے، کمپنی نے اپنے آگے بڑھتے ہوئے ٹیکس فوائد کو جذب کر لیا ہے اور اب وہ عام ٹیکس واجبات کی بجگہ کرنی ہے جس کے نتیجے میں اس مدت میں زیادہ ٹیکس ذمہ داری عائد ہوئی ہے۔

کمپنی کو یہ اعلان کرتے ہوئے فخر ہے کہ یہ پہلی مکمل سرمایہ ہے۔ جہاں کمپنی نے اپنے 982KWp گرڈ سے منسلک PV تہشی توانائی نظام سے فائدہ اٹھایا۔ کمپنی کی توانائی کی ضروریات کا 20 فیصد اور اب قابل تجدید توانائی کے اس ذرائع نے پورا کیا ہے، جس نے نہ صرف منافع میں مثبت کردار ادا کیا ہے بلکہ یہ کمپنی کے کاربن فٹ پرنٹ کو کم کرنے کے وژن کی طرف ایک بڑا قدم ہے۔

کمپنی کی مالی لاگت بھی اسی مدت میں آمدنی کے 4.4 فیصد سے کم ہو کر 3.5 فیصد ہوئی۔ اس کی وجہ پچھلے سال کی اسی سرمایہ کے مقابلے میں زیر جائزہ سرمایہ کے دوران پالیسی شرح میں معمولی اضافے کے باوجود کم قرض لینا تھا۔

صلاحیت کی کمی کے باوجود کمپنی زیر جائزہ مدت کے دوران اسی مدت میں پیداوار کو 1205 ٹن (96 فیصد صلاحیت کا استعمال) سے بڑھا کر 1271 ٹن (102 فیصد صلاحیت کا استعمال) کرنے میں کامیاب رہی ہے، جس سے آپریشنل کارکردگی کے لئے مسلسل زور دے کر نیم پلیٹ کی صلاحیت سے تجاوز کر گئی ہے۔ بہر حال، کمپنی توقع کر رہی ہے کہ تربیلات پر کچھ تاخیری جرانے سے متاثر ہوتی رہے گی۔ جبکہ ضرورت پوری کرنے کے لیے اس مالی سال کے دوران پلانٹ کو زیادہ سے زیادہ صلاحیت پر چلانے پر توجہ مرکوز کرنا جاری رکھے گی۔

کمپنی کو یہ اعلان کرتے ہوئے خوشی ہو رہی ہے کہ اس کے 100 فیصد ملازمین کو اب کوویڈ-19 کے خلاف مکمل طور پر ٹیکہ لگائے گئے ہیں اور وہ اس کامیابی کو ممکن بنانے میں حکومت پنجاب کے محکمہ صحت کے تحت کردار کو تسلیم کرنا چاہے گی۔

مستقبل پر نظر:-

کمپنی کے بورڈ آف ڈائریکٹرز نے 22 اپریل 2021 کو منعقدہ اپنی میٹنگ میں اور 30 ستمبر 2021 کو منعقدہ اے جی ایم میں باضابطہ توثیق کی ہے اور کمپنی کے انسویٹر پلانٹ میں توسیعی منصوبوں کی منظوری دے دی ہے۔ یہ منصوبہ کمپنی کو پیداوار میں 40 فیصد اضافہ کرنے کے قابل بنائے گا اور کمپنی کے کاموں کو بہتر کرے گا۔ آگے بڑھتے ہوئے کمپنی کو یقین ہے کہ نئی صلاحیت کی تعمیر اور نظام میں داخل اضافی بجلی کی پیداوار سے نفع کے لیے موجودہ ٹرینیشن اور تقسیم کی بحالی کی وجہ سے مستقبل قریب میں انسویٹر اور محکمہ ساز دسمان کی مانگ میں اضافہ رہے گا۔ کمپنی شرح تبادلہ میں موجودہ اتار چڑھاؤ پر احتیاط سے عمل کر رہی ہے اور لا جنک سیکٹر میں موجودہ چیلن سے آگاہ ہے ان تعمیرات کا توسیعی منصوبے کی تاخیر لائن پر اثر پڑ سکتا ہے۔

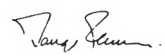
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

	Note	September 30, 2021 (Un-audited) Rupees	June 30, 2021 (Audited) Rupees
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Authorized share capital: 40,000,000 (June 30, 2021: 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, 2021: 35,000,000)			
Ordinary shares of Rs. 10 each		350,000,000	350,000,000
Reserves		334,869,842	302,992,139
Sponsors' loan		115,708,828	115,708,828
Surplus on Revaluation of Property, Plant and Equipment	4	1,296,857,359	1,302,397,360
		2,097,436,029	2,071,098,327
Non Current Liabilities			
Long term financing	5	114,646,842	131,293,475
Deferred income - government grant		60,807	60,807
Lease liabilities		1,590,191	2,197,970
Deferred liabilities		78,211,001	73,930,900
Deferred tax liability		116,662,040	116,662,040
Long term security deposit		719,584	719,584
		311,890,465	324,864,776
Current Liabilities			
Trade and other payables		299,778,882	326,561,575
Unclaimed dividends		243,677	243,677
Dividend Payable		35,000,000	-
Accrued finance cost		23,824,840	23,147,424
Short term borrowings	6	691,098,989	650,646,917
Current portion of non-current liabilities		73,033,295	79,485,815
		1,122,979,683	1,080,085,408
Contingencies and Commitments			
	7		
		3,532,306,175	3,476,048,511

The annexed notes 1 to 12 form an integral part of these financial statements.

Lahore
October 29, 2021

8 | 


(Tariq Rehman)
Chief Executive Officer



(UN-AUDITED) AS AT SEPTEMBER 30, 2021

	Note	September 30, 2021 (Un-audited) Rupees	June 30, 2021 (Audited) Rupees
ASSETS			
Non Current Assets			
Property, plant and equipment	8	1,875,757,937	1,887,889,951
Investment properties		76,180,763	76,180,763
Intangible assets		1,333,984	1,403,667
Long term prepayments and other receivables		40,245,577	39,308,596
Long term deposits		3,751,900	3,751,900
Long term loans		1,164,660	546,030
		1,998,434,821	2,009,080,907
Current Assets			
Stores, spares and loose tools		112,901,647	84,461,760
Stock-in-trade		708,937,998	594,151,738
Trade receivables		555,590,638	593,083,410
Advances, deposits, prepayments and other receivables		66,226,145	70,687,658
Income tax refundable from the Government		70,097,596	83,957,181
Cash and bank balances		20,117,330	40,625,857
		1,533,871,354	1,466,967,604
		3,532,306,175	3,476,048,511


 (Ahsan Suhail Mannan)
 Director


 (Riaz Ahmad)
 Chief Financial Officer

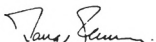
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS ACCOUNT (UN-AUDITED)

FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2021

	Note	Quarter Ended September 30,	
		2021 Rupees	2020 Rupees
Revenue		546,688,255	462,884,717
Cost of revenue	9	(411,262,790)	(337,181,943)
Gross Profit		135,425,465	125,702,774
- Administrative expenses		(25,460,688)	(22,320,463)
- Selling and distribution expenses		(8,203,578)	(7,474,564)
		(33,664,266)	(29,795,027)
Operating Profit		101,761,199	95,907,747
Other operating expenses		(5,570,400)	(3,352,002)
Finance cost		(19,301,397)	(20,509,022)
Other income		8,806,441	189,596
Profit before Taxation		85,695,843	72,236,319
Taxation		(24,358,141)	(12,059,326)
Net Profit for the Period		61,337,702	60,176,993
Earnings per Share - Basic and Diluted		1.75	1.72

The annexed notes 1 to 12 form an integral part of these financial statements.

Lahore
October 29, 2021


(Tariq Rehman)
Chief Executive Officer


(Ahsan Suhail Mannan)
Director


(Riaz Ahmad)
Chief Financial Officer



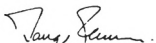
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2021

	Quarter Ended September 30,	
	2021 Rupees	2020 Rupees
Net Profit for the Period	61,337,702	60,176,993
Other comprehensive income		
Items that may be reclassified to the profit or loss	-	-
Total Comprehensive Profit for the Period	61,337,702	60,176,993

The annexed notes 1 to 12 form an integral part of these financial statements.

Lahore
October 29, 2021


(Tariq Rehman)
Chief Executive Officer


(Ahsan Suhail Mannan)
Director


(Riaz Ahmad)
Chief Financial Officer

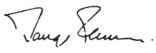
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)

FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2021

	Issued, Subscribed and Paid up Capital Rupees	Capital Share Premium Rupees	Reserves Revenue General Reserve Rupees	Accumulated Profit/(Loss) Rupees	Total Reserve Rupees	Sponsors' Loan Rupees	Surplus on revaluation of property, plant and equipment Rupees	Total Rupees
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 three months period ended September 30, 2020	-	-	-	60,176,993	60,176,993	-	-	60,176,993
Incremental depreciation for the period on surplus on revaluation of property, plant and equipment-net	-	-	-	5,251,481	5,251,481	-	(5,251,481)	-
Balance as at September 30, 2020	350,000,000	39,898,526	90,000,000	17,262,412	147,160,938	115,708,828	920,883,919	1,533,753,685
Balance as at June 30, 2021	350,000,000	39,898,526	90,000,000	173,093,613	302,992,139	115,708,828	1,302,397,360	2,071,098,327
Total comprehensive income for the three months period ended September 30, 2021	-	-	-	61,337,702	61,337,702	-	-	61,337,702
Incremental depreciation for the period on surplus on revaluation of property, plant and equipment - net of deferred tax	-	-	-	5,540,001	5,540,001	-	(5,540,001)	-
Transactions with owners of the Company Distribution:								
Final Dividend 2021: Re. 1 per share	-	-	-	(35,000,000)	(35,000,000)	-	-	(35,000,000)
Balance as at September 30, 2021	350,000,000	39,898,526	90,000,000	204,971,316	334,869,842	115,708,828	1,296,857,359	2,097,436,029

The annexed notes 1 to 12 form an integral part of these financial statements.

Lahore
October 29, 2021


(Tariq Rehman)
Chief Executive Officer


(Ahsan Suhail Mannan)
Director


(Riaz Ahmad)
Chief Financial Officer

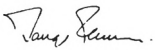




CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)

FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2021

	Quarter Ended September 30,	
	2021 Rupees	2020 Rupees
CASH FLOW FROM OPERATING ACTIVITIES		
Profit / (loss) before taxation	85,695,698	72,236,319
- Depreciation on property, plant and equipment - owned	23,162,468	18,971,227
- Amortization	69,687	69,687
- Provision for gratuity	4,878,114	4,110,290
- Liabilities written back	(223,082)	-
- Exchange (gain)/ loss	(153,886)	(179,633)
- Finance cost	19,301,397	20,509,022
	47,034,698	43,480,594
Operating profit before working capital changes	132,730,396	115,716,912
(Increase) / decrease in current assets:		
- Stores, spares and loose tools	(28,439,886)	1,507,658
- Stock in trade	(114,231,374)	(45,006,032)
- Trade receivables	47,176,545	(95,347,291)
- Advances, deposits, prepayments and other receivables	4,457,438	(13,962,665)
(Decrease) / increase in current liabilities:		
- Trade and other payables	(36,644,935)	(21,546,040)
	(127,682,212)	(174,354,370)
Cash (used in)/generated from operations	5,048,183	(58,637,458)
Changes in long term prepayments and other receivables		
Finance cost paid	(16,337,318)	(25,387,159)
Gratuity paid	(1,313,414)	(1,037,578)
Income tax (paid) / refunded - net	(10,497,994)	(14,455,583)
	(28,148,726)	(40,880,320)
Net Cash (Used in)/generated from Operating Activities	(23,100,543)	(99,517,778)
CASH FLOW FROM INVESTING ACTIVITIES		
Property, plant and equipment purchased	(11,030,594)	(9,389,941)
Long term loans and other receivables	(1,555,611)	(4,960,957)
Net Cash used in Investing Activities	(12,586,205)	(14,350,898)
CASH FLOW FROM FINANCING ACTIVITIES		
Long term financing from related parties acquired / (repaid) - net	(9,000,000)	(9,117,254)
Long term financing from banking companies repaid - net	(16,278,043)	8,260,510
Short term borrowing from related parties acquired - net	(85,000,000)	(9,854,193)
Short term borrowing from banking companies repaid - net	125,456,265	100,648,799
Net Cash generated from / (used in) Financing Activities	15,178,222	89,937,862
Net Increase / (Decrease) in Cash and Cash Equivalents	(20,508,526)	(23,930,815)
Cash and cash equivalents at the beginning of the period	40,625,856	43,949,957
Cash and Cash Equivalents at the End of the Period	20,117,330	20,019,142

The annexed notes 1 to 12 form an integral part of these financial statements.

Lahore
October 29, 2021

(Tariq Rehman)
Chief Executive Officer

(Ahsan Suhail Mannan)
Director

(Riaz Ahmad)
Chief Financial Officer

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

FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2021

1 The Company and its Operations

1.1 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.

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

1.3 The geographical location and address of Company including mills/plant is as under:

Business unit	Geographical location
Head / Registered office	4th Floor, National Tower, 28 Egerton Road, Lahore.
Factory	19-KM, Lahore Sheikhpura Road, Lahore.

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, 2021. Comparative statement of financial position is extracted from annual audited financial statements for the year ended June 30, 2021 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 September 30, 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, 2021.



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, 2021.

	Note	September 30, 2021 (Un-audited) Rupees	June 30, 2021 (Audited) Rupees
4 Surplus on Revaluation of Property, Plant and Equipment			
Land - Freehold		783,655,104	783,655,104
Buildings on freehold land		271,710,324	282,355,973
Plant and machinery		247,031,932	257,315,697
		1,302,397,360	1,323,326,774
Effect of change in effective tax rates		-	(1,439,802)
Incremental depreciation charged on revalued property, plant and equipment in current year net of deferred tax (transferred to retained earnings)		(5,540,001)	(19,489,612)
		1,296,857,359	1,302,397,360
5 Long Term Financing			
Banking companies - secured			
National Bank of Pakistan		18,670,812	24,280,812
Discounting / unwinding of discount		(126,969)	(169,290)
		18,543,843	24,111,522
Standard Chartered Bank (Pakistan) Limited		38,026,112	41,526,113
Discounting / unwinding of discount		(2,086,439)	(2,754,695)
		35,939,673	38,771,418
Habib Bank Limited		33,935,025	40,722,030
Less: Deferred income - Government Grant	5.1	(1,133,704)	(1,360,445)
		32,801,321	39,361,585
		87,284,837	102,244,525
Associated companies / related parties - unsecured			
Associated Engineers (Private) Limited		27,335,447	27,335,447
Discounting / unwinding of discount		(2,382,962)	(2,382,962)
		24,952,485	24,952,485

	September 30, 2021 (Un-audited) Rupees	June 30, 2021 (Audited) Rupees
EMCO Industries Limited Provident Fund Discounting / unwinding of discount	91,529,818 (23,221,342)	100,529,818 (24,797,428)
	68,308,476	75,732,390
Imperial Electric Company (Private) Limited Discounting / unwinding of discount	2,615,692 (228,022)	2,615,692 (228,022)
	2,387,670	2,387,670
	182,933,468	205,317,070
Less: current portion:		
- Banking companies	(68,286,626)	(74,023,595)
- Associated companies / related parties	-	-
	(68,286,626)	(74,023,595)
	114,646,842	131,293,475

5.1 This represents a term finance facility under the refinance scheme for payment of wages and salaries (RFWS Scheme) to the workers and employees for an amount up to the equivalent of Rs. 60 million. The facility is sanctioned to finance wages and salaries of permanent, contractual, daily wagers as well as outsourced employees. It carries markup @ 3% (2020: 3 months KIBOR plus 1% per annum). These loans are secured by Joint Pari Passu charge on fixed assets.

Impact of deferred income 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.

	September 30, 2021 (Un-audited) Rupees	June 30, 2021 (Audited) Rupees
6. Short Term Borrowings		
Interest bearing		
Banking companies - secured	566,027,439	440,571,173
Related parties - unsecured:		
- Associated company - ICC (Private) Limited	80,750,000	155,750,000
	646,777,439	596,321,173
Interest free		
Related parties - unsecured:		
- Directors and close relatives thereof	44,321,550	54,325,744
	691,098,989	650,646,917

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, 2021.



	September 30, 2021 (Un-audited) Rs. in millions	June 30, 2021 (Audited) Rs. in millions
Commitments		
Letters of credit other than for capital expenditure	92.887	177.190
Letters of credit for capital expenditure	-	-
Guarantees		
NTDC/DISCOs	379.507	341.094
Sui Northern Gas Pipelines Limited	22.406	25.177
Collectorate of Customs	8.978	8.978
	<u>410.891</u>	<u>375.249</u>

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

Not later than one year	Later than one year and Not later than five years	later than five years
-----Rupees-----		
<u>1,742,392</u>	<u>1,755,273</u>	<u>-</u>

	Note	September 30, 2021 (Un-audited) Rupees	June 30, 2021 (Audited) Rupees
8. Property, Plant and Equipment			
Operating fixed assets	8.1	1,871,135,326	1,882,605,192
Right of Use assets		4,622,611	5,284,759
		<u>1,875,757,937</u>	<u>1,887,889,951</u>
8.1 Operating fixed assets			
Opening written down value		1,882,605,192	1,354,563,200
Additions during the period / year		11,692,591	209,534,589
Transfer to investment properties		-	(43,030,862)
Disposals during the period / year		-	(499,772)
Revaluation adjustment		-	459,322,504
		<u>1,894,297,783</u>	<u>1,979,889,659</u>
Depreciation charge for the period / year		(23,162,457)	(97,284,467)
		<u>1,871,135,326</u>	<u>1,882,605,192</u>

	Quarter Ended September 30,	
	2021 (Un-audited) Rupees	2020 (Un-audited) Rupees
9. COST OF REVENUE		
Raw and packing material consumed	177,595,979	165,452,600
Stores and spares consumed	14,016,834	14,189,236
Salaries, wages and benefits	84,562,162	76,021,979
Power and gas	68,794,897	47,551,829
Vehicle maintenance	145,155	248,152
Repairs and maintenance	1,351,658	1,569,487
Insurance	1,159,722	747,528
Communication and stationery	613,565	430,247
Rent, rates and taxes	1,372,603	1,958,574
Travelling and conveyance	17,542,982	20,977,314
Testing and experiment charges	10,517,061	11,024,733
Miscellaneous	737,940	734,061
Depreciation on property, plant and equipment	23,030,430	18,971,227
	401,440,987	359,876,966
Work in process:		
- Opening work in process	85,445,820	69,305,970
- Closing work in process	(86,455,366)	(68,207,256)
	(1,009,546)	1,098,714
Cost of goods manufactured	400,431,441	360,975,680
Finished goods:		
- Opening finished goods	205,731,863	252,998,539
- Closing finished goods	(194,900,514)	(276,792,276)
	10,831,349	(23,793,737)
	411,262,790	337,181,943

10. Transactions with Related Parties

Related parties comprise associated companies, related group companies, directors of the Company and their close relatives, companies where directors also hold directorship, key management personnel and post employment benefit plans. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of that Company. The Company in the normal course of business carries out transactions with various related parties. Details of transactions with related parties during the year, other than those which have been disclosed elsewhere in these financial statements, are as follows:



	Quarter Ended September 30,	
	2021 (Un-audited) Rupees	2020 (Un-audited) Rupees
Transactions during the year		
Associates and related parties		
Mark-up on short term borrowing	4,425,686	4,055,928
Short term borrowing obtained	-	50,000,000
Short term borrowing repaid	85,000,000	59,850,000
Mark-up on short term borrowing paid	4,484,840	9,744,255
Rent paid	607,779	625,669
Managerial services and expenses charged - net	6,532,768	5,388,073
Staff retirement fund		
Principal repaid	9,000,000	13,550,000
Expense charged to Gratuity Fund	4,877,967	4,110,285
	September 30, 2021 (Un-audited) Rupees	June 30, 2021 (Audited) Rupees
Outstanding balances		
Accrued mark-up on long term financing	8,734,867	8,734,867
Accrued mark-up on short term borrowing	4,015,226	4,074,380
Long term financing	237,189,785	246,189,785
Short term borrowings	125,075,743	210,075,744
Payable for expenses	6,995,639	6,002,735
Executives / Key management personnel	550,000	580,000

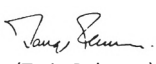
11. Date of Authorization for Issue

This condensed interim financial statement (un-audited) is authorized for issuance on October 29, 2021 by the Board of Directors of the Company.

12. 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
October 29, 2021


(Tariq Rehman)
Chief Executive Officer


(Ahsan Suhail Mannan)
Director


(Riaz Ahmad)
Chief Financial Officer

www.emco.com.pk

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