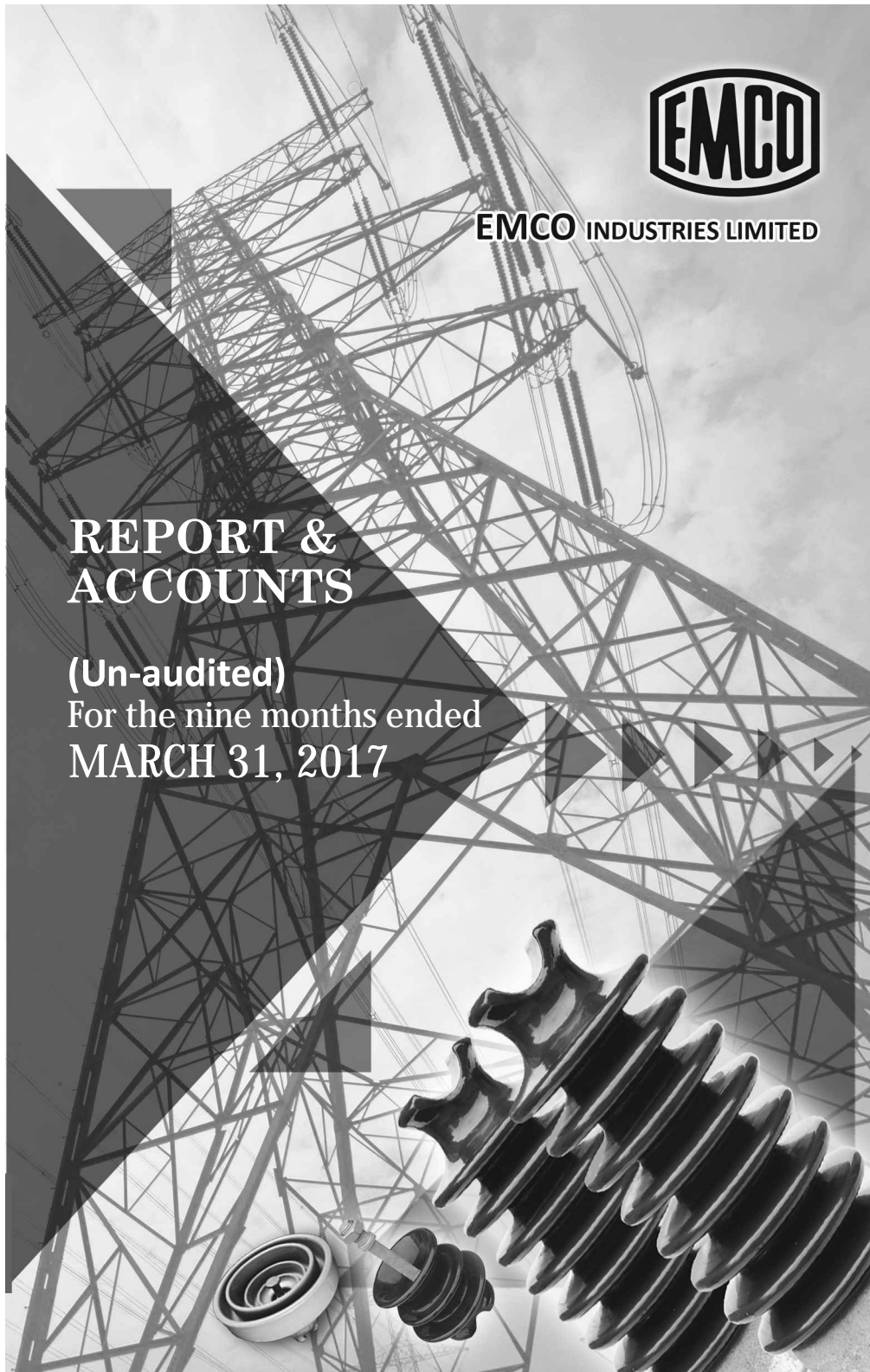


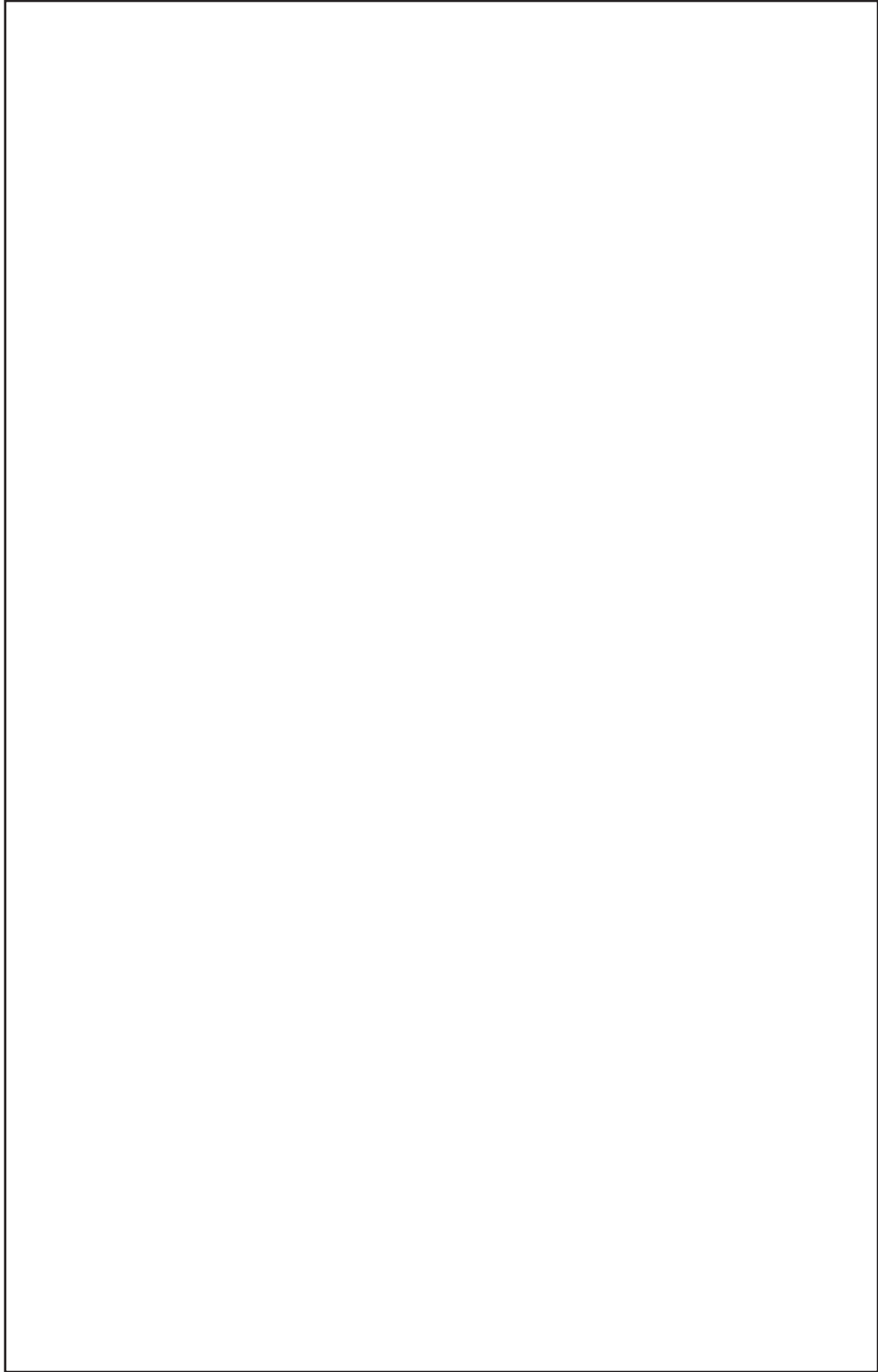


EMCO INDUSTRIES LIMITED

# REPORT & ACCOUNTS

(Un-audited)  
For the nine months ended  
MARCH 31, 2017







## COMPANY INFORMATION

### COMPANY INFORMATION

#### Board of Directors

Mr. Tariq Rehman  
Mr. Shafiq A. Siddiqi (late)  
Mr. Haris Noorani (late)  
Mr. Suhail Mannan  
Mr. Javaid Shafiq Siddiqi  
Mr. Usman Haq  
Mr. Pervaiz Shafiq Siddiqi (appointed as on 16-02-2017)  
Mr. Salem Rehman  
Mr. Ahsan Suhail Mannan  
Mr. Awais Noorani (appointed as on 08-02-2017)

#### Audit Committee

Mr. Usman Haq  
Mr. Javaid Shafiq Siddiqi  
Mr. Salem Rehman  
Mr. Ahsan Suhail Mannan

#### Chief Financial Officer

Mr. Riaz Ahmad

#### Auditors

M/s. Horwath Hussain Chaudhury & Co.,  
Chartered Accountants, Lahore.

#### Bankers

Habib Bank Limited  
National Bank of Pakistan  
Standard Chartered Bank (Pakistan) Limited  
Faysal Bank Limited  
Bank of Punjab  
NIB Bank Limited

#### 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.

### BUSINESS ITEMS

#### Porcelain Insulators

- Suspension Insulator
- Pin Insulator
- Line Post Insulator
- Cap and pin Insulator
- Station Post Insulator
- Indoor Switch and Bus Insulator
- Apparatus Insulator
- Insulator for Railway Electrification
- Telephone Insulator
- Low Voltage Insulator
- Dropout Cutout Insulator
- Bushings

#### Switchgear

- Disconnect Switch upto 145 kv
- Metal Oxide Surge Arresters upto 430 kv  
(Under License from Siemens Germany)

#### 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

## DIRECTORS' REVIEW

Dear Shareholders

On behalf of the Board of Directors, I present Unaudited financial statements of the Company for the third quarter ended March 31, 2017.

In view of the limited supply of gas to Punjab industrial sector, the Tile Division of the company remained closed during the period under review. However the depreciation on the plant is fully charged related to the period under review in compliance with the IFRS.

Net Sales for the period under review was driven entirely by the Insulator Division and recorded at Rs. 781.86 Million as compared to sale of Rs. 821.76 Million for the corresponding period. Your company has earned net profit after tax of Rs. 35.054 million resulting earning per share of Rs. 1 as compared to net profit after tax of Rs. 4.9 million and earning per share of Rs. 0.14 in the same period last year.

By the Grace of Almighty Allah, the company has started to benefit from the steps taken by the management. Specific measures include enhanced capacity utilization through better process efficiencies, better delivery scheduling to reduce liquidated damages, and improved supply chain planning to reduce port demurrages. The Company would like to especially acknowledge the Engineering Team and the support Teams on the execution of these measures.

Company continues to re-align its vision and strengthen its focus on the Insulator Division and operational results will continue to improve in the near future -InshAllah.

The key highlights of the nine months under review and are as under:

### Insulator Plant Operation

Demand for the company's Insulators remained strong during the current period, which has resulted in a profit from operation of Rs. 89.84 Million in the period as compared to Rs. 66.83 million for the corresponding period last year.

Given the process efficiency and machinery utilization improvements, the Insulator Division average monthly production showed a strong improvement from 348.36 tons to 402.6 tons against the corresponding period of last year.

Major investment in the energy infrastructure in Pakistan is generating significant demand for Insulators within the country. We foresee that with the current orders in hand and future demand the company will see a significant improvement in the result of the company in the near future.

### Tile Plant Operation

Operations were kept suspended as stated above during the period. The decision will be reviewed in second half of FY 2016 - 17 based on available options.

The directors are thankful to our valued customers, financial institutions and other stakeholders for their continued trust. The hard work of all employees is recognized and appreciated.

On behalf of board



Tariq Rehman  
Managing Director

April 18, 2017  
Lahore



## جائزہ منجانب ڈائریکٹرز

### محترم حصص یافتگان!

میں بورڈ آف ڈائریکٹرز کی جانب سے کمپنی کے غیر نظر ثانی شدہ نتائج برائے جنوری مارچ 2017 پیش کرتا ہوں۔

چناب کے صنعتی سیکٹر کو گیس کی محدود ترسیل کے پیش نظر کمپنی کا ٹائل ڈویژن زیر جائزہ مدت کے دوران بند رہا۔ تاہم پلانٹ پر انحطاط زیر جائزہ مدت کے لیے مکمل طور پر

IFRS کے عین مطابق چارج کیا گیا ہے۔

زیر جائزہ مدت میں آمدن مکمل طور پر انسولیٹر ڈویژن سے حاصل کی گئی۔ جو کہ گزشتہ سال اسی عرصہ ہونے والی فروخت مبلغ 821.67 ملین روپے کے مقابلے میں حاصل ہونے

والی فروخت مبلغ 781.86 ملین روپے ریکارڈ کی گئی۔

آپ کی کمپنی نے گزشتہ سال اسی عرصہ کے لیے مبلغ 4.9 ملین روپے خالصاً بعد از ٹیکس منافع کے مقابلے میں 35.054 ملین روپے بعد از ٹیکس منافع کمایا ہے۔ جس کے نتیجے میں فی

حصص منافع گزشتہ سال اسی عرصہ کیلئے مبلغ 0.14 روپے کے مقابلے میں 1 روپے ہے۔

اللہ تعالیٰ کی مہربانی سے کمپنی نے منجھٹ کی طرف سے کیے جانے والے اقدامات سے فائدہ اٹھانا شروع کر دیا ہے۔ ان مخصوص اقدامات میں بہتر عمل، استعداد کار کے ذریعے بہتر

صلاحیت کا استعمال، نقصانات کو کم کرنے کیلئے بہتر ترسیل شیڈولنگ اور بہتر سپلائی چین کی منصوبہ بندی پورٹ کے خسارے کو کم کرنے کیلئے شامل ہیں۔ کمپنی ان اقدامات کو عملی جامہ

پہنانے کیلئے خصوصی طور پر انجینئرنگ ٹیم اور اداریہ عمل کی کاوشوں کو سراہتی ہے۔

کمپنی اپنے تصور کی تصحیح اور انسولیٹر ڈویژن پر اپنی توجہ کو مضبوط بنانے کے عمل کو جاری رکھے ہوئے ہے اور آپریشنل نتائج مستقبل قریب میں مزید بہتر ہوتے رہیں گے۔ ان شاء اللہ۔

گزشتہ 9 ماہ کے نتائج کی اہم جھلکیاں مندرجہ ذیل ہیں:

### انسولیٹر پلانٹ آپریشن:

رواں عرصہ کے دوران کمپنی کے انسولیٹر کی طلب مضبوط رہی۔ جس کی وجہ سے گزشتہ برس اسی عرصہ کے دوران پیداواری منافع مبلغ 66.83 ملین روپے کے مقابلے میں مبلغ

89.84 ملین روپے رہا۔

عمل کی کارکردگی اور مشینری کے استعمال کی بہتری کو دیکھتے ہوئے انسولیٹر ڈویژن کی اوسط ماہانہ پیداوار گزشتہ سال کی اسی مدت کے دوران 348.36 ٹن کے مقابلے میں 402.6 ٹن

ہوئی جو کہ ایک مضبوط بہتری کا مظاہرہ ہے۔

پاکستان میں توانائی کے بنیادی ڈھانچے میں اہم سرمایہ کاری ملک کے اندر انسولیٹر کی اہم مانگ پیدا کر رہی ہے۔ ہم دیکھ رہے ہیں کہ انسولیٹر کے موجودہ آرڈر اور مستقبل قریب میں

مانگ کے پیش نظر کمپنی کے نتائج میں بہتری نظر آئے گی۔

### ٹائل پلانٹ آپریشن:

اوپر بیان کردہ مدت کے دوران ٹائل پلانٹ آپریشن کو معطل رکھا گیا تھا۔ مالی سال 2016-2017 کے دوسرے نصف کے دوران موجودہ آپریشن کو مد نظر رکھتے ہوئے اس فیصلہ پر نظر

ثانی کی جائے گی۔

ڈائریکٹر صاحبان اپنے معزز صارفین، مالیاتی اداروں اور دیگر حصص یافتگان کا ان کے اعتماد جاری رکھنے پر شکریہ ادا کرتے ہیں۔

بورڈ آف ڈائریکٹرز کی جانب سے

*Haris Khan*

طارق رحمان، چیف ایگزیکٹو

18-04-2017

## CONDENSED INTERIM BALANCE SHEET

	Note	March 31, 2017 Rupees	June 30, 2016 Rupees
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized capital 40,000,000 (June 30, 2016: 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, 2016: 35,000,000) ordinary shares of Rs 10 each		350,000,000	350,000,000
Reserves		129,898,526	129,898,526
Sponsors' loan		115,708,828	115,708,828
Accumulated loss		(526,598,082)	(574,299,548)
		69,009,272	21,307,806
Surplus on Revaluation of Property, Plant and Equipment		733,754,020	746,402,897
<b>NON-CURRENT LIABILITIES</b>			
Long term financing	6	345,576,924	238,885,384
Deferred liabilities		34,136,748	34,854,948
Deferred taxation		93,002,572	90,885,492
		472,716,244	364,625,824
<b>CURRENT LIABILITIES</b>			
Trade and other payables		272,078,741	263,745,534
Accrued finance cost		135,793,467	171,091,408
Short term borrowings	7	582,592,834	645,460,193
Current portion of non-current liabilities	6	92,266,631	62,566,631
		1,082,731,673	1,142,863,766
<b>CONTINGENCIES AND COMMITMENTS</b>			
	8	-	-
		2,358,211,209	2,275,200,293

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.

Lahore  
April 18, 2017

  
(Tariq Rehman)  
Chief Executive



## (UN-AUDITED) AS AT MARCH 31, 2017

	Note	March 31, 2017 Rupees	June 30, 2016 Rupees
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	9	1,315,686,864	1,348,691,088
Intangible assets		2,258,502	2,675,387
Long term loans		1,596,916	1,882,771
Long term deposits		-	271,163
		1,319,542,282	1,353,520,409
CURRENT ASSETS			
Stores and spares and loose tools		103,477,318	107,266,583
Stock-in-trade		379,467,754	381,895,545
Trade debts		399,050,109	292,246,677
Advances, deposits, prepayments and other receivables		84,394,163	58,506,225
Income tax refundable from the Government		64,508,742	72,908,786
Cash and bank balances		7,770,838	8,856,068
		1,038,668,924	921,679,884
		2,358,211,209	2,275,200,293

  
 (Ahsan Suhail Mannan)  
 Director

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

FOR THE NINE MONTHS ENDED MARCH 31, 2017

	Note	January to March		July to March	
		2017 Rupees	2016 Rupees	2017 Rupees	2016 Rupees
Sales		299,724,356	294,111,875	781,860,491	821,767,453
Cost of sales	10	(235,026,629)	(236,724,112)	(608,960,284)	(692,621,912)
Gross profit		64,697,726	57,387,763	172,900,206	129,145,540
Administrative expenses		(11,509,605)	(12,965,841)	(37,213,604)	(37,885,561)
Selling and distribution expenses		(19,651,677)	(10,200,971)	(45,729,799)	(30,391,671)
		(31,161,282)	(23,166,812)	(82,943,403)	(68,277,232)
Operating profit		33,536,444	34,220,951	89,956,803	60,868,308
Other income		24,202,346	1,301,989	27,169,732	7,355,261
Other operating expenses		(25,857,958)	(730,000)	(27,288,357)	(1,393,729)
Finance cost		(14,065,655)	(18,344,409)	(44,845,425)	(59,645,476)
Profit / (loss) before taxation		17,815,178	16,448,530	44,992,754	7,184,364
Taxation		(3,702,690)	25,119	(9,940,167)	(2,285,188)
Profit / (loss) for the period		14,112,488	16,473,649	35,052,587	4,899,176
Earnings / (loss) per share - Basic and Diluted ( Rupees)		0.40	0.47	1.00	0.14

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.

Lahore  
April 18, 2017

  
(Tariq Rehman)  
Chief Executive

  
(Ahsan Suhail Mannan)  
Director





**CONDENSED INTERIM STATEMENT OF  
COMPREHENSIVE INCOME (UN-AUDITED)**  
FOR THE NINE MONTHS ENDED MARCH 31, 2017

Note	January to March		July to March	
	2017 Rupees	2016 Rupees	2017 Rupees	2016 Rupees
Profit / (loss) for the period	14,112,488	16,473,649	35,052,587	4,899,176
Other comprehensive income				
Items that will not be reclassified to profit or loss	-	-	-	-
Items that will be reclassified to profit or loss	-	-	-	-
Total comprehensive income / (loss) for the period	14,112,488	16,473,649	35,052,587	4,899,176

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.

Lahore  
April 18, 2017

  
(Tariq Rehman)  
Chief Executive

  
(Ahsan Suhail Mannan)  
Director

## CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

FOR THE NINE MONTHS ENDED MARCH 31, 2017

	Note	March 31,	
		2017 Rupees	2016 Rupees
Cash flows from operating activities			
Cash generated from operations	12	7,675,165	116,103,365
Finance cost paid		(28,083,255)	(51,196,540)
Gratuity paid		(3,013,843)	(4,461,965)
Income tax refunded / (paid) - net		576,957	(31,414,204)
Net cash generated from operating activities		(22,844,976)	29,030,656
Cash flows from investing activities			
Fixed capital expenditure		(25,544,095)	(14,652,954)
Intangible assets		(118,195)	-
Long term loans		285,855	(13,300)
Proceeds from disposal of property, plant and equipment		495,703	-
Net cash used in investing activities		(24,880,732)	(14,666,254)
Cash flows from financing activities			
Long term financing from related parties - net		32,650,405	-
Long term financing from banking companies - net		(21,791,659)	(37,879,642)
Lease rentals paid		-	(2,456,463)
Short term loan from related parties - net		63,129,510	17,114,648
Short term borrowings from banking companies - net		(27,347,777)	4,396,611
Net cash used in financing activities		46,640,479	(18,824,846)
Net decrease in cash and cash equivalents		(1,085,230)	(4,460,444)
Cash and cash equivalents at beginning of the period		8,856,068	6,699,210
Cash and cash equivalents at the end of the period		7,770,838	2,238,766

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.

Lahore  
April 18, 2017

  
(Tariq Rehman)  
Chief Executive

  
(Ahsan Suhail Mannan)  
Director



# CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2017

Note	Share Capital Rupees	Reserves		Sponsors' Loan Rupees	Accumulated Loss Rupees	Total Rupees
		Share Premium Rupees	General Reserves Rupees			
Balance as on July 01, 2015	350,000,000	39,898,526	90,000,000	115,708,828	(624,771,602)	(29,164,248)
Net loss for the period	-	-	-	-	4,899,178	4,899,178
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	-	4,899,178	4,899,178
Incremental depreciation for the period on surplus on revaluation of property, plant and equipment net of deferred tax	-	-	-	-	14,561,902	14,561,902
Total contributions by and distributions to owners of the Company recognised directly in equity	-	-	-	-	-	-
Balance as on March 31, 2016	350,000,000	39,898,526	90,000,000	115,708,828	(605,310,522)	(9,703,168)
Balance as on July 1, 2016	350,000,000	39,898,526	90,000,000	115,708,828	(574,299,548)	21,307,806
Net profit for the period	-	-	-	-	35,052,587	35,052,587
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	-	35,052,587	35,052,587
Incremental depreciation for the period on surplus on revaluation of property, plant and equipment net of deferred tax	-	-	-	-	12,648,879	12,648,879
Total contributions by and distributions to owners of the Company recognised directly in equity	-	-	-	-	-	-
Balance as on March 31, 2017	350,000,000	39,898,526	90,000,000	115,708,828	(526,598,082)	69,009,272

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.

Lahore  
April 18, 2017

  
(Tariq Rehman)  
Chief Executive

  
(Ahsan Suhail Mannan)  
Director

## SELECTED NOTES TO CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

FOR THE NINE MONTHS ENDED MARCH 31, 2017

1. The Company and its operations

1.1 EMCO Industries Limited ("the Company") is incorporated in Pakistan and is listed on Pakistan Stock Exchange. The Company was incorporated as a Joint Stock Company in Pakistan under the Companies Act, 1913, (now the Companies Ordinance, 1984) 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 the stock exchanges on December 29, 1983. Its registered office is situated at 4th Floor, National Tower, 28 Egerton Road, Lahore. The manufacturing facility is situated at 19-Kilometer, Lahore Sheikhupura road, Lahore.

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

2. Basis of preparation

This condensed interim financial information is un-audited and is being submitted to the members in accordance with section 245 of the Companies Ordinance, 1984. It has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 - 'Interim Financial Reporting' and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed. This condensed interim financial information does not include all the information required for annual financial statements and therefore, should be read in conjunction with the annual financial statements for the year ended June 30, 2016.

3. Significant accounting policies

The accounting policies adopted for the preparation of this condensed interim financial information are the same as those applied in the preparation of preceding annual financial statements of the Company for the year ended June 30, 2016.

4. Taxation

The provision for taxation for the nine months ended March 31, 2017 has been made using the tax rate that would be applicable to expected total annual earnings.

5. Estimates

The preparation of condensed interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended June 30, 2016, with the exception of changes in estimates that are required in determining the provision for income taxes as referred to in Note 4.

	Note	March 31, 2017 Rupees	June 30, 2016 Rupees
6. Long term loans			
- Secured	6.1	248,780,994	145,039,859
- Unsecured	6.2	189,062,561	156,412,156
		437,843,555	301,452,015
Less: Current portion shown under current liabilities		92,266,631	62,566,631
		345,576,924	238,885,384



	Note	March 31, 2017 Rupees	June 30, 2016 Rupees
6.1 Long term loans - secured			
NIB Bank Limited		5,845,756	14,211,492
The Bank of Punjab		-	8,181,112
National Bank of Pakistan (DF-I & DF-II)	7.1	125,532,794	-
Standard Chartered Bank (Pakistan) Limited		117,402,444	122,647,255
		248,780,994	145,039,859
Less: Current portion shown under current liabilities		51,713,250	43,379,988
		197,067,744	101,659,871
6.2 Loans from associated companies - unsecured			
- Associated Engineering (Private) Limited		19,698,518	18,098,518
- Imperial Electric Company (private) Limited		2,569,995	2,569,995
- ICC (Private) Limited		33,541,667	-
- EMCO Industries Limited Provident Fund		133,252,381	135,743,643
		189,062,561	156,412,156
Less: Current portion shown under current liabilities		40,553,381	19,186,643
		148,509,180	137,225,513
7. Short term borrowings			
Interest bearing			
Banking companies - secured:			
- Running finances	7.1	123,970,915	206,216,658
- Export and import finances		112,264,799	156,015,925
		236,235,714	362,232,583
Related parties - unsecured:			
- Associated company - ICC (Private) Limited	7.2	75,000,000	10,000,000
- Directors	7.3	94,555,918	63,231,516
		169,555,918	73,231,516
Interest free			
Related parties - unsecured:			
- Associated company - ICC (Private) Limited		80,750,000	80,750,000
- Directors and close relatives thereof	7.3	96,051,202	129,246,094
		176,801,202	209,996,094
		582,592,834	645,460,193

7.1 During the period, National Bank of Pakistan ('the Bank') has offered, which the Company has accepted and restructured its short term borrowings aggregating to Rs 116.250 million along with their accrued markup of Rs 31.716 million on following key terms:

- Upfront down payment of Rs 22.602 million to the Bank;

- conversion of existing short term borrowings aggregating to Rs 98.649 million to Demand Finance I ('DFI'). DFI to be repaid in six years including one year grace period and markup to charged at one month KIBOR; and

- conversion of accrued markup of Rs 31.716 million to Demand Finance II ('DFII') to be repaid in six years including one year grace period in 60 monthly instalments.

7.2 During the current period the Company has obtained an additional Rs 65 million loan as an unsecured loan priced at 3 months KIBOR plus 3% per annum. The aggregate balance is repayable on demand.

7.3 During the current period the Company converted interest free director's loan of Rs 29.748 million to interest bearing. The rate of markup to be charged @ 6 month KIBOR plus 2%.

## 8. Contingencies and commitments

### 8.1 Contingencies

There has been no material change in contingencies since last audited annual financial statements.

### 8.2 Commitments

(i) Letters of credit other than for capital expenditure amount to Rs 44.953 million as on March 31, 2017 (June 30, 2016: Rs 23.183 million).

(ii) Bank guarantees amount to Rs 147.236 million as on March 31, 2017 (June 30 2016: Rs 181.087 million) that have been issued in favour of the following companies:

	Note	March 31, 2017 Rupees	June 30, 2016 Rupees
9. Property, plant and equipment			
Operating assets	9.1	1,291,581,919	1,315,164,858
Capital work-in-progress		24,104,945	33,526,230
		<u>1,315,686,864</u>	<u>1,348,691,088</u>
9.1 Operating assets - at net book value			
Opening book value		1,315,164,858	1,164,054,464
Add: Additions during the period / year	9.1.1	41,740,371	17,035,533
Add: Revaluation adjustment		-	212,972,725
		<u>1,356,905,229</u>	<u>1,394,062,722</u>
Less: Disposals during the period / year - vehicle		311,733	108,764
Less: Depreciation charged during the period		65,011,577	78,789,100
		<u>1,291,581,919</u>	<u>1,315,164,858</u>
9.1.1 Additions during the period / year			
Buildings on freehold land		31,241,230	-
Plant, machinery and equipment		9,299,491	14,477,763
Furniture and fixture		-	914,889
Vehicles		-	638,141
Office equipment		1,199,650	1,004,740
		<u>41,740,371</u>	<u>17,035,533</u>



	Note	Un-audited Quarter ended March 31,		Un-audited Nine Months Ended March 31,	
		2017 Rupees	2016 Rupees	2017 Rupees	2016 Rupees
10. Cost of sales					
Raw and packing material consumed		93,919,227	89,196,794	259,759,323	272,563,154
Stores and spares consumed		9,874,110	12,368,787	24,879,041	31,279,294
Salaries, wages and benefits		55,897,688	54,853,592	168,923,319	157,480,166
Power and gas		27,317,262	28,029,470	81,573,502	70,480,374
Vehicle maintenance		122,427	205,717	446,046	490,511
Repairs and maintenance		345,637	247,052	2,713,009	1,183,374
Insurance		803,621	899,312	2,475,157	2,717,698
Communication and stationery		195,414	242,996	724,783	782,973
Rent, rates and taxes		185,191	531,465	1,054,757	1,528,274
Travelling and conveyance		2,538,921	1,241,667	5,063,442	3,808,905
Testing and inspection		9,521,933	4,960,727	17,243,221	10,997,887
Others		485,232	1,225,048	1,258,787	3,504,205
Depreciation on property, plant and equipment		23,863,149	18,189,052	64,489,366	54,567,155
Depreciation on assets subject to finance lease		-	-	-	350,910
		225,069,812	212,191,678	630,603,753	611,734,879
Work in process:					
- Opening work in process		25,685,997	33,396,231	21,295,773	30,571,716
- Closing work in process		(27,434,895)	(31,109,369)	(27,434,895)	(31,109,369)
		(1,748,898)	2,286,862	(6,139,122)	(537,653)
Cost of goods manufactured		223,320,914	214,478,540	624,464,631	611,197,225
Finished goods:					
- Opening finished goods		214,164,011	183,165,600	186,953,949	242,344,714
- Closing finished goods		(202,458,296)	(160,920,027)	(202,458,296)	(160,920,027)
		11,705,715	22,245,573	(15,504,347)	81,424,687
		235,026,629	236,724,112	608,960,284	692,621,912

#### 11. 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 the following significant transactions with various related parties:

Related Party	Nature of Transaction	Un-audited March 31, 2017 Rupees	Un-audited March 31, 2016 Rupees
Directors and close relatives thereof	Short term borrowing obtained	410,797,561	470,946,680
	Short term borrowing repaid	412,655,255	453,358,055
	Markup on short term borrowing	4,420,670	4,508,203
	Markup on short term borrowing paid	2,977,665	2,807,691
	Conversion of interest free loan to interest bearing	23,948,000	-
Post employment benefit plan	Markup on long term financing	7,410,515	9,157,800
	Markup paid	250,000	3,192,299
	Principal repaid	2,491,262	-
	Gratuity expense	2,218,806	2,169,453
Others	Long term financing obtained	1,600,000	1,500,000
	Short term borrowing obtained	65,000,000	-
	Markup on long term financing	531,727	533,666
	Markup on short term borrowing	5,117,527	3,655,124
	Markup on short term borrowing paid	5,260,623	10,364,202
	Rent expense	990,000	990,000
	Remuneration of key management personnel	10,708,571	11,047,553
		March 31, 2017 Rupees	June 30, 2016 Rupees
11.1 Period end balances			
Payable to related parties			
	Directors and close relatives thereof	309,960,440	309,399,472
	Post employment benefit plan	242,314,394	237,645,141
	Others	224,349,452	123,601,716
Receivable from related parties			
	Directors and close relatives thereof	521,908	521,908
	Others	400,713	400,713





Note	March 31, 2017 Rupees	March 31, 2016 Rupees
12. Cash generated from operations		
Profit/(loss) before taxation	44,992,754	7,184,366
Adjustments for:		
- Depreciation on property, plant and equipment-owned	65,011,577	55,308,032
- Depreciation on assets subject to finance lease	-	350,910
- Amortization of intangible assets	535,080	1,295,873
- Provision for gratuity	2,218,806	2,169,453
- Bad debts	6,985,402	-
- Provision for doubtful debts	18,080,774	-
- Gain on disposal of property, plant and equipment	(183,970)	-
- Reversal of markup on restructuring of NBP Loan	(25,099,572)	-
- Liabilities written back	(1,468,017)	-
- Exchange (gain) / loss	(603,264)	-
- Finance cost	44,845,425	59,645,476
Profit before working capital changes	155,314,995	125,954,109
Effect on cash flow due to working capital changes		
- (Increase) / decrease in stores and spares	(2,985,726)	5,124,877
- (Increase) / decrease in stock-in-trade	2,427,791	31,903,290
- (Increase) / decrease in trade debts	(131,266,344)	(41,093,358)
- Decrease in advances, deposits, prepayments and other receivables	(25,616,775)	18,103,618
- Increase / (decrease) in trade and other payables	9,801,224	(23,889,171)
	(147,639,830)	(9,850,744)
Cash generated from operations	7,675,165	116,103,365

### 13. Segment Reporting

A business segment is a group of assets and operations engaged in providing products that are subject to risks and returns that are different from those of other business segments. The management has determined the operating segments based on the information that is presented to the Chief Executive Officer for allocation of resources and assessments of performance. Based on internal management reporting structure and products produced and sold, the Company is organized into following two operating segments:

Types of segments	Nature of business
- Insulator	Manufacture and sale of high/low tension electrical porcelain insulators and switchgears
- Tile	Manufacture and sale of ceramic tiles

The management monitors the operating results of its business units separately for the purpose of making decision about resource allocation and performance assessment. Segment performance is generally evaluated based on certain key performance indicators including business volume, gross profit, profit from operations, reduction in operating cost and free cash flows.

Segment assets include all operating assets used by a segment and consist principally of receivables, inventories and property, plant and equipment, net of impairment and provisions but do not include deferred taxes. Segment liabilities include all operating liabilities and consist principally of trade and bills payable.

### 13.1 Segment analysis

The segment information for the reportable segments for the period ended March 31, 2017 and year ended June 30, 2016 is as follows.

	Insulator	Tiles	Total
Segment Results for the Period ended March 31, 2017			
Sales	781,860,491	-	781,860,491
Segment result from operations	122,315,139	(32,358,336)	89,956,803
Other operating expenses			(27,288,357)
Other income			27,169,732
Finance costs			(44,845,425)
Profit before taxation			44,992,754
Segment Results for the Period ended March 31, 2016			
Sales	821,767,453	-	821,767,453
Segment results from operations	96,741,800	(35,873,492)	60,868,308
Other operating expenses			(1,393,729)
Other income			7,355,261
Finance costs			(59,645,476)
Profit before taxation			7,184,364
Segment assets as at March 31, 2017			
Segment assets	1,373,700,121	823,981,924	2,197,682,045
Segment assets as at June 30, 2016			
Segment assets	1,262,754,348	867,345,545	2,130,099,893
		March 31, 2017 Rupees	March 31, 2016 Rupees
Reportable segments' assets are reconciled to total assets as follows:			
Segment assets for reportable segments		2,197,682,045	2,130,099,893
Corporate assets unallocated		152,758,326	136,244,332
Cash and bank balances		7,770,838	8,856,068
Total assets as per the balance sheet		2,358,211,209	2,275,200,293
Reportable segments' liabilities are reconciled to total liabilities as follows:			
Corporate liabilities unallocated		1,555,447,917	1,507,489,590

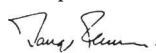
### 14. Date of authorization for issue

This condensed interim financial information was authorised for issue on April 18, 2017 by the Board of Directors of the Company.

### 15. Corresponding figures

Corresponding figures have been re-arranged and reclassified, wherever necessary, for the purposes of comparison and better presentation as per reporting framework.

Lahore  
April 18, 2017

  
(Tariq Rehman)  
Chief Executive

  
(Ahsan Suhail Mannan)  
Director



www.jamapunji.pk



**Be aware, Be alert,  
Be safe**

Learn about investing at  
[www.jamapunji.pk](http://www.jamapunji.pk)

**Key features:**

- Licensed Entities Verification
- Scam meter\*
- Jamapunji games\*
- Tax credit calculator\*
- Company Verification
- Insurance & Investment Checklist
- FAQs Answered
- Stock trading simulator (based on live feed from KSE)
- Knowledge center
- Risk profiler\*
- Financial calculator
- Subscription to Alerts (event notifications, corporate and regulatory actions)
- Jamapunji application for mobile device
- Online Quizzes



Jama Punji is an Investor Education Initiative of Securities and Exchange Commission of Pakistan

[jamapunji.pk](http://jamapunji.pk) [@jamapunji\\_pk](https://twitter.com/jamapunji_pk)

\*Mobile apps are also available for download for android and ios devices

[www.emco.com.pk](http://www.emco.com.pk)

**BOOK POST**  
UNDER POSTAL CERTIFICATE



**EMCO INDUSTRIES LIMITED**

4th Floor, National Tower, 28-Egerton Road, Lahore -54000

Phone: (+92) (42) 3630 6545 - 6 Fax: (+92) (42) 3636 8119

Email: [info@emco.com.pk](mailto:info@emco.com.pk)