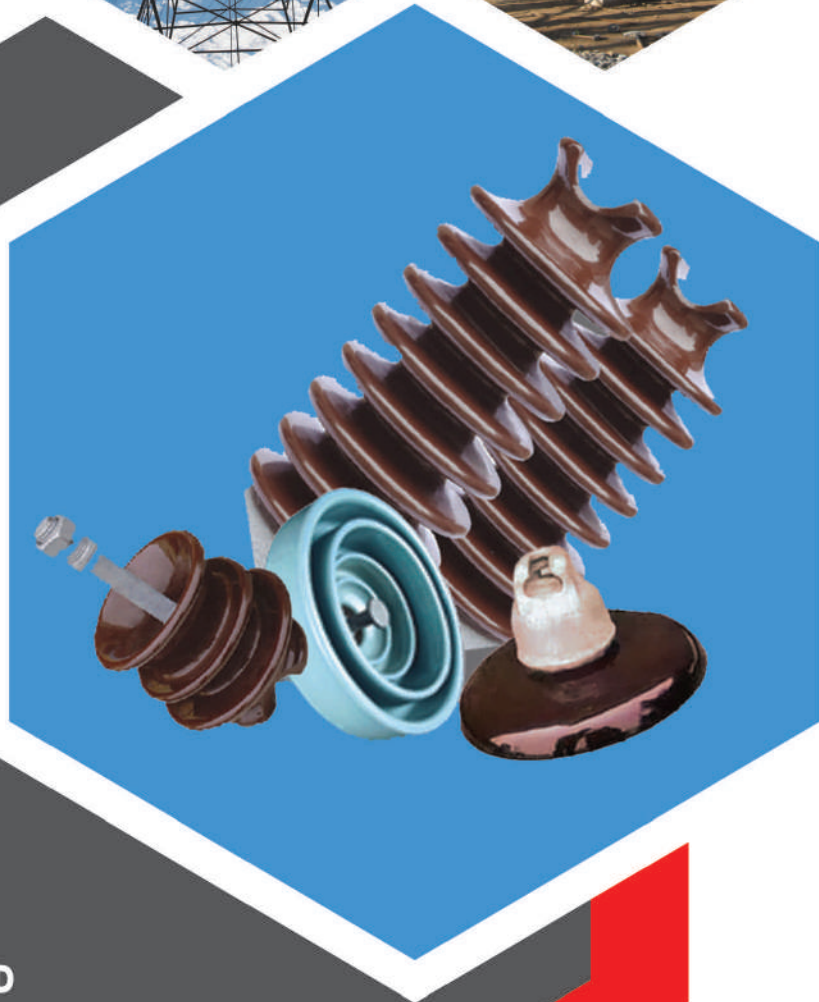


ANNUAL REPORT 2022

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EMCO INDUSTRIES LIMITED





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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

Cornelious Lane & Mufti
Chaudhary Associates Law Inn
Rizvi & Company
Asad Ullah Khan

Bankers

Habib Bank Limited
National Bank of Pakistan
Standard Chartered Bank (Pakistan) 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.

Notice of Annual General Meeting

NOTICE TO THE SHAREHOLDERS FOR THE 67TH ANNUAL GENERAL MEETING OF
EMCO INDUSTRIES LIMITED TO BE HELD AT ICC HOUSE, 2-CHAMBA HOUSE LANE, GOLF ROAD, GOR-1,
LAHORE ON WEDNESDAY, 12th OCTOBER 2022, AT 11:30 AM

NOTICE is hereby given that the 67th Annual General Meeting of the Shareholders of EMCO Industries Limited (the "Company") will be held at ICC House, 2-Chamba House Lane, Golf Road, GOR-1, Lahore on Wednesday 12th October, 2022 at 11:30 a.m. to conduct the following business:

Ordinary Business:

1. To confirm the minutes of the last Annual General Meeting (AGM) of the Company held on 30.09.2021.
2. To receive, consider, approve and adopt the Annual Audited Accounts of the Company for the year ended 30th June 2022 together with the Director's and Auditor's Reports thereon.
3. To approve Cash Dividend @5% (i.e.Rs.0.50) per share as recommended by the Board of Directors, to be paid to all Shareholders of the Company.
4. To Appoint Auditors for the next financial year ending 30th June 2023 and to fix their remuneration. The present Auditors, M/s CROWE HUSSAIN CHAUDHURY & CO., Chartered Accountants, retires and being eligible, offer themselves for re-appointment.

Other Business:

1. To transact any other business with the permission of the Chair.

By order of the Board of Directors



Ahsan Suhail Mannan
(Company Secretary / Director)

Place: Lahore
Dated: August 30, 2022

NOTES:

- (a) The Share Transfer Books of the Company will remain closed from 5th October, 2022 to 12th October, 2022 (both days inclusive).
- (b) A member entitled to attend and vote at the AGM may appoint another member as his/her proxy to attend and vote instead of him/her at the meeting. Proxies must be deposited at the Company's Registered Office at 4th Floor, National Tower, 28-Egerton Road, Lahore not less than 48 (forty-eight) hours before the time of holding the meeting. (Form of Proxy is enclosed).
- (c) Any individual beneficial owner of CDC, entitled to vote at the AGM (Annual General Meeting), must bring his/her CNIC with him/her to prove his/her identity, and in case of proxy, attested copy of shareholder's CNIC must be attached with the proxy form. The representative of corporate member should bring the usual documents required for such purpose.
- (d) Members are requested to promptly notify the change in their address, if any, to the Company's Share Registrar M/S. CorpLink (Pvt) Limited, Wings Arcade, 1-K Commercial, Model Town, Lahore.



نوٹس بنام حصص داران برائے 67 ویں عام سالانہ اجلاس ایمکوانڈسٹریز لمیٹڈ بمقام آئی سی سی ہاؤس، 2- چیمبر ہاؤس لین، گولف روڈ، جی او آر-1، لاہور بروز بدھ 12 اکتوبر 2022 بوقت 11:30 بجے صبح

نوٹس ہذا کے ذریعے مطلع کیا جاتا ہے ایمکوانڈسٹریز لمیٹڈ (کمپنی) کے حصص داران کا 67 ویں سالانہ عام اجلاس بروز بدھ 12 اکتوبر 2022 کو بمقام آئی سی سی ہاؤس، 2- چیمبر ہاؤس لین، گولف روڈ، جی او آر-1، لاہور، بوقت 11:30 بجے صبح مندرجہ ذیل کاروبار کو چلانے کے لیے منعقد ہوگا۔
عام کاروبار:-

- 1- 30-09-2021 کو کمپنی کے عام سالانہ اجلاس کی کارروائی کی تصدیق کرنا۔
- 2- 30 جون 2022 کو ختم ہونے والے مالی سال کے لیے کمپنی کے سالانہ آڈٹ شدہ کھاتوں بشمول ان پریڈائیزیکٹرز اور آڈیٹرز کی رپورٹس کو وصول کرنا، غور کرنا، منظور کرنا اور اپنانا۔
- 3- بورڈ آف ڈائریکٹرز کی سفارش کے مطابق 5% (یعنی پچاس پیسہ) فی حصص نقد منافع (ڈیویڈنڈ) کی منظوری، شیئرز ہولڈرز کی منظوری سے تمام شیئرز ہولڈرز کو ادا کی جائے۔
- 4- 30 جون 2023 کو ختم ہونے والے اگلے مالی سال کے لیے آڈیٹرز کی تقرری اور ان کے معاوضے کا تعین کرنا۔ موجودہ آڈیٹرز میسرز کرو حسین چوہدری اینڈ کمپنی چارٹرڈ اکاؤنٹنٹ ریٹائر ہوتے ہیں اور اہلیت کے باعث دوبارہ تقرری کے لیے خود کو پیش کرتے ہیں۔

دیگر کاروبار:-

- 1- چیئرمین کی اجازت سے کسی دوسرے کاروبار کا لین دین کرنا۔

بورڈ آف ڈائریکٹرز کے حکم سے



احسن سہیل منان،

کمپنی سیکرٹری/ڈائریکٹر

بمقام: لاہور

تاریخ: 30 اگست 2022

نوٹ:-

- (الف) کمپنی کے شیئرز انسفر کی کتابیں 5 اکتوبر 2022 سے 12 اکتوبر 2022 تک بند رہیں گی (دونوں دن شامل ہیں)۔
- (ب) عام سالانہ اجلاس میں شرکت اور ووٹ ڈالنے کا حق دار ممبر اجلاس میں شریک ہونے اور اس کی بجائے ووٹ دینے کے لیے کسی دوسرے ممبر کو اپنا پراکسی مقرر کر سکتا ہے۔ اجلاس کے انعقاد کے وقت سے کم از کم 48 گھنٹے پہلے کمپنی کے رجسٹرڈ آفس واقع چوتھی منزل ٹیشل ٹاور 28 ایئر ٹرن روڈ لاہور میں پراکسیز جمع کروانا ضروری ہے۔ پراکسی فارم منسلک ہے۔
- (ج) سی ڈی سی کا کوئی بھی فرد فائدہ مند مالک، اے جی ایم (سالانہ عام اجلاس) میں ووٹ ڈالنے کا حق دار ہے۔ اپنی شناخت ثابت کرنے کے لیے اپنا کمپیوٹرائزڈ قومی شناختی کارڈ ضرور ہمراہ لائے۔ اور پراکسی کی صورت میں حصص دار کی کمپیوٹرائزڈ قومی شناختی کارڈ کی تصدیق شدہ کاپی پراکسی فارم کے ساتھ منسلک ہونا ضروری ہے۔ کارپوریٹ ممبر کا نمائندہ اس مقصد کے لیے درکار معمول کی دستاویزات لائے۔
- (د) ممبران سے گزارش ہے کہ کمپنی کے شیئرز رجسٹر اریسرز کارپ لنک (پرائیویٹ) لمیٹڈ ونکز آرکیڈ K-1 کمرشل ماڈل ٹاؤن لاہور کو اپنے پتے کی تبدیلی (اگر کوئی ہو تو) فوری طور پر مطلع کریں۔

Chairman Review

The Fiscal year ending in June 2022 is finally showing signs of the COVID-19 pandemic waning to a large degree. However, the ongoing prolonged insurgency in the Russo-Ukrainian conflict has caused a new set of challenges and uncertainties. This turmoil has strongly impacted oil and gas prices, as well as other commodities. The trade embargoes put into play have also stoked a global economic slowdown coupled with a sharp rise in inflationary trends worldwide.

Pakistan has been impacted by the factors noted above, and the situation has been exacerbated further on account of domestic political turbulence and a weakening of the local currency, which has prompted a sharp rise in interest rates in Pakistan.

Your Company's management believes that the situation will improve in the near term and continues to remain optimistic as the expansion and production diversification projects progress with full momentum. The devaluation of the Pakistani Rupee offers potential for tapping into additional opportunities for the export market.

On the domestic front, EMCO continues to experience buoyant demand as the investment into energy infrastructure remains on the forefront of development spending. Further, the addition of products into the substation equipment portfolio of the Company has been well received. There has been a renewed focus on domestic product indigenization for the energy sector by the Government of Pakistan, and EMCO continues to be at the forefront of bringing additional technology partners and new products to Pakistan.

Financial indicators and significant events of the year have been made available to you over the fiscal year 2021-2022. Over the year, the Board has thoroughly discussed and deliberated upon your Company's performance. The Board has ensured that every board member has had an adequate opportunity to present his opinions on all operational and strategic matters of the Company. We have identified all the risks that face us as a Company and have rigorously debated and deployed strategies to mitigate them appropriately. I am confident that the Management will successfully navigate the Company along the Board's vision. Your Company is pleased to report significant progress as it strives to be fully compliant to the updated Code of Corporate Governance. Company management believes that the continued focus on this matter will be beneficial for more effective governance, additional transparency and most importantly, value creation for our Shareholders.

I would like to put on record the appreciation to the entire Board in guiding your Company well through the year through overall strategic direction, and through the additional specific insights of all subcommittees that have worked diligently to support us. I look forward to the continued support of every member and employee of our EMCO family to make the next year an even better one for your Company.



Javaid S. Siddiqi
(Chairman)

Dated: August 30, 2022



چیمبر مین کا جائزہ

جون 2022 میں ختم ہونے والا مالیاتی سال آخر کار کوویڈ-19 وبائی مرض کے بڑے پیمانے پر ختم ہونے کے آثار دکھارہا ہے۔ تاہم روس یوکرائی تنازعہ میں جاری طویل تصادم نے چیلنجوں اور غیر یقینی صورتحال کا ایک نیا مجموعہ پیدا کر دیا ہے۔ اس ہنگامے نے تیل اور گیس کی قیمتوں کے ساتھ ساتھ دیگر اجناس پر بھی سخت اثر ڈالا ہے۔ تجارتی پابندیوں نے بھی عالمی اقتصادی سست روی کو جنم دیا ہے۔ اور اس کے ساتھ ساتھ دنیا بھر میں افراط زر کے رجحانات میں تیزی سے اضافہ ہوا ہے۔ پاکستان اوپر بیان کیے گئے عوامل سے متاثر ہوا ہے، اور ملکی سیاسی انتشار اور مقامی کرنسی کے کمزور ہونے کی وجہ سے صورتحال مزید خراب ہو گئی ہے، جس کی وجہ سے پاکستان میں شرح سود میں تیزی سے اضافہ ہوا ہے۔

آپ کی کمپنی کی انتظامیہ کا خیال ہے کہ مستقبل قریب میں صورتحال میں بہتری آئے گی اور وہ پرامید رہے گی کیونکہ توسیع اور پیداوار کے تنوع کے منصوبے پوری رفتار کے ساتھ آگے بڑھ رہے ہیں۔ پاکستانی روپے کی قدر میں کمی پر آمدی منڈی کے لیے اضافی مواقع سے فائدہ اٹھانے کے امکانات فراہم کرتی ہے۔ مقامی محاذ پر، ایمکومسلل مانگ کا تجربہ کر رہی ہے کیونکہ توانائی کے بنیادی ڈھانچے میں سرمایہ کاری ترقیاتی اخراجات میں سب سے آگے ہے۔ مزید برآں، کمپنی کے سب اسٹیشن آلات کے پورٹ فولیو میں مصنوعات کے اضافے کو اچھی پذیرائی ملی ہے۔ حکومت پاکستان کی جانب سے توانائی کے شعبے کے لیے مصنوعات کی مقامی سطح پر بنانے پر نئی توجہ مرکوز کی گئی ہے، اور ایمکوپاکستان میں اضافی ٹیکنالوجی پارٹنرز اور نئی مصنوعات لانے میں سب سے آگے ہے۔

مالیاتی اشارے اور سال کے اہم واقعات آپ کو مالی سال 2021-2022 کے دوران دستیاب کرائے گئے ہیں۔ سال بھر میں، بورڈ نے آپ کی کمپنی کی کارکردگی پر اچھی طرح سے بات چیت اور غور و خوض کیا ہے۔ بورڈ نے اس بات کو یقینی بنایا ہے کہ بورڈ کے ہر رکن کو کمپنی کے تمام آپریشنل اور اسٹریٹجک معاملات پر اپنی رائے پیش کرنے کا مناسب موقع ملے۔ ہم نے ان تمام خطرات کی نشاندہی کی ہے جو ایک کمپنی کے طور پر ہمیں درپیش ہیں اور ان کو مناسب طریقہ سے کم کرنے کے لیے سختی سے بحث اور حکمت عملی وضع کی ہے۔ مجھے یقین ہے کہ انتظامیہ بورڈ کے وژن کے ساتھ کمپنی کو کامیابی کے ساتھ آگے لے کر جائے گی۔

آپ کی کمپنی اہم پیش رفت کی اطلاع دیتے ہوئے خوش ہے کیونکہ وہ کارپوریٹ گورننس کے تازہ ترین جاری شدہ ضابطہ کے مکمل مطابق ہونے کی پوری کوشش کرتی ہے۔ کمپنی انتظامیہ اس بات پر یقین رکھتی ہے کہ اس معاملہ پر مسلسل توجہ، زیادہ موثر گورننس، اضافی شفافیت اور سب سے اہم ہمارے قابل قدر حصص یافتگان کے لیے قدر کی تخلیق میں فائدہ مند ثابت ہوگی۔

میں آپ کی کمپنی کی اچھی رہنمائی کرنے پر، سال بھر کے دوران مجموعی اسٹریٹجک سمت، اور تمام ذیلی کمیٹیوں کی اضافی مخصوص بصیرت کے ذریعے جنہوں نے ہماری مدد کے لیے تہدیب سے کام کیا پورے بورڈ کی تعریف کو ریکارڈ پر رکھنا چاہوں گا۔ میں اپنے ایمکوفیلی کے ہر ممبر اور ملازم کی مسلسل حمایت کا منتظر ہوں تاکہ اگلے سال کو آپ کی کمپنی کیلئے مزید بہتر بنایا جاسکے۔



جاوید شفیق صدیقی

چیمبر مین

لاہور 30 اگست 2022

Directors' Report

On behalf of the Board of Directors, we welcome you to the 67th Annual General Meeting of the Company and present to you the audited financial statements and Auditor's Report thereon for the year ended June 30, 2022. Financial Results are as follows:

	2022 Rupees	2021 Rupees
Profit before Tax	277,904,523	279,765,332
Taxation	(61,002,796)	(77,837,235)
Profit after Tax	216,901,727	201,928,097
Gain / (Loss) on Actuarial Valuation	(1,978,210)	(158,034)
Total Comprehensive Profit	214,923,517	201,770,063
Incremental Depreciation on Revaluation Surplus-PPE	22,196,342	19,489,612
Payment of final dividend for the year ended June 30, 2021	(35,000,000)	-
Reserves Including Accumulated Profit brought forward	202,119,859	221,259,675
	302,992,139	81,732,464
Reserves including Accumulated Profit carried forward	505,111,998	302,992,139
Earning per Share	6.2	5.77

REVIEW OF OPERATING RESULTS

In the period under review, the Company has made a pretax profit of Rs. 277.90 Million and an after tax profit of Rs. 216.90 Million. Whilst the impact of the COVID-19 pandemic has been significantly alleviated, the profitability for year has been under pressure on account of global and local events leading to unprecedented levels of cost inflation and currency volatility.

Natural Gas is a crucial input for the Company on account of the high-temperature combustion process of its kilns. Under the current pricing regime of using RLNG as the basis for Industrial Natural Gas tariff, fluctuations in the underlying crude oil price and US\$ to PKR exchange rate has led to a sharp rise in Company's Natural Gas input costs. A similar trend was experienced in power costs towards the later half of the year, which was partly addressed by the Company's timeline investment in its solar based renewable energy project completed in the last fiscal year. These key inputs exerted considerable negative pressure on the gross margins.

Nonetheless, by the grace of ALLAH Almighty, your Company has been able to achieve its targets effectively. Production of Insulator was recorded at 5288 tons (106% capacity utilization) during this year as compared to 4794 tons during last year. Your Company's management has worked hard to extract maximum efficiency from installed capacity through its incremental investments in modernizing its machinery and equipment. Management is also pleased to announce that your Company has successfully implemented and achieved ISO 50001 certification in February 2022 to mark its continued commitment to conserving resources and improving the bottom line through an efficient Energy Management System (EnMS). Your Company was the proud recipient of a UNIDO grant for training the Company's engineering team for energy conservation and for making this certification possible.

The market demand for the Insulators continues on a positive trajectory. This trend may be attributed to the Government of Pakistan's efforts to augment and rehabilitate the electricity transmission and distribution network to bring about more efficiency in order to reduce the circular debt. The current orders in hand are more than 5 months of production capacity. Similarly, the Company's new focus on expanding its substation equipment portfolio by adding High Voltage Disconnect Switches has borne fruit on the basis of exceptionally strong growth for this product.



Despite enhanced production and sales volumes, growing demand has led to delay penalties of over Rs.81.93 Million for the year. Your Company's BMR project is well underway and additional capacity will be added incrementally over the course of the current fiscal year to re-capture this lost potential. Similarly, the production facility for High Voltage Instrument Transformers is expected to be online towards the end of this fiscal year, adding to your Company's expanding portfolio.

Direct export sales stood at Rs. 30.94 Million in the period under review, including sales to the United States, Qatar, UAE, Afghanistan & Turkey. Management is fully committed to enhancing the export base through a push into the further regional and international markets.

Your Company is pleased to inform its stakeholders that our relationships with all banks are current and we are meeting our obligations on time as per agreements.

The Company's contribution to the exchequer in the year under review is Rs. 569 Million (Rs 467 Million in last year) in the shape of import duty, sales tax, income tax and other government levies.

CODE OF CORPORATE GOVERNANCE

The requirements of the Code of Corporate Governance set out by the Pakistan Stock Exchange in its Listing Regulations, relevant for the year ended June 30, 2022, have been adopted by the Company and have been duly complied with. A statement to this effect is annexed with the report.

In compliance with the provisions of the Code, the Board members are pleased to place the following statement on record:

- The financial statements for the year ended June 30, 2022, present fairly its state of affairs, the results of its operations, cash flow and changes in equity.
- Proper books of accounts have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements for the year ended June 30, 2022, and accounting estimates are based on reasonable and prudent judgment.
- International Accounting Standards (IAS), as applicable in Pakistan, have been followed in preparation of financial statements.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There has been no material departure from the best practices of corporate governance, as detailed in listing regulations.
- The Board had arranged Directors' Training Program (DTP) for the following during this year:
 - Mr. Awais Noorani (Non-Executive Director) completed the Course in June 2022.
- Out of 11 Board Directors, 04 Directors are exempted from DTP (Mr. Tariq Rehman, Mr. Javaid Shafiq Siddiqi, Mr. Suhail Mannan and Mr. Usman Haq) since they qualify for exemption based on having minimum of 14 years of education and 15 years of experience on the Board of a listed Company.
- Out of 11 Board Directors, 06 have completed DTP (Mr. Ahsan Suhail Mannan, Syed Muhammad Mohsin, Mrs. Ayesha Mussadaque Hamid, Ch. Imran Ali, Mr. Salem Rehman and Mr. Awais Noorani).
- Overall, 90.90% of the Board of Directors have either completed the DTP or are exempted from it.
- The value of Assets of Provident Fund based on its audited accounts as on December 31, 2021 was Rs. 87.02 Million. The value of investment includes accrued interest.

BOARD MEETINGS

The Board of Directors, which consists of eleven members, have responsibility to independently and transparently monitor the performance of the Company and take strategic decisions to achieve sustainable growth in the Company value. All members of the Board are elected in the general meeting after every three years. The current Board of Directors was elected on 30th June 2020. The current Board members are as follows:

Sr. #	NAME OF DIRECTOR	
1.	Mr. Javaid S. Siddiqi	Non-Executive Director / Chairman
2.	Mr. Tariq Rehman	Chief Executive / Managing Director / Executive Director
3.	Mr. Suhail Mannan	Non-Executive Director
4.	Mr. Pervaiz S. Siddiqi	Non-Executive Director
5.	Mr. Usman Haq	Non-Executive Director
6.	Mr. Salem Rehman	Executive Director
7.	Mr. Ahsan Suhail Mannan	Executive Director / Company Secretary
8.	Mr. Awais Noorani	Non-Executive Director
9.	Mrs. Ayesha Mussadaque Hamid	Independent Director
10.	Ch. Imran Ali	Independent Director
11.	Syed Muhammad Mohsin	Independent Director

The term of the existing members of the Board will expire on 30-06-2023, along with their consent to act so, filed a declaration on the prescribed form as requirements of the Code of Corporate Governance.

A written notice of the Board meeting along with working papers was sent to the members seven days before meetings. A total of four meetings of the Board of Directors were held during the year ended June 30, 2022. The attendance of the Board members was as follows:-

SR. #	NAME OF DIRECTOR	MEETINGS ATTENDED
1.	Mr. Javaid S. Siddiqi	04
2.	Mr. Tariq Rehman	04
3.	Mr. Suhail Mannan	03
4.	Mr. Pervaiz S. Siddiqi	03
5.	Mr. Usman Haq	04
6.	Mr. Salem Rehman	04
7.	Mr. Ahsan Suhail Mannan	04
8.	Mr. Awais Noorani	03
9.	Mrs. Ayesha Mussadaque Hamid	02
10.	Ch. Imran Ali	04
11.	Syed Muhammad Mohsin	04

Leave of absence was granted to Directors who could not attend the meetings.

TRANSACTION / TRADE OF COMPANY'S SHARE

During the financial year none of the Directors, CEO, CFO, Company Secretary (including their spouses and minor children) traded in the shares of the Company.

COMMITTEES OF THE BOARD

Audit Committee

The Audit Committee (AC) reviews the annual and quarterly financial statements, internal audit reports, and information before dissemination to Pakistan Stock Exchange, and proposes appointment of the external auditors for approval of the shareholders, apart from other matters of significant nature. The AC holds its meeting prior to the Board meeting. A total of six meetings of the AC were held during the year under review. It includes statutory meetings with external auditors before start of annual audit and meeting with external auditors without CFO and head of internal audit being present.

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 Chapter IX, 27 (1) (iv) of Code of Corporate Governance, Regulations 2019.



HR & Remuneration Committee:

A total of two meetings of HR & Remuneration Committee were held during the year under review.

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

Risk Management Committee:

A total of one meeting of Risk Management Committee was held during the year under review.

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

Nomination Committee:

A total of one meeting of Nomination Committee was held during the year under review.

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

DIRECTORS' REMUNERATION

The Company has an approved Director Remuneration policy governing remuneration of executive, non-executive and independent director of the Company. The significant features of the policy are:

1. All directors including independent director are entitled to receive remuneration as per approval from the Board in The Board of Directors ("BOD") meetings.
2. The BOD on recommendation of Human Resource & Remuneration (HR & R) Committee from time to time, determines and approves the remuneration of the members of the BOD for attending Board Meetings.

Please note that the Company does not pay remuneration to its non-executive director. Aggregate amount of the remuneration paid to Chief executive, executive directors and non-executive directors have been disclosed in note 38 of the annexed financial statements.

RISK MANAGEMENT

It is our policy to view risk management as integral to the creation, protection and enhancement of shareholder value by managing the significant uncertainties and risks that could possibly influence the achievement of our corporate goals and objectives.

Following are the risk which may be face by the Company in future:

1. Devaluation of Rupee and foreign exchange controls imposed by Government of Pakistan.
2. Constant fluctuations in costs of Natural Gas & Power.

ENVIRONMENT PROTECTION

The Company has entered a new stage of its environmental impact lifecycle with the successful induction of its new PV Solar Energy project, which will generate 1400MWh of clean energy, and has the potential to save the environment up to 1,000 tons of Carbon Dioxide emissions annually. This renewable energy project complements the Company's existing focus on routine measures such as tree plantation drives, control of combustion process exhaust emissions, wastewater treatment and managing hazardous and non-hazardous waste as per legal requirements through approved vendors. Your Company has renewed its ISO 14001:2015 certification for helping it achieve its outcomes regarding environmental management. Management is pleased to announce that your Company was awarded the ISO 50001 certification to mark its commitment to energy management, which will also tie into the Company's overall vision to protect the environment.

EMPLOYEES' RELATIONS

Despite the inflationary pressure, the management would like to place on record a very positive and cooperative role of employees during the year. The management would like to place on record its appreciation in this regard and will look forward to their continuous support during the difficult time that the nation is presently undergoing. The management would also like to place on record the continuous research and development by the Engineering team and the very cooperative role played by the Union in increasing the output on virtually each stage of production and reducing losses wherever possible. The support of all other departments is also acknowledged.

ACKNOWLEDGEMENT

We would like to thank our valued customers and the banks which have shown not only cooperation but patience in some payments which may have been delayed over which the management has no control and finally we would like to thank our Shareholders for their unwavering support.

DIVIDEND

The Board has recommended Cash Dividend @ 5% (i.e.; Rs.0.5) per share to all the shareholders for the year ended June 30, 2022 subject to the approval of shareholders in AGM meeting.

PATTERN OF SHAREHOLDING

The pattern of shareholding as on June 30, 2022 and its disclosure, as required by the Code of Corporate Governance is annexed with this report.

FINANCIAL HIGHLIGHTS

The key financial highlights for the last 10 years performance of the Company is available in this report.

AUDITORS

As proposed by the Audit Committee and recommended by the Board, the present auditors M/s Crowe Hussain Chaudhury & Co., Chartered Accountants, retire and being eligible, offer themselves for re-appointment if approved by the shareholders in Annual General Meeting.

For and on behalf of the board of Directors



Tariq Rehman
Managing Director



Ahsan Suhail Mannan
Director / Company Secretary

Lahore: August 30, 2022



ڈائریکٹر رپورٹ

بورڈ آف ڈائریکٹرز کی طرف سے ہم آپ کو کمپنی کے 67 ویں سالانہ جنرل اجلاس میں خوش آمدید کہتے ہیں اور 30 جون 2022ء کو ختم ہونے والے سال کیلئے آڈٹ شدہ مالی بیانات اور آڈیٹرز کی رپورٹ آپ کے سامنے پیش کرتے ہیں۔ مالی نتائج اس طرح سے ہیں:-

2021 روپے	2022 روپے	تفصیل
279,765,332	277,904,523	قبل از ٹیکس نفع
(77,837,235)	(61,002,796)	ٹیکس
201,928,097	216,901,727	بعد از ٹیکس نفع
(158,034)	(1,978,210)	حقیقی قیمت پر نفع/(تقصان)
201,770,063	214,923,517	کلی جامع نفع
19,489,612	22,196,342	از سر نو تعین پراضانی تحقیر
-	(35,000,000)	30 جون 2021ء کو ختم ہونے والے سال کے لیے حتمی منافع کی ادائیگی
221,259,675	202,119,859	
81,732,464	302,992,139	ذخائر بشمول جمع شدہ نفع B/F
302,992,139	505,111,998	ذخائر بشمول جمع شدہ نفع C/F
5.77	6.2	آمدنی فی شیئر

زیر عمل نتائج کا جائزہ:-

زیر جائزہ مدت میں کمپنی نے 277.90 ملین روپے قبل از ٹیکس اور 216.90 ملین بعد از ٹیکس منافع بنایا ہے۔ کوویڈ-19 وبائی مرض کے اثرات میں نمایاں طور پر کمی آئی ہے۔ عالمی اور مقامی واقعات کی وجہ سے منافع پر دباؤ رہا ہے۔ جس کی وجہ مہنگائی کی بے مثال سطح اور کرنسی میں اتار چڑھاؤ ہے۔ قدرتی گیس کمپنی کے لیے اپنے کلنز کو اعلیٰ درجہ حرارت پر رکھنے کے لیے ایک اہم ذریعہ ہے۔ آرائل این جی کے نرخوں کو صنعتی قدرتی گیس کے نرخوں کی بنیاد کے طور پر استعمال کرنے کے نظام کے تحت، خام تیل کی بنیادی قیمت میں اتار چڑھاؤ اور پاکستانی کرنسی سے امریکی ڈالر کی شرح نے کمپنی کے قدرتی گیس کے اخراجات میں تیزی سے اضافے کا باعث بنا ہے۔ اسی طرح کارہان سال کے نصف آخر میں بجلی کی لاگت میں بھی دیکھنے میں آیا، جس کا جزوی طور پر گزشتہ مالی سال میں مکمل ہونے والے شمسی توانائی پر مبنی قابل تجدید توانائی کے منصوبے میں کمپنی کی ٹائم لائن سرمایہ کاری سے ہوا تھا۔ ان کلیدی اخراجات نے مجموعی مارجن پر کافی منفی دباؤ ڈالا۔

بہر حال اللہ تعالیٰ کے فضل و کرم سے آپ کی کمپنی اپنے اہداف کو موثر انداز میں حاصل کرنے میں کامیاب رہی ہے۔ اس سال کے دوران انسولیٹر کی پیداوار 5288 ٹن (106% صلاحیت کا استعمال کیا گیا) ریکارڈ کی گئی جو پچھلے سال کے دوران 4794 ٹن تھی۔ آپ کی کمپنی کی انتظامیہ نے اپنی مشینری اور آلات کو جدید بنانے میں بڑھتی ہوئی سرمایہ کاری کے ذریعے نصب شدہ صلاحیت سے زیادہ سے زیادہ کارکردگی حاصل کرنے کے لیے سخت محنت کی ہے۔ انتظامیہ کو یہ اعلان کرتے ہوئے بھی خوشی ہو رہی ہے کہ آپ کی کمپنی نے فروری 2022ء میں ISO-50001 سرٹیفیکیشن کو کامیابی کے ساتھ نافذ کیا ہے اور اسے حاصل کر لیا ہے۔ تاکہ ایک موثر انرجی مینجمنٹ سسٹم (EnMS) کے ذریعے وسائل کے تحفظ اور نجلی سطح کو بہتر بنانے کے لیے اپنی مسلسل وابستگی کو نشان زد کیا جاسکے۔ آپ کی کمپنی کو توانائی کے تحفظ کے لیے کمپنی کی انجینئرنگ ٹیم کو تربیت دینے اور اس سرٹیفیکیشن کو ممکن بنانے کے لیے UNIDO گرانٹ کی قابل فخر وصول کنندہ تھی۔

مارکیٹ میں اس مثبت رجحان کی وجہ سے انسولیٹرز کی طلب میں اضافہ جاری ہے۔ یہ رجحان سرکلر ڈیٹ کو کم کرنے کے لیے بجلی کی ترسیل اور تقسیم کے نیٹ ورک کو بڑھانے اور بحال کرنے کے لیے حکومت پاکستان کی کوششوں سے منسوب کیا جاسکتا ہے۔ موجودہ آرڈرز 05 ماہ سے زیادہ پیداواری صلاحیت پر کھڑے ہیں۔ اسی طرح، ہائی وولٹیج ڈسکریٹ سوئچز کو شامل کر کے اپنے سب سٹیشن آلات کے پورٹ فولیو کو بڑھانے پر کمپنی کی خاص توجہ اس پروڈکٹ کی غیر معمولی مضبوط ترقی کی بنیاد پر نتیجہ خیز ہے۔

پیداوار اور فروخت میں اضافے کے باوجود پیداواری رکاوٹوں اور بڑھتی ہوئی مانگ کی وجہ سے اس سال سپلائی میں تاخیر کی بنا 81.93 ملین روپے سے زائد کے جرمانے ہوئے ہیں۔ آپ کی کمپنی کا BMR پروجیکٹ اچھی طرح سے جاری ہے اور اعلیٰ پیداواری سطح کے حصول کے لیے موجودہ مالی سال کے دوران اضافی صلاحیت میں اضافہ کیا جائے گا۔ اسی طرح، ہائی وولٹیج انسٹرومنٹ ٹرانسفارمرز کی پیداواری سہولت اس مالی سال کے آخر تک آن لائن ہونے کی توقع ہے، جس سے آپ کی کمپنی کے بڑھتے ہوئے پورٹ فولیو میں اضافہ ہوگا۔

براہ راست برآمدات کی فروخت زیر جائزہ مدت میں 30.94 ملین روپے رہی بشمول امریکہ، قطر، متحدہ عرب امارات، افغانستان اور ترکی کو برآمدات شامل ہیں، انتظامیہ علاقائی اور وسیع ترین الاقوامی منڈیوں میں اضافے کے ذریعے برآمدی بنیاد کو مزید بڑھانے کے لیے پوری طرح پرعزم ہے۔

آپ کی کمپنی اپنے اسٹیک ہولڈرز کو مطلع کرتے ہوئے خوش ہے کہ تمام بینکوں کے ساتھ ہمارے تعلقات استوار ہیں اور ہم معاہدوں کے مطابق وقت پر اپنی ذمہ داریوں کو پورا کر رہے ہیں۔

زیر جائزہ سال میں حکومتی خزانہ میں کمپنی کی شراکت سبز ٹیکس، اکرم ٹیکس اور دیگر سرمایہ کاری محصولات کی شکل میں 569 ملین روپے ہے۔ (گزشتہ سال 467 ملین روپے)

کارپوریٹ گورننس کا ضابطہ:

کمپنی کی طرف سے 30 جون 2022ء کو ختم ہونے والے سال کے کارپوریٹ نظم و نسق کے ضابطہ میں پاکستان اسٹاک ایکسچینج کی طرف سے جاری کردہ لسٹنگ ضابطے کو اپنایا گیا ہے اور ان کی تعمیل کی گئی ہے۔ اس بارے میں ایک بیان اس رپورٹ کے ساتھ منسلک ہے۔

ضابطہ کی دفعات کے مطابق، بورڈ ممبران مندرجہ ذیل بیان ریکارڈ پر لانے میں خوشی محسوس کرتے ہیں۔

☆ 30 جون 2022ء کو ختم ہونے والے سال کے مالی بیانات اس کی کارکردگی، اس کے آپریشنز کے نتائج، نقدی کے بہاؤ اور ایکویٹی میں تبدیلیوں کا واضح اظہار ہے۔

☆ اکاؤنٹنگ کی مناسب اور درست کتابیں برقرار رکھی گئی ہیں۔

☆ مناسب اکاؤنٹنگ پالیسیاں 30 جون 2022ء کو ختم ہونے والے سال کے لیے مالی بیانات کی تیاری کے لیے مستقل طور پر لاگو کی گئیں، اکاؤنٹنگ کے تخمینے معقول اور محتاط فیصلے پر مبنی ہیں۔

☆ بین الاقوامی اکاؤنٹنگ معیارات (IAS) جیسے کہ پاکستان میں قابل اطلاق ہیں پر مالی بیانات کی تیاری میں عمل کیا گیا ہے۔

☆ اندرونی انحطاط کا نظام ڈیزائن میں مستحکم ہے اور اس کو موثر انداز میں نافذ اور نگرانی کی گئی ہے۔

☆ کارپوریٹ گورننس کے بہترین طریقہ کار سے انحراف نہیں ہے جیسا کہ فہرست سازی کے ضوابط میں تفصیل ہے۔

☆ بورڈ نے اس سال کے دوران مندرجہ ذیل ڈائریکٹرز کے لیے ٹریننگ پروگرام (DTP) کا اہتمام کیا تھا۔

جناب اولیس نورانی (ٹان) ایگزیکٹو ڈائریکٹر نے جون 2022ء میں کورس مکمل کیا۔

☆ 11 بورڈ ڈائریکٹرز میں سے 04 ڈائریکٹرز کو 14 سالہ تعلیم اور درج کمپنی کے بورڈ میں 15 سالہ تجربے کی بنیاد پر ڈائریکٹرز ٹریننگ پروگرام (DTP) سے اسٹیج کے اہل ہیں۔

(جناب طارق رحمان، جناب جاوید شفیق صدیقی، جناب سہیل منان، جناب عثمان حق)۔

☆ 11 بورڈ ڈائریکٹرز میں سے 06 ڈائریکٹرز نے ڈائریکٹرز ٹریننگ پروگرام (DTP) مکمل کر لیا ہے۔ (جناب احسن سہیل منان، سید محمد محسن، مسز عائشہ مصدق حمید، چوہدری

عمران علی، جناب سالم رحمان اور جناب اولیس نورانی)

☆ مجموعی طور پر، بورڈ آف ڈائریکٹرز کے 90.90 فیصد نے یا تو ڈائریکٹرز ٹریننگ پروگرام مکمل کر لیا ہے یا وہ اس سے مستثنیٰ ہیں۔

☆ پراویڈنٹ فنڈ کے اثاثوں کی مالیت 31 دسمبر 2021ء کو اس کے آڈٹ شدہ اکاؤنٹس کی بنیاد پر 87.02 ملین روپے تھی۔ سرمایہ کاری کی قدر میں جمع شدہ سود بھی شامل ہے

بورڈ کے اجلاس:

بورڈ آف ڈائریکٹرز جو گیارہ ممبروں پر مشتمل ہوتا ہے پر مدداری عائد ہوتی ہے کہ وہ آزادانہ اور شفاف طور پر کمپنی کی کارکردگی کی نگرانی کرے اور کمپنی کی قدر میں پائیدار ترقی کے حصول کے لیے حکمت عملی سے فیصلے کرے۔ بورڈ کے تمام ممبران کا انتخاب ہر تین سال کے بعد عام اجلاس میں ہوتا ہے۔ موجودہ بورڈ آف ڈائریکٹرز 30 جون 2020ء کو منتخب ہوئے تھے۔



موجودہ بورڈ ممبران درج ذیل ہیں۔

نمبر شمار	نام ڈائریکٹر	
1	مسٹر جاوید شفیق صدیقی	ٹان ایگزیکٹو ڈائریکٹر ایچ ایم
2	مسٹر طارق ٹٹن	چیف ایگزیکٹو ایڈجنگٹ ڈائریکٹر ایگزیکٹو ڈائریکٹر
3	مسٹر سہیل منان	ٹان ایگزیکٹو ڈائریکٹر
4	مسٹر پرویز شفیق صدیقی	ٹان ایگزیکٹو ڈائریکٹر
5	مسٹر عثمان حق	ٹان ایگزیکٹو ڈائریکٹر
6	مسٹر سالم ٹٹن	ایگزیکٹو ڈائریکٹر
7	مسٹر احسن سہیل منان	ایگزیکٹو ڈائریکٹر ایچ ایم
8	مسٹر ادیس نورانی	ٹان ایگزیکٹو ڈائریکٹر
9	مسز عائشہ صدیق حمید	آزاد ڈائریکٹر
10	چوہدری عمران علی	آزاد ڈائریکٹر
11	سید محمد حسن	آزاد ڈائریکٹر

بورڈ کے موجودہ ممبران کی میعاد بشمول اس پر عمل کرنے کی رضامندی، کارپوریٹ گورننس کے ضوابط کے تقاضوں کے مطابق مقررہ فارم پر اعلامیہ دائر کرنے 30 جون 2023ء کو ختم ہو جائے گی۔

ورکنگ پیپرز کے ساتھ بورڈ کے اجلاس کا تحریری نوٹس ممبروں کو اجلاسوں سے سات دن پہلے بھیجا گیا تھا۔ 30 جون 2022ء کو ختم ہونے والے سال کے دوران بورڈ آف ڈائریکٹرز کے کل 104 اجلاس منعقد ہوئے تھے۔ بورڈ آف ممبران کی حاضری کچھ یوں ہے:

نمبر شمار	نام ڈائریکٹر	اجلاس میں شمولیت
1	مسٹر جاوید شفیق صدیقی	04
2	مسٹر طارق ٹٹن	04
3	مسٹر سہیل منان	03
4	مسٹر پرویز شفیق صدیقی	03
5	مسٹر عثمان حق	04
6	مسٹر سالم ٹٹن	04
7	مسٹر احسن سہیل منان	04
8	مسٹر ادیس نورانی	03
9	مسز عائشہ صدیق حمید	02
10	چوہدری عمران علی	04
11	سید محمد حسن	04

غیر حاضری کی اجازت ان ڈائریکٹرز کو دی گئی جو اجلاس میں شرکت نہیں کر سکتے تھے۔

کمپنی کے حصص کی تجارت ایلین دین:

مالی سال کے دوران کسی بھی ڈائریکٹر، چیف ایگزیکٹو آفیسر، چیف فنانشل آفیسر، کمپنی سیکرٹری (بشمول ان کے بیوی اور چھوٹے بچوں کے) کمپنی حصص میں تجارت نہیں کی۔

بورڈ کی کمیٹیاں:-

محاسبہ کمیٹی:

محاسبہ کمیٹی کا کام اکاؤنٹ کا جائزہ، سالانہ اور سہ ماہی مالیاتی گوشوارے، داخلی محاسبہ کی رپورٹ اور پاکستان اسٹاک ایکسچینج کو جاری کرنے سے قبل معلومات اور بیرونی محاسبہ کاروں کی مجوزہ تقرری کی حصص داران سے منظوری دیگر معاملات کے علاوہ اہم اہمیت کے حامل ہیں۔ محاسبہ کمیٹی کا اجلاس بورڈ کے اجلاس سے قبل منعقد ہوتا ہے۔

زیر جائزہ سال کے دوران محاسبہ کمیٹی کے کل چھ اجلاس منعقد ہوئے۔ اس میں سالانہ محاسبہ شروع ہونے سے قبل بیرونی محاسبہ کاروں کے ساتھ قانونی میٹنگز اور چیف فنانشل آفیسر اور اندرونی محاسبہ کے سربراہ کے بغیر اجلاس ہوئے۔

محاسبہ کمیٹی کے موجودہ اراکین کے نام مندرجہ ذیل ہیں:

نمبر شمار	نام ڈائریکٹر	اجلاس میں شمولیت
1	چوہدری عمران علی	چیئر مین
2	سید محمد حسن	ممبر
3	مسٹر جاوید ایس صدیقی	ممبر
4	مسٹر عثمان حق	ممبر

مسٹر احسن سہیل منان، کارپوریٹ گورننس کے ضابطے 2019ء کے باب 27، 09(1)(iv) کے مطابق کے کمیٹی کے سیکرٹری ہیں۔

ایچ آر اینڈ معاضہ کمیٹی:-

ایچ آر اینڈ معاضہ کمیٹی کی کل دو میٹنگز زیر جائزہ سال کے دوران منعقد ہوئیں۔

1	مسز عائشہ مصدق حمید	چیئر مین
2	مسٹر پرویز شفیق صدیقی	ممبر
3	مسٹر احسن سہیل منان	ممبر / کمیٹی سیکرٹری
4	مسٹر او ایس نورانی	ممبر

رسک مینجمنٹ کمیٹی:

رسک مینجمنٹ کمیٹی کی کل ایک میٹنگ زیر جائزہ سال کے دوران منعقد ہوئی۔

1	سید محمد حسن	چیئر مین
2	مسٹر طارق رحمن	ممبر
3	مسٹر سالم رحمن	ممبر / کمیٹی سیکرٹری
4	مسٹر جاوید شفیق صدیقی	ممبر

نامزدگی کمیٹی:

نامزدگی کمیٹی کی کل ایک میٹنگ زیر جائزہ سال کے دوران منعقد ہوئی۔

1	چوہدری عمران علی	چیئر مین
2	مسٹر احسن سہیل منان	ممبر / کمیٹی سیکرٹری
3	مسٹر سالم رحمن	ممبر
4	مسٹر پرویز شفیق صدیقی	ممبر



ڈائریکٹرز کا معاوضہ:

کمپنی کے پاس ایک منظور شدہ ڈائریکٹر معاوضہ کی پالیسی ہے۔ جس میں کمپنی کے ایگزیکٹو، غیر ایگزیکٹو اور آزاد ڈائریکٹر کے معاوضے پر کام کیا گیا ہے۔ پالیسی کی اہم خصوصیات یہ ہیں۔

- 1- آزاد ڈائریکٹر سمیت تمام ڈائریکٹر بورڈ آف ڈائریکٹر (بی او ڈی) کے اجلاسوں میں بورڈ سے منظوری کے مطابق معاوضے کے حقدار ہیں۔
 - 2- بی او ڈی انسانی وسائل اور معاوضہ کمیٹی (ایچ آر اینڈ آر) کمیٹی کی وقتاً فوقتاً سفارش پر بورڈ اجلاسوں میں شرکت کے لیے بی او ڈی کے ممبروں کے معاوضے کا تعین اور منظوری دیتا ہے۔
- براہ کرم نوٹ فرمائیں کہ کمپنی اپنے نان ایگزیکٹو ڈائریکٹر کو معاوضے کی ادائیگی نہیں کرتی ہے۔ چیف ایگزیکٹو، ایگزیکٹو ڈائریکٹر اور نان ایگزیکٹو ڈائریکٹر کو ادا کی جانے والی اجرت کی مجموعی رقم منسلک مالیاتی بیانات کے نوٹ 38 میں ظاہر کر دی گئی ہے۔

رہنما بنجمنٹ:

- غیر یقینی صورتحال اور خطرات کا نظم و نسق کے ذریعے حصص یافتگان کی قدر کی تشکیل، حفاظت اور اضافہ کے لیے لازمی طور پر ریسک مینجمنٹ کو دیکھنا ہماری پالیسی ہے۔ جو کہ ممکنہ طور پر ہمارے کارپوریٹ اہداف اور مقاصد کی کامیابی پر اثر انداز ہو سکتی ہے۔
- مندرجہ ذیل خطرے کمپنی کو مستقبل میں درپیش آ سکتے ہیں۔
- 1- روپے کی قدر میں کمی اور حکومت پاکستان کی جانب سے غیر ملکی زرمبادلہ کے کنٹرول۔
 - 2- قدرتی گیس اور بجلی کے اخراجات میں مسلسل اتار چڑھاؤ۔

ماحولیاتی تحفظ:

کمپنی نے اپنے نئے PV سولر انرجی پروجیکٹ کی کامیاب شمولیت کے ساتھ اپنے ماحولیاتی اثرات لائف سائیکل کے ایک نئے مرحلے میں داخل کیا ہے۔ جو 1400MWh صاف توانائی پیدا کرے گا، اور سالانہ 1000 ٹن کاربن ڈائی آکسائیڈ کے اخراج ختم کرتا ہے۔ یہ قابل تجدید توانائی منصوبہ کمپنی کی موجودہ توجہ کو معمول کے اقدامات مثلاً درخت لگانے کی مہم، دہن کے عمل کے راستے کو کنٹرول کرنا، گندے پانی کا اخراج اور منظور شدہ وینڈرز کے ذریعے قانونی تقاضوں کے مطابق خطرناک اور غیر مضر فضلہ کا انتظام۔ آپ کی کمپنی نے اپنے ISO 14001:2015 سرٹیفیکیشن کی تجدید کی ہے تاکہ اسے ماحولیاتی انتظام سے متعلق اپنے نتائج حاصل کرنے میں مدد ملے۔ انتظامیہ کو یہ اعلان کرتے ہوئے خوشی ہو رہی ہے کہ آپ کی کمپنی کو انرجی مینجمنٹ کے لیے ISO 50001 سرٹیفیکیشن سے نوازا گیا ہے، جو ماحول کے تحفظ کے لیے کمپنی کے مجموعی وژن سے بھی جڑے گا۔

ملازمین کے باہمی روابط:

افراط زر کے دباؤ کے باوجود انتظامیہ دوران سال ملازمین کے مثبت اور باہمی تعاون پر مبنی کردار کو ریکارڈ پر لانا پسند کرے گی۔ انتظامیہ اس سلسلے میں ان سے اس مشکل وقت کے دوران جس سے تمام قوم گزر رہی ہے مزید لگا تار حمایت کی توقع رکھے گی۔ انتظامیہ انجینئرنگ ٹیم کی جانب سے جاری لگا تار تحقیق اور ترقی کو اور یونین کی جانب سے پیداوار کے ہر مرحلے پر پیداوار میں اضافے اور ہر ممکن حد تک نقصانات کو کم کرنے میں انتہائی تعاون کے کردار کو ریکارڈ پر لانا چاہے گی۔ دیگر تمام محکموں کی کاوش بھی تسلیم کی جاتی ہے۔

اعتراف:

ہم اپنے قابل قدر صارفین اور بینکوں کا شکریہ ادا کرنا چاہتے ہیں جنہوں نے نہ صرف تعاون کیا بلکہ کچھ ادائیگیوں میں تحمل کا مظاہرہ کیا جن میں تاخیر ہوئی تھی کیونکہ وہ انتظامیہ کے قابو سے باہر تھا۔ اور آخر میں ہم اپنے حصص داران کو ان کی غیر متزلزل حمایت کیلئے شکریہ ادا کرنا چاہتے ہیں۔

حصص داران کا منافع:

بورڈ نے 30 جون 2022 کو ختم ہونے والے سال کے لیے تمام حصص داران کو 5% (یعنی پچاس پیسہ) فی حصص نقد منافع (ڈیویڈنڈ) کی سفارش کی ہے۔ جو کہ سالانہ عام اجلاس میں شیئرز ہولڈرز کی منظوری سے مشروط ہے۔

ملکیتی تفصیل:

30 جون 2022ء کو ملکیتی تفصیل کارپوریٹ گورنس کے ضابطہ کے مطابق اس رپورٹ کے ساتھ منسلک ہے۔

مالیاتی جھلکیاں:

کمپنی کے آخری 10 سال کی کارکردگی کیلئے اہم مالیاتی جھلکیاں اس رپورٹ میں دستیاب ہیں۔

آڈیٹرز:

جیسا کہ آڈٹ کمیٹی کی سفارش اور بورڈ کی منظوری کے مطابق موجودہ آڈیٹرز، میسرز کرو حسین چوہدری اینڈ کمپنی چارٹرڈ اکاؤنٹنٹ ریٹائر ہوئے اور اہل ہونے کے بعد دوبارہ تقرری کیلئے خود کو پیش کرتے ہیں۔ اگر سالانہ عام اجلاس میں حصص یافتگان کی طرف سے منظوری دی جائے۔ بورڈ آف ڈائریکٹرز کی جانب سے

Tariq Raza

طارق رحمن

مینجنگ ڈائریکٹر

لاہور، 30 اگست 2022ء

Ahsan Saeed

احسن سہیل منان

ڈائریکٹر / کمپنی سیکرٹری



Financial Highlights of Last Ten Years

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
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.....(Rupees in Million).....

Net Sales	2,586	2,077	1,598	1,386	1,148	1,006	1,058	783	932	1,596
Employees Costs	441	388	359	311	293	276	254	222	213	313
Profit/(Loss) before tax	278	280	163	139	(25)	68	38	(125)	(106)	(39)
Profit/(Loss) after tax	217	202	118	145	36	29	27	(98)	(104)	(35)
Earning per share (Rs / Share)	6.20	5.77	3.37	4.13	1.03	0.83	0.78	(2.80)	(2.96)	(0.99)
EBITDA	483	468	336	274	119	209	196	48	80	179
Capital Expenditure	214	192	78	75	60	22	35	18	13	23
"Shareholder's Equity (Excl. Rev.Surplus)"	971	769	547	408	125	72	21	(28)	50	17
"Shareholder's Equity (Incl. Rev.Surplus)"	2,506	2,071	1,474	1,166	1,016	993	768	422	528	621

Statement of Compliance

WITH THE LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE)
REGULATIONS, 2019 OF EMCO INDUSTRIES LIMITED FOR THE YEAR ENDED JUNE 30, 2022

The Company has complied with the requirements of the Regulations in the following manner:-

1. The total number of Directors are 11 as per the following:
 - a) Male: 10
 - b) Female: 1
2. The composition of the Board is as follows:

Category	Names
Independent Directors*	Ch. Imran Ali Syed Muhammad Mohsin Mrs. Ayesha Mussadaque Hamid
Executive Directors	Mr. Tariq Rehman Mr. Salem Rehman Mr. Ahsan Suhail Mannan
Non-Executive Directors	Mr. Suhail Mannan Mr. Javaid Shafiq Siddiqi Mr. Pervaiz Shafiq Siddiqi Mr. Usman Haq Mr. Awais Noorani
Female Directors	Mrs. Ayesha Mussadaque Hamid

*The Board has been reconstituted with 11 directors in last elections held on 30th June 2020. Two additional independent directors were added including one female director. The Company is continuously improving its governance structure. The Company could not round up independent director's fraction in last Election of Directors due to challenges in inducting further independent directors. The Company will strive to fill the gap in the next Election of Directors.

3. The Directors have confirmed that none of them is serving as a Director on more than seven listed companies, including this Company;
4. The Company has prepared a code of conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures;
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the Company;
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board / Shareholders as empowered by the relevant provisions of the Act and these Regulations;
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a Director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;
8. The Board have a formal policy and transparent procedures for remuneration of Directors in accordance with the Act and these Regulations;
9. The Board has arranged Directors' Training Program for the following directors during this year:
Mr. Awais Noorani (Non-Executive Director) completed the Course in March 2022.



NOTE:

- Mr. Awais Noorani (Non-Executive Director), completed the Course in March 2022.
- Out of 11 Board Directors, 04 Directors are exempted from DTP (Mr. Tariq Rehman, Mr. Javaid Shafiq Siddiqi, Mr. Suhail Mannan and Mr. Usman Haq) because they have minimum of 14 years of education and 15 years of experience on the Board of a listed Company.
- Out of 11, 06 have completed Directors' Training Program DTP (Mr. Ahsan Suhail Mannan, Syed Muhammad Mohsin, Mrs. Ayesha Mussadaque Hamid, Ch. Imran Ali, Mr. Salem Rehman and Mr. Awais Noorani).
- Overall, 90.90% of the Board of Directors have either completed the Directors' Training Program or are exempted from it.
- Out of 11 directors, only one director has to complete the course and he will attend the course in the ensuing year.

Mr. Riaz Ahmad (Chief Financial Officer of the Company) also completed the Course in December 2021.

10. The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;
11. Chief Financial Officer and two Directors including Chief Executive Officer duly endorsed the financial statements before approval of the Board;
12. The Board has formed committees comprising of members given below:-

a) Audit Committee:

The Board has appointed the following members of Audit Committee for a period of three years w.e.f. 01.07.2020 in the meeting of Board of Directors held on 13.07.2020.

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 Chapter IX, 27 (1) (iv) of Code of Corporate Governance, Regulations 2019.

b) Human Resource & Remuneration Committee:

The Board has appointed the following members of HR & Remuneration Committee for a period of three years w.e.f. 01.07.2020 in the meeting of Board of Directors held on 13.07.2020.

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

c) Risk Management Committee:

The Board has appointed the following members of Risk Committee for a period of three years w.e.f. 01.07.2020 in the meeting of Board of Directors held on 13.07.2020.

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

d) Nomination Committee:

The Board has appointed the following members of Nomination Committee for a period of three years w.e.f. 01.07.2020 in the meeting of Board of Directors held on 13.07.2020.

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

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance;
14. The frequency of meetings (quarterly/half yearly/ yearly) of the committees were as per following:
 - a) Audit Committee meetings: (Quarterly).
 - b) HR and Remuneration Committee: (Half Yearly).
 - c) Risk Management Committee: (Yearly).
 - d) Nomination Committee: (Yearly).
15. The Board has set up an effective internal audit functioned by HIA who is also an employee of the Company and also has outsourced the internal audit function to M/S. Zeeshan & Co., Chartered Accountants, who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company;
16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or Director of the Company;
17. The Statutory Auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;
18. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with and all other requirements of the Regulations have been complied with.
19. Explanation for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 are below (if applicable):

Reference to clause 9 of Statement of Compliance "Directors' Training Programs (DTP)", overall, 90.90% of the Board of Directors have either completed the Directors' Training Program or are exempted from it. Out of 11 directors, only one director has to complete the course and he will attend the course in the ensuing year.

Except DTP, we confirm that all other requirements of the Regulations have been complied with.



(JAVAID SHAFIQ SIDDIQI)
Chairman





INDEPENDENT AUDITORS' REVIEW REPORT TO THE MEMBERS OF EMCO INDUSTRIES LIMITED REVIEW REPORT ON THE STATEMENT OF COMPLIANCE CONTAINED IN LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of EMCO Industries Limited ("the Company") for the year ended June 30, 2022 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2022.

Further, we highlight below instance of non-compliance with the requirement of the Regulations as reflected in the paragraph reference where it is stated in the Statement of Compliance:

Sr.No	Paragraph Reference	Description
1	9	One director out of eleven directors of the Company has not acquired the prescribed certification under the Directors' Training Program as required under Regulation 19 of the Regulations.

Lahore
Dated: 01 September 2022
UDIN: CR202210051ZlagvFbA4w

CROWE HUSSAIN CHAUDHURY & CO.
Chartered Accountants

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EMCO INDUSTRIES LIMITED REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the annexed financial statements of EMCO INDUSTRIES LIMITED (the Company), which comprise the statement of financial position as at June 30, 2022 and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statement, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2022 and of the profit, its comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with the International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the key audit matters:

Key Audit Matters	How the matter was addressed in our report
1. Surplus on Revaluation of Property, Plant and Equipment	
Refer to note 3.6 & 7 to the financial statements. Surplus on revaluation of property, plant and equipment has increased from Rs. 1,302.397 million to Rs. 1,535.459 million as at June 30, 2022.	Our key audit procedures included:
Revaluation surplus requires significant judgments and estimates.	<ul style="list-style-type: none">• Evaluated competence, capabilities and objectivity of the valuer.• Evaluated the nature, scope and objectives of the valuer's work.• Assessed relevance and reasonableness of significant assumptions and methods used by the valuer per his valuation report.• Evaluated the relevance and reasonableness of the valuer's findings and conclusions and their consistency.• Held discussion with the management to assess relevance and reasonableness of significant assumptions and methods.
Involvement of subjectivity, inherent uncertainty and the management judgments and estimates in relation to such revaluation surplus may be complex and can significantly impact the financial statements. For such reasons we considered surplus on revaluation of property, plant and equipment as a key audit matter.	



Key Audit Matters	How the matter was addressed in our report
	<ul style="list-style-type: none"> Assessed the adequacy of relevant disclosures in the financial statements.

2. Trade receivables and Revenue

Refer to note 3.14 & 24 to the financial statements.

As at June 30, 2022, the Company's gross trade receivables were Rs. 731.59 million against which provision of Rs. 107.45 million had been recognized. We identified recoverability of trade receivables as key audit matter as it involves management judgement in applying the expected credit loss.

Refer to note 3.20 & 27 to the financial statements. Revenue of the Company has increased from Rs. 2,077.324 million to Rs. 2,586.227 million for the year ending June 30, 2022.

The Company is primarily engaged in manufacturing and sale of insulators. We identified recognition of revenue as a key audit matter due to revenue being one of the key performance indicators of the Company, significant increase in revenue from last year.

Our key audit procedures to valuation of trade receivables and revenue recognition included:

- Obtaining an understanding of the Company's processes and related internal controls for reviewing / determining credit limits allowed to customers, debt collection process and making expected credit loss for doubtful receivables.
- Obtaining an understanding of the Company's processes and related internal controls for revenue recognition and, on a sample basis, tested the operating effectiveness of those controls.
- Assessed the appropriateness of the Company's revenue recognition policies and its compliance with applicable financial accounting and reporting standards.
- Compared a sample of revenue transactions recorded during the year with customers' orders, sales invoices, delivery orders and other relevant underlying documents.
- Performed cut-off procedures on near year-end sales to ensure revenue has been recorded in the correct period.
- Checked receipts from customers to whom sales were made on sample basis.
- Assessing the appropriateness of assumptions and estimates made by management for expected credit loss by comparing, on sample basis, historic cash collection, actual write offs and cash receipts from customers subsequent to the reporting date.
- Testing the accuracy of aging report, on sample basis, by comparing individual balances in the report with underlying documentation.
- Checked that the presentation and disclosure related to trade receivables and revenue are in accordance with applicable accounting and reporting standards.

3. Stock in Trade

Refer to note 3.13 & 23 to the financial statements which reflect inventories as at the reporting date. Inventories have increased from Rs. 594.152 million to Rs. 760.040 million as at June 30, 2022.

We identified this area as a key audit matter because inventories constitute significant portion of total assets of the Company. Further, determining an appropriate write down as a result of net realizable value (NRV) and provision for slow moving inventories involves management judgment and estimation.

Our key audit procedures included:

- Observed physical inventory count procedures and compared, on a sample basis, physically counted inventories with valuation sheets provided by the management.
- Compared on sample basis specific purchases and directly attributable costs with underlying supporting documents.
- Checked the accumulation of costs at different stages of production to ascertain valuation of work in process and finished goods.

Key Audit Matters

How the matter was addressed in our report

- Compared the net realizable value, on a sample basis, to the cost of finished goods to assess whether any adjustments are required to value stocks in accordance with applicable accounting and reporting standards.
- Assessed the provision for slow moving stocks as at the reporting date and assessed whether it is in accordance with the Company's policies and relevant accounting and reporting standards.
- Considered adequacy of the related disclosures and assessed whether these are in accordance with the applicable accounting and financial reporting standards.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of the Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:



- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under Section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditor's report is Amin Ali.



Lahore
Dated: August 31, 2022
UDIN: AR202210051quM3x5Zi4

CROWE HUSSAIN CHAUDHURY & CO.
Chartered Accountants

STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2022

	Note	2022 Rupees	2021 Rupees
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Authorized share capital 40,000,000 (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 (2021: 35,000,000) ordinary shares of Rs. 10 each	4	350,000,000	350,000,000
Reserves	5	505,111,998	302,992,139
Sponsors' loan	6	115,708,828	115,708,828
Surplus on revaluation of property, plant and equipment	7	1,535,459,273	1,302,397,360
		2,506,280,099	2,071,098,327
Non Current Liabilities			
Long term financing	8	291,240,523	131,293,475
Deferred income - government grant		-	60,807
Lease liabilities	9	-	2,197,970
Post employment benefits	10	91,015,646	73,930,900
Deferred tax liability	11	224,765,307	116,662,040
Long term security deposit		719,584	719,584
		607,741,060	324,864,776
Current Liabilities			
Trade and other payables	12	341,653,945	326,561,575
Unclaimed dividends		525,321	243,677
Accrued finance cost	13	39,452,380	23,147,424
Short term borrowings	14	690,420,249	650,646,917
Current portion of non-current liabilities	15	58,237,039	79,485,815
		1,130,288,934	1,080,085,408
Contingencies and Commitments			
	16	-	-
		4,244,310,093	3,476,048,511
ASSETS			
Non Current Assets			
Property, plant and equipment	17	2,398,443,176	1,887,889,951
Investment properties	18	84,376,437	76,180,763
Intangible assets	19	1,124,919	1,403,667
Long term prepayments and other receivables	20	31,587,223	39,308,596
Long term loans	21	1,431,940	546,030
Long term deposits		3,751,900	3,751,900
		2,520,715,595	2,009,080,907
Current Assets			
Stores, spares and loose tools	22	126,248,948	84,461,760
Stock in trade	23	760,040,464	594,151,738
Trade receivables	24	624,141,222	593,083,410
Advances, deposits, prepayments and other receivables	25	127,293,766	70,687,658
Income tax refundable from the Government		70,160,997	83,957,181
Cash and bank balances	26	15,709,101	40,625,857
		1,723,594,498	1,466,967,604
Total Assets		4,244,310,093	3,476,048,511

The annexed notes from 1 to 48 form an integral part of these financial statements.


CHIEF EXECUTIVE OFFICER


DIRECTOR


CHIEF FINANCIAL OFFICER





STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022 Rupees	2021 Rupees
Revenue	27	2,586,227,053	2,077,323,535
Cost of revenue	28	(1,975,028,743)	(1,549,957,546)
Gross Profit		611,198,310	527,365,989
Administrative expense	29	(102,741,656)	(87,383,452)
Selling and distribution expenses	30	(52,243,166)	(32,307,553)
		(154,984,822)	(119,691,005)
Operating Profit		456,213,488	407,674,984
Other operating expenses	31	(105,460,706)	(73,792,465)
Other income	32	30,436,906	33,404,722
Finance cost	33	(103,285,165)	(87,521,909)
Profit before Taxation		277,904,523	279,765,332
Taxation	34	(61,002,796)	(77,837,235)
Net Profit for the Year		216,901,727	201,928,097
Earnings per Share - Basic and Diluted	35	6.20	5.77

The annexed notes from 1 to 48 form an integral part of these financial statements.


CHIEF EXECUTIVE OFFICER


DIRECTOR



CHIEF FINANCIAL OFFICER

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022 Rupees	2021 Rupees
Net Profit for the Year		216,901,727	201,928,097
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Actuarial losses due to experience adjustments	10.2	(2,765,644)	(220,824)
Related tax impact	11.1	787,434	62,790
Revaluation surplus on property, plant and equipment	7	361,686,965	459,322,504
Related tax impact	11.1	(78,378,941)	(62,131,130)
Items that may be reclassified to profit or loss		-	-
Other comprehensive income - net of tax		281,329,814	397,033,340
Total Comprehensive Income for the Year		498,231,541	598,961,437

The annexed notes from 1 to 48 form an integral part of these financial statements.


CHIEF EXECUTIVE OFFICER


DIRECTOR


CHIEF FINANCIAL OFFICER





STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2022

Particulars	Issued, Subscribed and Paid up Capital	Reserves				Sponsors' Loan	Surplus on Revaluation of Property, Plant and Equipment	Total
		Capital	Revenue		Total Reserves			
		Share Premium Reserve	General Reserve	Accumulated (Loss) / Unappropriated Profit				
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	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
Net profit for the year	-	-	-	201,928,097	201,928,097	-	-	201,928,097
Other comprehensive income for the year	-	-	-	(158,034)	(158,034)	-	397,191,374	397,033,340
Total comprehensive income for the year	-	-	-	201,770,063	201,770,063	-	397,191,374	598,961,437
Incremental depreciation for the year on surplus on revaluation of property, plant and equipment - net	-	-	-	19,489,612	19,489,612	-	(19,489,612)	-
Effect of change in effective tax rate	-	-	-	-	-	-	(1,439,802)	(1,439,802)
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
Net profit for the year	-	-	-	216,901,727	216,901,727	-	-	216,901,727
Other comprehensive income for the year	-	-	-	(1,978,210)	(1,978,210)	-	283,308,024	281,329,814
Total comprehensive income for the year	-	-	-	214,923,517	214,923,517	-	283,308,024	498,231,541
Incremental depreciation for the year on surplus on revaluation of property, plant and equipment - net	-	-	-	22,196,342	22,196,342	-	(22,196,342)	-
Payment of final dividend for the year ended June 30, 2021	-	-	-	(35,000,000)	(35,000,000)	-	-	(35,000,000)
Effect of change in effective tax rate	-	-	-	-	-	-	(28,049,769)	(28,049,769)
Balance as at June 30, 2022	350,000,000	39,898,526	90,000,000	375,213,472	505,111,998	115,708,828	1,535,459,273	2,506,280,099

The annexed notes from 1 to 48 form an integral part of these financial statements.


CHIEF EXECUTIVE OFFICER


DIRECTOR


CHIEF FINANCIAL OFFICER

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022 Rupees	2021 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Generated from Operations	36	184,070,047	287,173,417
Changes in:			
Long term prepayments and other receivables		2,969,328	3,885,091
Long term security deposit		-	719,584
		2,969,328	4,604,675
Finance cost paid		(73,597,678)	(69,967,338)
Gratuity paid		(5,459,077)	(2,273,782)
Payments against discontinued provident fund		(542,116)	(4,961,553)
Workers' Profit Participation Fund paid		(15,041,244)	(9,360,652)
Income tax paid / withheld		(44,744,621)	(41,174,159)
		(139,384,736)	(127,737,484)
Net Cash Generated from Operating Activities		47,654,639	164,040,608
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(61,318,098)	(36,653,874)
Capital work in progress		(152,431,838)	(138,867,557)
Investment properties		-	(16,760,683)
(Disbursement) / Recoveries of long term loans - net		(922,290)	192,330
Rental income		9,574,276	8,639,238
Proceeds from disposal of property, plant and equipment		2,700,000	750,000
Net Cash Used in Investing Activities		(202,397,950)	(182,700,546)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term financing		(109,326,369)	(103,698,392)
Proceeds from long term financing		267,268,867	19,145,560
Repayment of lease liabilities		(3,219,780)	(3,570,941)
Dividend paid		(34,718,356)	-
Short term borrowings obtained / (repaid) - net		9,822,193	103,459,611
Net Cash Generated from Financing Activities	37	129,826,555	15,335,838
Net Decrease in Cash and Cash Equivalents		(24,916,756)	(3,324,100)
Cash and cash equivalents at the beginning of the year		40,625,857	43,949,957
Cash and Cash Equivalents at the End of the Year		15,709,101	40,625,857

The annexed notes from 1 to 48 form an integral part of these financial statements.


CHIEF EXECUTIVE OFFICER


DIRECTOR


CHIEF FINANCIAL OFFICER



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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 is principally engaged in manufacturing and sale of high / low tension electrical porcelain insulators and switchgears."

The geographical location and address of the Company's is as under:

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

2. Basis for Preparation

2.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

These financial statements provide comparative information in respect of the previous year. In addition when there is a retrospective application of an accounting policy, a retrospective restatement, or a reclassification of items in financial statements has been made. During the year no restatement has been made.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except to the extent of the following:

Deferred markup, interest free loans from related parties and provident fund loan	Note 8	Stated at Amortised cost
Post employment benefits	Note 10	Stated at Present value
Certain property, plant and equipment	Note 17	Stated at Revalued amount
Investment Properties	Note 18	Stated at Fair value

2.3 Functional and presentation currency

These financial statements are prepared and presented in Pak Rupees (Rs.) which is the Company's functional and presentation currency. All the figures have been rounded off to the nearest rupee, unless otherwise stated.

2.4 Use of estimates and judgments

The preparation of financial statements in conformity with accounting and reporting standards as applicable in Pakistan requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and related assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

These estimates and related assumptions are reviewed on an ongoing basis. Accounting estimates are revised in the period in which such revisions are made. Significant management estimates in these financial statements relate primarily to:

- Useful lives, residual values, depreciation method and fair value of property, plant and equipment - Note 3.6 & 17
- Fair value of investment property - Note 3.8 & 18
- Useful lives, residual values and amortization method of intangible assets - Note 3.9 & 19
- Provision for impairment of inventories - Note 3.12, 3.13, 22 & 23
- Impairment loss of non-financial assets other than inventories - Note 3.10 & 17
- Provision for expected credit losses, liquidity damages - Note 3.14.1.5, 24 & 25
- Obligation of post employment benefits - Note 3.2 & 10
- Estimation of provisions - Note 3.1 & 12
- Estimation of contingent liabilities - Note 3.21 & 16
- Current income tax expense, provision for current tax and recognition of deferred tax asset (for carried forward tax losses) - Note 3.3, 11 & 34

However, the management believes that the change in outcome of estimates would not have a material effect on the amounts disclosed in these financial statements.

2.5 Changes in accounting standards, interpretations and pronouncements

2.5.1 Standards, interpretations and amendments to approved accounting standards that are effective in the current year

The following standards, amendments and interpretations are effective for the year ended June 30, 2022. These standards, amendments and interpretations are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

	Effective Date - Annual (Period beginning on or after)
"Interest Rate Benchmark Reform – Phase 2" [Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16]	January 01, 2021
IFRS 16 Leases [Amendments] - COVID 19 rent related concession extended beyond June 30, 2021	April 01, 2021

2.5.2 Standards, interpretation and amendments to approved accounting standards that are not yet effective

There are certain standards, amendments and interpretations to the accounting and reporting standards which are mandatory for companies having accounting periods beginning on or after July 1, 2022 but are considered not to be relevant or to have any significant effect on the Company's



	Effective Date - Annual (Period beginning on or after)
IAS 1 Presentation of Financial Statements [Amendments]	January 1, 2023
IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors [Amendments]	January 1, 2023
IAS 12 Income Taxes [Amendments]	January 1, 2023
IAS 16 Property, Plant and Equipment [Amendments]	January 1, 2022
IAS 37 Provisions, Contingent Liabilities and Contingent Assets [Amendments]	January 1, 2022
Annual Improvements to IFRS Standards 2018–2020	January 1, 2022

The Company has assessed that the impact of these amendments is not expected to be significant.

3. Significant Accounting Policies

Significant accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods.

3.1 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources shall be required to settle the obligation and the amount has been reliably estimated. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are not recognized for future operating losses.

3.2 Post employment benefits

Defined benefit plan

Defined benefit plans provide an amount of gratuity that an employee will receive on or after retirement, usually dependent on one or more factors such as age, years of service and compensation. A defined benefit plan is a plan that is not a defined contribution plan. The liability recognized in the statement of financial position in respect of defined benefit plans is the present value of the defined benefit obligations at the end of the reporting period less the fair value of plan assets, if any. The defined benefit obligations are calculated annually by independent actuary using the projected unit credit method. The Company operates an unfunded gratuity scheme for its employees. The unfunded gratuity scheme is a defined benefit final salary plan.

The gratuity fund is governed under the Trusts Act, 1882, Trust Deed and Rules of Fund, Companies Act, 2017, the Income Tax Ordinance, 2001 and the Income Tax Rules, 2002. Responsibility for governance of plan, including investment decisions and contribution schedule lies with the Board of Trustees of the Fund.

"The present values of the defined benefit obligations are determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds or the market rates on government bond. These are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related obligation. Retirement benefits are payable to staff on resignation, retirement or termination from service, subject to the completion of prescribed qualifying period of service under these schemes.

Remeasurement gain / losses are recognized in other comprehensive income.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets, if any. This cost is included in employee benefit expense in the statement of profit or loss."

3.3 Taxation

Income tax comprises current and deferred tax. Income tax is recognized in the statement of profit or loss account except to the extent that relates to items recognized directly in equity or other comprehensive income, in which case it is recognized in equity or other comprehensive income.

3.3.1 Current

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting date.

The charge for current tax is higher of corporate tax (higher of tax based on taxable income and minimum tax) and alternative corporate tax. However, in case of loss for the year, income tax expense is recognized as minimum tax liability on turnover of the Company in accordance with the provisions of the Income Tax Ordinance, 2001. Super tax applicable on company is also calculated as per applicable tax rates as per income tax ordinance, 2001.

Corporate tax is based on taxable income for the year determined in accordance with the prevailing laws of taxation. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted after taking into account tax credits, rebates and exemptions, if any. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

Alternative corporate tax is calculated at 17% of accounting profit, after taking into account the required adjustments.

Current tax for current and prior periods, to the extent unpaid, is recognized as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognized as an asset.

The Company offsets current tax assets and current tax liabilities if, and only if, it has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

The management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

3.3.2 Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary timing differences arising from the difference between the carrying amount of the assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of transaction neither affects accounting nor taxable profit or loss.

Deferred tax liabilities are recognized for all major taxable temporary differences.

Deferred tax assets are recognized for all major deductible temporary differences to the extent that it is probable that taxable profit will be available against which deductible temporary differences, unused tax losses and tax credits can be utilized.

The carrying amount of deferred tax asset is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be utilized.

Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent of probable future taxable profit available that will allow deferred tax asset to be recovered.

Deferred tax is calculated at rates that are expected to apply to the period when the differences reverse based on the tax rates and tax laws that have been enacted or have been notified for subsequent enactment by the reporting date.

When different tax rates apply to different levels of taxable income, deferred tax assets and liabilities are measured using the average rates that are expected to apply to the taxable profit (tax loss) of the periods in which temporary differences are expected to reverse.



The Company offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

3.4 Leases

For contracts entered into, or modified, on or after January 1, 2019, the Company assesses whether a contract contains a lease or not at the inception of a contract. The Company reassesses whether a contract is, or contains, a lease further when the terms and conditions of the contract are modified.

The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option and periods covered by an option to terminate the lease if the Company is reasonably certain to not to exercise that option.

The Company reassesses whether it is reasonably certain to exercise an extension option, or not to exercise a termination option, upon the occurrence of either a significant event or a significant change in circumstances that is within the control of the Company and affects whether the Company is reasonably certain to exercise an option not previously included in its determination of the lease term, or not to exercise an option previously included in the determination of the lease term.

The Company revises the lease term if there is a change in the non-cancellable period of a lease.

3.4.1 Company as a lessee

3.4.1.1 Recognition

The Company recognizes a right-of-use asset and a lease liability at the commencement date. A commencement date is the date on which the lessor makes an underlying asset available for use by the lessee (the Company).

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases of all underlying assets that have a lease term of 12 months or less and leases for which the underlying asset, when new, is of low-value. The Company recognizes the lease payments associated with these leases as an expense on straight-line basis over the lease term.

3.4.1.2 Initial measurement

Lease liability

At the commencement date, the Company measures the lease liability at the present value of the lease payments that are not paid. The lease payments are discounted using the interest rate implicit in the lease, or the Company's incremental borrowing rate if the implicit rate is not readily available. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments comprise fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. Lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

Right-of-use asset

The Company initially measures the right-of-use asset at cost. This cost comprises the amount of lease liability as initially measured, plus any lease payments made on or before the commencement date, less lease incentives received, initial direct costs and estimated terminal costs (i.e. dismantling or other site restoration costs required by the terms and conditions of the lease contract).

3.4.1.3 Subsequent measurement

Lease liability

After the commencement date, the Company re-measures the lease liability to reflect the affect of interest on outstanding lease liability, lease payments made, reassessments and lease modifications etc. Variable lease payments not included in the measurement of the lease liability and interest on lease liability are recognized in the statement of profit or loss account, unless these are included in the carrying amount of another asset.

Lease payments are apportioned between the finance charges and reduction of the lease liability using the incremental borrowing rate to achieve a constant rate of interest on the remaining balance of the liability.

Lease liability payable in foreign currency is translated to local currency of the Company i.e. Pak Rupees at the reporting date. Any foreign exchange differences arising on translation of lease liability are recognized in profit or loss.

Right-of-use asset

After the commencement date, the Company measures the right-of-use asset at cost less accumulated depreciation and accumulated identified impairment losses, if any, adjusted for any remeasurement of the lease liability.

The Company depreciates the cost of right-of-use asset, net of residual value, from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. However, if the lease contract transfers ownership of the underlying asset to the Company by the end of the lease term or if the cost of the right-of-use asset reflects that the Company will exercise the purchase option, the Company depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset.

Depreciation is charged to profit or loss account at rates given in note 17.2.

3.5 Ijarah contracts

The Company has entered into Ijarah contracts under which it obtains usufruct of an asset for an agreed period for an agreed consideration. Ijarah contracts are undertaken in compliance with the Shariah essentials for such contracts prescribed by the State Bank of Pakistan.

The Company accounts for its Ijarah contracts in accordance with the requirements of IFAS 2 'Ijarah'. Accordingly, Company as a Mustaj'ir (lessee) in the Ijarah contract recognises the Ujrah (lease) payments as an expense in the profit or loss on straight line basis over the Ijarah term.

3.6 Property, plant and equipment

Property, plant and equipment, except freehold land, buildings thereon and plant and machinery, are stated at cost less accumulated depreciation and any identified impairment loss, if any. Freehold land is stated at revalued amount less any identified impairment loss while buildings on freehold land and plant and machinery are stated at revalued amount less accumulated depreciation and accumulated impairment loss, if any. Revaluation is carried out with sufficient regularity to ensure that the carrying amount of assets does not differ materially from their fair value. Additions, subsequent to revaluation, are stated at cost less accumulated depreciation and any identified impairment loss.

The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Cost in relation to certain assets may also include cost of borrowing during construction period in respect of loans taken for specific projects.

Depreciation on property, plant and equipment, except freehold land, is charged to profit or loss account on straight line method with the exception of tools and equipment, furniture and fixture, office equipment and vehicles, whose depreciation is charged in profit or loss account on diminishing balance method so as to write off the cost or revalued amount of an asset over its estimated useful life. Incremental depreciation representing the difference between actual depreciation based on



revalued carrying amount of the asset and equivalent depreciation based on the original carrying amount of the asset is transferred to retained earnings from surplus on revaluation of property, plant and equipment. All transfers to / from surplus on revaluation of property, plant and equipment are net of applicable deferred income taxes.

Depreciation on additions is charged from the month in which the assets are available for use while no depreciation is charged in the month in which the assets are disposed off. Rates of depreciation on owned assets are disclosed in Note 17.1.

Depreciation method, residual value and useful lives of assets are reviewed at least at each reporting date and adjusted if impact on depreciation is significant.

Day to day maintenance and normal repairs are charged to profit or loss account as and when incurred. Gains or losses on disposal of property, plant and equipment are included in profit or loss account.

Increases in the carrying amounts arising due to revaluation are credited to revaluation surplus on property, plant and equipment through other comprehensive income. Decreases that offset previous increases of any other property, plant and equipment of the Company are debited against revaluation surplus directly in equity. All other decreases are charged to the profit or loss account.

The effect of any changes in estimate is accounted for on a prospective basis. Further, determining adjustments for any differences in nature, location and condition of the property, plant and equipment involves significant judgment.

3.7 Capital work-in-progress

Capital work-in-progress is stated at cost less identified impairment loss, if any, and represents expenditure incurred on property, plant and equipment during construction and installation. All expenditure connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. Cost may also include applicable borrowing costs. Transfers are made to relevant property, plant and equipment category as and when assets are available for use.

3.8 Investment Properties

Investment property, which is property held to earn rentals and/or for capital appreciation, including property under construction for such purposes, is measured initially at its cost, including transaction costs.

Subsequent to initial recognition, investment property is measured at fair value. The changes in fair value are recognized in the statement of profit or loss account. Any other investment property (whose fair value cannot be measured reliably) is measured at cost less accumulated depreciation and impairment loss, if any.

The fair value of investment property is determined at the reporting date using current market prices for comparable real estate, adjusted for any differences in nature, location and condition by independent valuer.

The effect of any changes in estimate is accounted for on a prospective basis. Further, determining adjustments for any differences in nature, location and condition of the investment property involves significant judgment.

3.9 Intangible assets

An intangible asset is recognized as an asset if it is probable that future economic benefits attributable to the asset will flow to the Company and the cost of such asset can be measured reliably. Cost of intangible assets i.e. ERP software includes purchase cost and directly attributable expenses incidental to bring the software to its intended use.

Costs that are directly associated with identifiable software and have probable economic benefits beyond one year, are recognized as an intangible asset. However, costs associated with the maintenance of software are recognized as an expense.

All intangibles are measured initially at cost and subsequently stated at cost less accumulated amortization and identified impairment losses, if any. Amortization is charged to profit or loss account using the straight line method so as to write off the cost of an asset over its estimated useful life. The amortization period and the amortization method for intangible assets are reviewed, at each reporting date, and adjusted if impact on amortization is significant. ERP software is being amortized over 10 years based on estimated useful life.

3.10 Impairment of non-financial assets

Assets that have an indefinite useful life - for example, goodwill or intangible assets not ready to use - are not subject to amortization and are tested annually for impairment. Assets that are subject to depreciation or amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment losses on fixed assets that offset available revaluation surplus are charged against this surplus, all other impairment losses are charged to profit or loss account. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date. Where impairment loss is recognized, the depreciation / amortization charge is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value, over its remaining useful life. Any reversal of impairment loss of a revalued asset shall be treated as a revaluation increase.

3.11 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are charged to profit or loss account in the period in which they are incurred.

3.12 Stores, spares and loose tools

Stores and spares are valued at weighted average cost except for items in transit, while items considered obsolete if any are carried at nil value. Items in transit are valued at cost comprising invoice value plus other charges paid thereon. Provision is made for obsolete and slow moving stores and spares based on management estimate.

3.13 Stock-in-trade

Raw materials and packing material, except for those in transit, are valued at the lower of weighted average cost and net realizable value. Work-in-process and finished goods are valued at the lower of average cost and net realizable value. Work-in-process and finished goods comprise cost of direct materials, labor and appropriate manufacturing overheads. Cost of goods purchased for resale comprises invoice value plus charges paid thereon.

Materials in transit are stated at cost comprising invoice value plus other incidental charges paid thereon.

Net realizable value signifies the estimated selling price in the ordinary course of business less costs necessary to be incurred in order to make a sale. If the net realizable value is lower than the carrying amount, a write-down is recognized for the amount by which the carrying amount exceeds its net realizable value. Provision is made in the financial statements for obsolete and slow moving stock in trade based on management estimate.

3.14 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.



3.14.1 Financial assets

All financial assets are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Regular purchases and sales of financial assets are recognized and derecognized, as applicable, using trade-date accounting or settlement date accounting.

3.14.1.1 Classification

Financial assets are classified in either of the three categories: at amortized cost, at fair value through other comprehensive income and at fair value through profit or loss. Currently, the Company classifies its financial assets at amortized cost and fair value through profit or loss. This classification is based on the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. The management determines the classification of its financial assets at the time of initial recognition.

3.14.1.2 Initial recognition and measurement

Except for trade receivables, financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value and transaction costs are expensed in the profit and loss account. Trade receivables are initially measured at the transaction price if these do not contain a significant financing component in accordance with IFRS 15.

3.14.1.3 Subsequent measurement

Financial assets carried at amortized cost are subsequently measured using the effective interest method. The amortized cost is reduced by impairment losses, if any. Interest income, foreign exchange gains and losses and impairment are recognized in the statement of profit or loss account.

Financial assets measured at fair value through profit or loss are subsequently measured at fair value prevailing at the reporting date. The difference in fair value and dividend arising on equity is charged to the profit or loss account.

Financial assets 'at fair value through other comprehensive income' are marked to market using the closing market rates and are carried in the statement of financial position at fair value. Net gains and losses arising on changes in fair values of these financial assets are recognized in other comprehensive income. Interest calculated using the effective interest rate method is credited to the statement of profit or loss account. Dividends on equity instruments are credited to the statement of profit or loss account when the Company's right to receive payments is established.

3.14.1.4 Derecognition

Financial assets are derecognized when:

- the contractual rights to receive cash flows from the assets have expired; or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:

- a) the Company has transferred substantially all the risks and rewards of the asset; or
- b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

The difference between the carrying amount and the consideration received is recognized in profit or loss account.

If the Company transfers a financial asset in a transfer that qualifies for derecognition in its entirety and retains the right to service the financial asset for a fee, it recognizes either a servicing asset or a servicing liability for that servicing contract.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Company also recognizes an associated liability which cannot be offset with the related asset. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

If the Company's continuing involvement is in only a part of a financial asset, the Company allocates the previous carrying amount of the financial asset between the part it continues to recognize under continuing involvement, and the part it no longer recognizes on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognized and the consideration received for the part no longer recognized is recognized in profit or loss.

3.14.1.5 Impairment of financial assets

The Company recognizes an allowance for expected credit losses (ECLs) for all financial assets which are measured at amortised cost. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward looking factors specific to the debtors and the economic environment.

3.14.2 Financial liabilities

3.14.2.1 Initial recognition and measurement

Financial liabilities are initially classified at amortized cost. Such liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument and include trade and other payables, loans or borrowings and accrued mark up etc.

The Company does not reclassify any of its financial liabilities.

Financial liabilities are initially recognized at fair value minus transaction costs for all financial liabilities not carried at fair value through profit or loss. Financial liabilities carried at fair value through profit or loss are initially recognized at fair value and transaction costs are credited in the profit and loss account.

3.14.2.2 Subsequent measurement

The Company measures its financial liabilities subsequently at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit or loss account. Difference between carrying amount and consideration paid is recognized in the statement of profit or loss account when the liabilities are derecognized.

3.14.2.3 Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective of carrying amounts is recognized in the profit or loss account. The difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss account.



3.14.3 Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and net amount is reported in the financial statements only when there is a legally enforceable right to set off the recognized amount and the Company intends either to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

3.15 Balances from contract with customers

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. The Company recognizes a contract asset for the earned consideration that is conditional if the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due. However, the Company transfers goods after inspection of goods by customer and receives payment as per terms of contract. Therefore, no contract asset arises.

Trade receivables

A receivable represents the Company's right to an amount of consideration that is unconditional. Trade receivables are carried at original invoice amount less expected credit loss based on a review of all outstanding amounts at the reporting date. Bad debts are written off when identified.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration from the customer. A contract liability is recognized at earlier of when the payment is received or the payment is due if a customer pays consideration before the Company transfers goods or services to the customer.

3.16 Government grants

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

Government grants relating to costs are deferred and recognized in the profit or loss over the period necessary to match them with the costs that they are intended to compensate. Government grants relating to the purchase of property, plant and equipment, if any, are included in non current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

3.17 Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash in hand and cash at banks.

3.18 Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within short period. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

3.19 Foreign currency transactions and translation

All monetary assets and liabilities in foreign currencies are translated into Pak rupees at exchange rates prevailing at the reporting date. Transactions in foreign currencies are translated into Pak rupees at exchange rates prevailing at the date of transaction. Exchange gains and losses are included in the statement of profit or loss account.

3.20 Revenue recognition

Revenue is recognized in accordance by applying the following steps:

- i) Identifying contract with a customer
- ii) Identifying performance obligation in the contract
- iii) Determining transaction price of the contract
- iv) Allocating transaction price to each of the separate performance obligations in the contract
- v) Recognizing the revenue when (or as) the Company satisfies a performance obligation

Revenue is recognized at a point in time, when the Company satisfies performance obligations by transferring the promised goods to its customers and when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The normal credit term is 30 to 90 days upon delivery. Control is transferred to the customer on dispatch of goods and transaction price is fixed and decided mostly through tendering process. In determining the transaction price for the sale of goods, the Company considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer (if any). The contracts do not contain right of return as the goods are dispatched to customer after their inspection, and customer inspection process. The Company do not offers volume discount as price is agreed through tendering.

3.21 Contingent liabilities

A contingent liability is disclosed when there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company.

A contingent liability is also disclosed when there is present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

3.22 Dividend and other appropriations

Dividend to the shareholders is recognized in the period in which it is declared and other appropriations are recognized as liability in the period in which these are approved by the Board of Directors.

3.23 Earnings per Share

The Company presents basic and diluted earnings per share (EPS). Basis EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, if any.

3.24 Related party transactions

Related parties comprise the parent Company, associated companies / undertakings, directors of the Company and their close relatives and key management personnel of the Company. The Company in the normal course of business carries out transactions with various related parties. Amounts due from and due to related parties are shown under respective notes to these financial statements. Following are the key related parties of the Company:

Name of Related party	Basis of Relationship	% of Holding in the Company
Mr. Tariq Rehman	Director / CEO	0.379%
Mr. Suhail Mannan	Director	6.239%
Mr. Javaid Shafiq	Director	6.861%
Mr. Pervaiz Shafiq Siddiqi	Director	6.861%
Mr. Usman Haq	Director	5.228%
Mr. Salem Rehman	Director	3.429%
Mr. Ahsan Suhail Mannan	Director	6.391%
Mr. Awais Noorani	Director	0.059%
Mr. Ch. Imran Ali	Director	0.001%
Mr. Syed Muhammad Mohsin	Director	0.001%
Ms. Ayesha Mussadaque Hamid	Director	0.001%
Directors' close family members	Directors' close family members	22.300%
M/s Associated Engineers (Private) Limited	Common Directorship	5.745%
M/s ICC (Private) Limited	Common Directorship	8.410%
M/s The Imperial Electric Company (Private) Limited	Common Directorship	1.662%

3.25 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (the Chief Executive Officer of the Company). Segment results, assets and liabilities include items directly attributable to a segment. Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment and intangible assets. Currently the Company is operating in one segment.



3.26 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability at the measurement date in an orderly transaction between market participants in the principal, or in its absence, the most advantageous market to which the Company has access at that date. There are three levels which are as under:

Level 1

The Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2

When there is no quoted price in an active market, the Company determines transaction price by applying valuation techniques. The chosen valuation technique incorporates all the factors that market participants would take into account in pricing a transaction. The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price i.e. the fair value of the consideration given or received.

Level 3

If the Company determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, the instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is credited or charged to the profit or loss account on an appropriate basis over the life of the instrument but no later than when the valuation is supported wholly by observable market data or the transaction is closed out.

"The Company's policy is to recognize transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer."

4. ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2022 No. of Share	2021		2022 Rupees	2021 Rupees
18,570,460	18,570,460	Ordinary shares of Rs. 10 each fully paid in cash	185,704,600	185,704,600
2,800,000	2,800,000	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	28,000,000	28,000,000
13,629,540	13,629,540	Ordinary shares of Rs. 10 each issued as right shares	136,295,400	136,295,400
<u>35,000,000</u>	<u>35,000,000</u>		<u>350,000,000</u>	<u>350,000,000</u>

4.1 There has been no movement in ordinary share capital during the year ended June 30, 2022.

4.2 Ordinary shares of the Company held by its associated companies as at the reporting date are as follows:

	2022 (Number of Shares)	2021
Associated Engineers (Private) Limited	2,010,575	2,010,575
ICC (Private) Limited	2,943,411	2,943,411
The Imperial Electric Company (Private) Limited	581,549	581,549
	<u>5,535,535</u>	<u>5,535,535</u>

4.3 All ordinary shares rank equally with regard to residual assets of the Company. Ordinary shareholders are entitled to receive all distributions including dividends and other entitlements in the form of bonus and right shares as and when declared by the Company. Voting and other rights are in proportion to the shareholding.

4.4 The terms of agreement between the Company and certain lenders impose certain restrictions on distribution of dividends by the Company.

5. RESERVES	Note	2022 Rupees	2021 Rupees
Capital - share premium	5.1	39,898,526	39,898,526
Revenue - general reserve		90,000,000	90,000,000
Accumulated profit		375,213,472	173,093,613
		<u>505,111,998</u>	<u>302,992,139</u>

5.1 This reserve can be utilized by the Company only for the purposes specified in Section 81(2) of the Companies Act, 2017.

6. SPONSORS' LOAN

This represents unsecured, interest free loans to meet the liquidity requirements of the Company. These loans are repayable at the discretion of the Company and loans amounting to Rs. 115.71 (2021: 115.71) are sub-ordinated to facilities obtained from certain financial institutions.

7. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

	2022 (Rupees)	2021 (Rupees)
Land - Freehold:		
Opening balance	783,655,104	542,838,745
Revaluation surplus arisen during the year	119,772,172	240,816,359
	<u>903,427,276</u>	<u>783,655,104</u>
Buildings on freehold land:		
Opening balance	271,710,324	178,855,927
Revaluation surplus arisen during the year - net	106,791,706	144,622,823
Related deferred taxation	(34,599,872)	(41,122,777)
	<u>343,902,158</u>	<u>282,355,973</u>
Plant and machinery:		
Opening balance	247,031,932	204,440,728
Revaluation surplus arisen during the year - net	135,123,087	73,883,322
Related deferred taxation	(43,779,069)	(21,008,353)
	<u>338,375,950</u>	<u>257,315,697</u>
Effect of change in tax rates	(28,049,769)	(1,439,802)
Incremental depreciation charged on revalued property, plant and equipment in current year net of deferred tax (transferred to retained earnings)	(22,196,342)	(19,489,612)
	<u>1,535,459,273</u>	<u>1,302,397,360</u>

7.1 This represents surplus over book value resulting from the revaluation of freehold land, buildings on freehold land and plant and machinery, adjusted by incremental depreciation arising on revaluation of the above-mentioned assets and related deferred tax assets except freehold land which is presented



at revalued amount. Latest revaluation was carried out by an independent valuer as on June 30, 2022 using current market price / replacement cost methods, wherever applicable for the respective assets. This resulted in additional revaluation surplus of Rs. 361.686 million.

- 7.2 Incremental depreciation charged on revalued property, plant and equipment has been transferred to the retained earnings to record realization of surplus to the extent of incremental depreciation. Incremental depreciation represents the difference between actual depreciation based on revalued carrying amount of the asset and equivalent depreciation based on the original carrying amount of the asset.
- 7.3 The surplus on revaluation of property, plant and equipment is not available for distribution to the shareholders in accordance with section 241 of the Companies Act, 2017.

8. LONG TERM FINANCING	Note	2022 (Rupees)	2021 (Rupees)
Banking companies - secured			
National Bank of Pakistan	8.1	-	24,280,812
Discounting / unwinding of discount	8.2	-	(169,290)
		-	24,111,522
Standard Chartered Bank (Pakistan) Limited	8.3	23,426,113	41,526,113
Discounting / unwinding of discount	8.2	(1,402,410)	(2,754,695)
		22,023,703	38,771,418
Habib Bank Limited	8.4	13,574,010	40,722,030
Less: Impact of deferred income - Government Grant	8.4	(187,949)	(1,360,445)
		13,386,061	39,361,585
The Bank of Punjab Limited	8.5	37,009,635	-
Habib Bank Limited	8.6	56,316,750	-
Askari Bank Limited	8.7	58,252,682	-
Saudi Pak Industrial and			
Agricultural Investment Company Limited	8.8	78,434,783	-
First Habib Modaraba - Diminishing Musharakah	8.9	26,357,480	-
		291,781,094	102,244,525
Associated companies / related parties - unsecured			
Associated Engineers (Private) Limited	8.10	-	27,335,447
Discounting / unwinding of discount	8.2	-	(2,382,962)
		-	24,952,485
EMCO Industries Limited Provident Fund	8.11	71,629,818	100,529,818
Discounting / unwinding of discount	8.2	(17,255,061)	(24,797,428)
		54,374,757	75,732,390
The Imperial Electric Company (Private) Limited	8.12	-	2,615,692
Discounting / unwinding of discount	8.2	-	(228,022)
		-	2,387,670
Less: current portion - banking companies	15	346,155,851 (54,915,328)	205,317,070 (74,023,595)
		291,240,523	131,293,475

- 8.1 This represents long term financing (Demand Finance - I and Demand Finance II) created during the year ended June 30, 2017 by restructuring short term borrowings obtained from National Bank of Pakistan and accrued / unpaid markup thereon effective from March 30, 2017.

Repayment schedule was further revised in July 2018. Under the latest rescheduling terms, remaining loan will be repaid in 48 equal monthly installments of DF-I of Rs. 1.442 million and DF-II of Rs. 0.428 million each. These loans are secured by joint pari passu charge on fixed assets along with personal guarantees of certain directors of the Company. This loan has been fully paid during the year.

- 8.2 In accordance with the requirements of IFRS 9, amortization and unwinding have been carried out and the relevant difference is charged to the profit or loss account.
- 8.3 The loan was restructured during the year ended June 30, 2013 and again during the year ended June 30, 2015. Under the restructured agreement the outstanding principal of Rs. 109 million carrying markup @ 3 months KIBOR per annum, was repayable by way of quarterly staggered installments over the period of 5 years. The outstanding markup payable and markup accrued after restructured agreement was to be paid after the full repayment of principal amount. Deferred markup as at the reporting date is Rs. 23.426 million (2021: Rs. 41.526 million). These loans are secured by joint pari passu charge on fixed assets and joint pari passu charge on current assets along with personal guarantees of certain directors of the Company. This loan will be fully repaid by February 28, 2023.
- 8.4 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 equivalent of Rs. 60 million. The facility is sanctioned to finance wages and salaries of permanent, contractual, daily wagers as well as outsourced employees. This facility carries markup @ 3% (2021: 3%) per annum. These loans are secured by joint pari passu charge on fixed assets of the Company. This loan will be fully repaid by October 01, 2022.

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."

- 8.5 This represents a demand finance facility having limit of Rs. 200 million out of which an amount of Rs. 37.009 million was availed. The facility is sanctioned to finance the import and inland purchase of plant and machinery and carries markup @ 3 months KIBOR + 2%. These loans are secured by joint pari passu charge on present and future fixed assets of the Company. The loan is repayable in quarterly installments starting from April 2023.
- 8.6 This represents a term finance facility having limit of Rs. 250 million out of which an amount of Rs. 56.316 million was availed. The facility is sanctioned to finance the import of plant and machinery and carries markup @ 3 months KIBOR + 1.5%. These loans are secured by joint pari passu charge of Rs. 333.34 million on fixed assets of the Company. The loan is repayable in 20 equal quarterly installments starting from September 2024.
- 8.7 This represents a term finance facility having limit of Rs. 210 million out of which an amount of Rs. 58.2 million was availed. The facility is sanctioned to finance the import of plant and machinery and carries markup @ 6 months KIBOR + 2%. These loans are secured by joint pari passu charge of Rs. 280 million on present and future fixed assets of the Company. The loan is repayable in 20 equal quarterly installments starting from April 2024.
- 8.8 This represents long term finance under the self / SBP refinancing scheme for Renewable energy amounting to Rs. 82 million. The facility is sanctioned to re-finance supply and installation of 980-990 KWP Solar Power Plant. It carries markup @ 3 months KIBOR + 2.75% per annum. This loan is secured by joint pari passu charge on fixed assets of the Company. The loan is repayable in 23 quarterly installments starting from May 2022.
- 8.9 The facility is obtained from the First Habib Modaraba for purchase of locally assembled vehicles. The rentals are payable on monthly basis. The tenure of the facility is 5 years starting from July 2022.



- 8.10 This represented unsecured, interest free loan obtained from associated company. This loan was transferred to short term borrowings pursuant to the Board Resolution.
- 8.11 This represents loan obtained from EMCO Industries Limited Provident Fund on July 01, 2000. Owing to liquidity issues, this loan has been rescheduled a number of times. Latest rescheduling of the loan was carried out on March 06, 2018 by the Trustees of the fund whereby the Company decided to discontinue contributions to the provident fund and to discontinue the charging of markup on loan obtained from the fund on the basis of the following covenants:
- Amount of loan to be repaid through monthly installments of Rs. 2.0 million till complete settlement of the loan. This loan is due to mature on July 31, 2027.
 - The payment will represent the principal repayment and no markup will be charged on the outstanding principal amount.
 - Employees who are the members of the fund, would be inducted in a new gratuity scheme of the Company with effect from the effective date.
- 8.12 This represents unsecured, interest free loan obtained from associated company. This loan has been transferred to short term borrowings pursuant to the Board Resolution.

9.	LEASE LIABILITIES	Note	2022 Rupees	2021 Rupees
	Opening balance		5,644,998	8,028,743
	Add: Additions during the year		-	316,940
	Add: Interest expense	33	535,109	870,256
	Less: Payments made		(3,219,780)	(3,570,941)
	Gross liability		2,960,327	5,644,998
	Less: Current portion	15	(2,960,327)	(3,447,028)
	Closing balance		-	2,197,970

- 9.1 Summary of amounts relating to leases charged in different line items of the financial statements is as follows:

	Included in	Note	2022 Rupees	2021 Rupees
Carrying amount of ROU assets	Statement of financial position	17.2	2,486,706	5,284,759
Depreciation charge	Administrative expenses	29	2,798,053	2,757,252
Interest expense	Finance cost	33	535,109	870,256

- 9.2 Maturity analysis of contractually undiscounted cash flows

At June 30, 2022	Within One Year	Between Two to Five Years	Later than Five Years
	----- Rupees -----		
	2,960,327	-	-

9.3 Nature of leasing activities

The Company's leases comprise space taken from a related party for office operations. Periodic rentals are fixed over the lease term. These neither contain any variable lease payments nor any lease incentives. The Company is not committed to any lease not yet commenced as at the reporting date.

Remaining lease term of existing lease contract is 1 year (2021: 2 years) for which lease liability is recorded.

10. POST EMPLOYMENT BENEFITS	Note	2022 Rupees	2021 Rupees
Staff gratuity - unfunded	10.1	91,015,646	73,930,900
10.1 Staff gratuity - unfunded			
Latest actuarial valuation of the gratuity scheme was conducted as on June 30, 2022. Results of actuarial valuation are as under:			
10.2 Movement in net liability for staff gratuity			
Opening balance		73,930,900	59,398,443
Benefit due but not paid at the beginning of the year		4,422,911	4,658,884
Charge for the year - statement of profit or loss account 10.3		19,258,732	16,349,442
Actuarial losses due to experience adjustments		2,765,644	220,824
Payments made during the year		(5,459,077)	(2,273,782)
Benefits due but not paid		(3,903,464)	(4,422,911)
Closing balance		91,015,646	73,930,900
10.3 Charge for the year			
The amounts recognized in the statement of profit or loss account against defined benefit scheme are as follows:			
Current service cost		11,933,971	11,095,284
Interest cost		7,324,761	5,254,158
		19,258,732	16,349,442
10.4 Actuarial assumptions			
		2022	2021
Discount rate - per annum		12.25%	10.25%
Expected rate of increase in salary level - per annum		11.25%	9.25%
Average expected remaining working lives of employees		9 Years	9 Years
Average duration of liability		9 Years	9 Years
Expected mortality rate for active employees		SLIC (2001-2005) Mortality Table	
Actuarial valuation method		Projected Unit Credit Method	



- 10.5 The Company does not have any plan assets covering its post-employment benefits payable. The comparative statement of present value of defined benefit obligations is as under:

	2022 Rupees	2021 Rupees	2020 Rupees	2019 Rupees	2018 Rupees
Present value of defined benefit obligation	91,015,646	73,930,900	65,690,188	53,106,698	40,931,971
Fair value of plan asset	-	-	-	-	-
Net liability	91,015,646	73,930,900	65,690,188	53,106,698	40,931,971

- 10.6 Estimated charge for the year 2022-2023

	Rupees
Current and past service cost	14,182,227
Interest cost	11,149,417
	25,331,644

- 10.7 The charge for the year has been allocated as follows:

	Note	2022 Rupees	2021 Rupees
Cost of revenue	28	14,124,915	11,620,926
Administrative expenses	29	4,248,555	3,973,357
Selling and distribution expenses	30	885,262	755,159
		19,258,732	16,349,442

- 10.8 Year end sensitivity analysis on defined benefit obligation

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have resulted in present value of defined benefit obligation as stated below:

Discount rate + 1%	83,218,107	67,079,533
Discount rate - 1%	99,541,249	81,924,156
Salary increase + 1%	99,543,694	81,924,156
Salary increase - 1%	83,219,230	66,962,420

11. DEFERRED TAXATION

Deferred tax assets and deferred tax liabilities relate to income tax in the same jurisdiction, and the law allows net settlement. Therefore, they have been offset in the statement of financial position as follows:

Credit / (debit) balances arising in respect of timing differences relating to:

	2022 Rupees	2021 Rupees
Deferred tax liability		
- Accelerated tax depreciation and amortization	11,994,172	25,380,624
- Revaluation of property, plant and equipment	297,207,622	201,160,474
	309,201,794	226,541,098
Deferred tax asset		
- Provision for doubtful debts	(34,811,758)	(30,552,558)
- Provision for obsolete stores and spares	(709,237)	(622,462)
- Provision for obsolete stock	(6,024,128)	(5,287,079)
- Provision for staff gratuity	(29,488,159)	(21,022,251)
- Unused tax losses / tax credits	-	(42,622,952)
- Others	(13,403,205)	(9,771,756)
	(84,436,487)	(109,879,058)
	224,765,307	116,662,040
11.1 Reconciliation of deferred tax liabilities / (assets), net		
Opening balance	116,662,040	23,628,740
Effect of change in tax rates on revaluation surplus	28,049,769	1,439,802
Recognized in statement of profit or loss account	2,461,991	29,525,158
Recognized in statement of comprehensive income	(787,434)	(62,790)
Charged to revaluation surplus through other comprehensive income	78,378,941	62,131,130
Closing balance	224,765,307	116,662,040

	Statement of Financial Position		Statement of Comorehensive Income	
	2022	2021	2022	2021
Deferred tax Liability / (Asset)				
Accelerated tax depreciation and amortization	(13,386,452)	9,355,710	(13,386,452)	9,355,710
Revaluation of property, plant and equipment	96,047,148	57,061,525	67,997,379	57,061,525
Provision for doubtful debts	(4,259,200)	(2,054,393)	(4,259,200)	(2,054,393)
Provision for obsolete stores and spares	(86,775)	(6,168)	(86,775)	(6,168)
Provision for obsolete stock	(737,049)	(861,667)	(737,049)	(861,667)
Provision for staff gratuity	(8,465,908)	(4,299,689)	(8,465,908)	(4,299,689)
Unused tax losses / tax credits	42,622,952	36,576,623	42,622,952	36,576,623
Others	(3,631,449)	(2,738,641)	(3,631,449)	(2,738,641)
	108,103,267	93,033,300	80,053,498	93,033,300

11.3 The total deferred tax asset for unused tax losses on June 30, 2022 is recorded at nil (2021: 133.43 million), because all the brought forward tax losses has been adjusted in the current year.



12	TRADE AND OTHER PAYABLES	Note	2022 Rupees	2021 Rupees
	Trade creditors - unsecured	12.1	198,513,336	172,289,876
	Accrued liabilities - unsecured		63,490,493	56,355,895
	Employee retirement benefit funds		1,952,190	1,768,463
	Contract liabilities for goods- unsecured	12.2	37,984,787	45,030,368
	Sales tax payable		-	15,622,785
	Withholding tax payable		1,879,956	3,902,604
	Workers' (profit) participation fund	12.3	15,282,302	15,081,149
	Workers' welfare fund	12.4	22,550,881	16,510,435
			341,653,945	326,561,575

12.1 Trade creditors include Rs. 1,060,115 (2021: Rs. 239,749) due to related parties.

12.2 Contract liabilities are expected to be satisfied during year ending June 30, 2023.

12.3	Workers' (Profit) Participation Fund	Note	2022 Rupees	2021 Rupees
	Opening balance		15,081,149	8,805,292
	Expense recognised during the year	31	15,242,397	15,055,567
	Interest on workers' (profit) participation fund		-	580,942
			30,323,546	24,441,801
	Payments made during the year		(15,041,244)	(9,360,652)
	Closing balance		15,282,302	15,081,149
12.4	Workers' welfare fund			
	Opening balance		16,510,435	10,800,938
	Expense recognised during the year	31	6,040,446	5,709,497
			22,550,881	16,510,435
	Payments made during the year		-	-
	Closing balance		22,550,881	16,510,435

13	ACCRUED FINANCE COST	2022 Rupees	2021 Rupees
	Accrued finance cost on:		
	- Long term financing from banking companies	4,249,849	1,858,686
	- Long term financing from associated companies / related parties	8,734,867	8,734,867
	- Short term borrowings from banking companies	15,916,639	8,479,491
	- Short term borrowings from associated companies / related parties	10,551,025	4,074,380
		39,452,380	23,147,424

14	SHORT TERM BORROWINGS	Note	2022 Rupees	2021 Rupees
	Interest bearing			
	Banking companies - secured	14.1 & 14.2	547,393,367	440,571,173
	- Running finances	14.1	198,947,833	201,783,706
	- Export and import finances	14.2	348,453,033	238,787,467
			547,400,866	440,571,173
	Related parties - unsecured:			
	- Associated company - ICC (Private) Limited	14.3	80,750,000	155,750,000
			628,143,367	596,321,173
	Interest free			
	Related parties - unsecured:			
	Directors and close relatives thereof	14.4	42,900,157	54,325,744
	- Associated company - Associated Engineers (Private) Limited	8.10	16,761,033	-
	- Associated company - The Imperial Electric Company (Private) Limited	8.12	2,615,692	-
			62,276,882	54,325,744
			690,420,249	650,646,917

14.1 Short-term running finance and local bill discounting facilities available from various commercial banks under mark-up arrangements amount to Rs. 359.5 million (2021: Rs. 301 million) towards the working capital requirement. Rates of mark-up range from 1 to 3 months KIBOR and spread of upto 2% (2020: from 1 to 3 months KIBOR and spread upto 2%) per annum on the balance outstanding. Aggregate short term borrowings are secured by first joint pari passu charge and ranking charge on present and future current assets, ranking charge over the Company's present and future fixed assets, lien over sale documents, personal guarantees of certain directors and subordination of sponsor's loan.

14.2 Export and import finances available from various commercial banks under mark-up arrangements amount to Rs. 278.1 million (2021: Rs. 188.79 million). The rates of mark-up range from 1 to 6 months KIBOR and spread of upto 2% (2021: from 1 to 6 months KIBOR and spread of upto 2%). The aggregate export and import finances are secured by hypothecation of stores, spares and loose tools, stock-in-trade, trade debts, charge on property, plant and equipment of the Company, joint pari passu charge on all present and future assets of the Company, ranking charge on current assets of the Company, lien over export LCs / contracts, personal guarantees of directors and subordination of sponsors' loan.

The unutilized portion in respect of above funded facilities mentioned in note 14.1 & 14.2 amounts to Rs. 90.1 million (2021: Rs. 49.22 million).

14.3 This represents unsecured borrowing obtained from the associated company, to meet working capital requirements and carries mark-up @ 1 months KIBOR + 2.32% per annum on the balance outstanding.

14.4 This represents loan obtained to meet the working capital requirements of the Company. During the year, we have also utilised personal line of one of director as disclosed in note 39.1 to the financial statements.

14.5 Letters of credit and guarantee

The main facilities for opening letters of credit and guarantees aggregate to Rs. 712.65 million (2021: Rs. 826.01 million). The amount utilized as at June 30, 2022, for letters of credit was Rs. 113.53



million (2021: Rs. 177.19 million) and for letters of guarantee was Rs. 511.49 million (2021: Rs. 375.25 million). The amounts unavailed as at the reporting date amount to Rs. 87.63 million (2021: Rs. 273.57 million). The aggregate facilities for opening letters of credit and letters of guarantee are secured by charge on present and future fixed assets of the Company, ranking charge on current assets of the Company, lien over import documents, personal guarantees, subordination of sponsors' loan and counter guarantees of the Company.

15 CURRENT PORTION OF NON-CURRENT LIABILITIES

	Note	2022 Rupees	2021 Rupees
Long term financing	8	54,915,328	74,023,595
Lease liabilities	9	2,960,327	3,447,028
Deferred income - government grant	8.4	187,949	1,299,641
Payable to employees against discontinued provident fund	15.1	173,435	715,551
		<u>58,237,039</u>	<u>79,485,815</u>

15.1 This represents outstanding balance of employer contribution payable to non-workmen employees on termination of provident fund scheme with effect from December 31, 2002. The outstanding balance of employer contribution payable includes both, principal and interest portions.

16 CONTINGENCIES AND COMMITMENTS

Contingencies

16.1 The Company has indemnified the Trustees of EMCO Industries Limited Provident Fund and the beneficiaries thereof, from any and all events wherein they or anyone suffers any loss and / or damage for allowing the Company rescheduled time frame to repatriate the borrowed sum into the fund.

16.2 The Collector of Customs has raised a demand of Rs. 10.978 million including penalty of Rs. 2 million on account of duty / taxes, which has been challenged by the Company in Lahore High Court on April 22, 2017. The Honourable Court has granted interim injunction against recovery of the claimed amount and the matter is pending adjudication. The management is confident about the favorable outcome of this litigation and therefore has not incorporated any provision in these financial statements.

16.3 A demand of Rs. 4.148 million (including default surcharge of Rs. 2.27 million) was raised against the Company under section 161/205 (3) of the Income Tax Ordinance, 2001 for the period relevant to Tax Year 2011 alleging non-compliance with various applicable withholding provisions contained in the Ordinance. The Company preferred appeal before Commissioner Inland Revenue (Appeals - 1), Lahore who vide order dated July 25, 2014 has given relief on various issues to the Company and has deleted the entire amount of default surcharge. The tax demand after appellate order works out to Rs. 703,172. The Company has contested this order before Appellate Tribunal Inland Revenue, Lahore (ATIR) on August 22, 2014 hearing whereof is still pending. The Company's management feel that there are strong grounds to defend the Company's stance and the liability will not materialize, hence, no provision / adjustment has been made in these financial statements.

16.4 Through amendment order passed under section 122(1) read with 122 (4) / 122 (5) of the Income Tax Ordinance, 2001; the Company's return of total income for Tax Year 2011 was amended and taxable income was assessed at Rs. 78.211 million against declared income of Rs. 20.222 million, however no tax liability emerged due to availability of unused tax losses. The Company preferred an appeal filed on May 5, 2015 before Commissioner Inland Revenue (Appeals - 1), Lahore. Order against this appeal is yet to be issued. The Commissioner Inland Revenue (Appeals - 1), vide its order dated February 26, 2021, has given decision on most of the points in favor of the Company, few points have been remanded back and few are decided against the Company. The management is assessing appeal before next appellate forum. The Company's management feel that there are strong grounds to defend the Company's stance and the liability will not materialize, hence, no adjustment has been made in these financial statements.

- 16.5 Through amendment order passed under section 122(1) read with 122(5) of the Income Tax Ordinance, 2001; the Company's return of total income for Tax Year 2016 was amended and taxable income was assessed at Rs. 130.951 million against declared loss of Rs. 308.518 million; however no tax liability emerged due to availability of unused tax losses. The Company preferred an appeal filed on March 16, 2020 before Commissioner Inland Revenue (Appeals - 1), Lahore which is pending adjudication. The Company's management feel that there are strong grounds to defend the Company's stance and the liability will not materialize, hence, no adjustment has been made in these financial statements.
- 16.6 The Honorable Supreme Court of Pakistan issued judgment on August 13, 2020 regarding applicability of Gas Infrastructure Development Cess (GIDC). The Court has ordered that GIDC shall be recovered in 24 equal monthly installments starting from August 1, 2020 without the component of late payment surcharge. 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. The management strongly believes that impact of GIDC, if any, will not be material. Hence, no provision has been made in these financial statements.
- 16.7 4 (2020: 4) ex-employees have filed cases against the Company in various courts on various dates. Because of their uncertain nature, it is not possible to quantify their financial impact. The cases are pending adjudication. The management and the legal advisors of the Company are of the view that the outcome of these cases is expected to be favorable and liability, if any, arising out on the settlement is not likely to be material. No provision has been made in these financial statements.
- 16.8 Bank guarantees amount to Rs. 511.49 million (2021: Rs. 375.25 million) that have been issued in favour of the following:

	2022 Rupees	2021 Rupees
Sui Northern Gas Pipeline Limited	31,457,000	25,177,004
NTDC / DISCOS	471,051,201	341,094,346
Collector of Customs	8,978,358	8,978,358
	<u>511,486,559</u>	<u>375,249,708</u>

Commitments

- 16.9 Letters of credit other than for capital expenditure amount to Rs. 110.51 million (2021: Rs. 177.19 million).
- 16.10 Letters of credit for capital expenditure amount to Rs. 322.93 million (2021: Rs. Nil).
- 16.11 Commitments for future minimum payments in respect of Ijarah and Diminishing Musharka arrangements are as follows:

	Not later than one year	Later than one year and later than five years	Later than five years
	----- Rupees -----		
Ijarah	1,620,263	540,088	-
Diminishing Musharka	7,864,008	31,456,032	-
	<u>9,484,271</u>	<u>31,996,120</u>	<u>-</u>



17. PROPERTY, PLANT AND EQUIPMENT	Note	2022 Rupees	2021 Rupees
Operating fixed assets	17.1	2,243,524,632	1,882,605,192
Right of use assets	17.2	2,486,706	5,284,759
Capital work in progress	17.3	152,431,838	
		<u>2,398,443,176</u>	<u>1,887,889,951</u>

17.1 Operating fixed assets - owned
Reconciliation of carrying amounts of property, plant and equipment at the beginning and at end of the year is as follows:

Description	Freehold Land Rupees	Buildings on Freehold Land Rupees	Plant and Machinery Rupees	Tools and Equipment Rupees	Furniture and Fittings Rupees	Vehicles Rupees	Office Equipment Rupees	Total Rupees
NET CARRYING VALUE BASIS								
Year Ended June 30, 2022								
Opening net book value	787,701,171	545,352,066	537,090,000	125,421	3,062,540	697,030	8,576,964	1,882,605,192
Additions	-	11,384,622	75,627,236	259,000	-	4,516,838	6,400,247	98,187,943
Depreciation charge	-	(42,019,174)	(53,515,323)	(46,957)	(612,348)	(401,207)	(2,303,377)	(98,898,386)
Revaluation adjustment	119,772,172	106,791,706	135,123,087	-	-	-	-	361,686,965
Disposal during the year								
- Cost	-	-	-	-	-	1,548,000	-	1,548,000
- Accumulated depreciation	-	-	-	-	-	(1,490,918)	-	(1,490,918)
	-	-	-	-	-	(57,082)	-	(57,082)
Closing net book value	907,473,343	621,509,220	694,325,000	337,464	2,450,192	4,755,579	12,673,834	2,243,524,632
Depreciation rates		5%	4%-35%	20%-40%	20%	20%	20%	
Gross Carrying Value Basis								
As at June 30, 2022								
Cost / revalued amount	907,473,343	1,072,146,968	1,536,582,101	9,636,757	11,457,041	11,798,752	46,325,394	3,595,420,356
Accumulated depreciation	-	(450,637,748)	(842,257,101)	(9,299,293)	(9,006,849)	(7,043,173)	(33,651,560)	(1,351,895,724)
Net book value	907,473,343	621,509,220	694,325,000	337,464	2,450,192	4,755,579	12,673,834	2,243,524,632
NET CARRYING VALUE BASIS								
Year Ended June 30, 2021								
Opening net book value	568,360,000	423,456,000	356,461,000	62,270	484,490	870,904	4,868,536	1,354,563,200
Additions	-	32,035,276	169,376,128	89,034	2,730,640	-	5,303,511	209,534,589
Depreciation charge	-	(33,206,359)	(62,130,678)	(25,883)	(152,590)	(173,874)	(1,595,083)	(97,284,467)
Revaluation adjustment	240,816,359	144,622,823	73,883,322	-	-	-	-	459,322,504
Transfer to investment properties:								
- Cost	21,475,188	21,587,591	-	-	-	-	-	43,062,779
- Accumulated depreciation	-	(31,917)	-	-	-	-	-	(31,917)
	(21,475,188)	(21,555,674)	-	-	-	-	-	(43,030,862)
Disposal during the year	-	-	1,915,000	-	-	-	-	1,915,000
- Cost	-	-	(1,415,228)	-	-	-	-	(1,415,228)
- Accumulated depreciation	-	-	(499,772)	-	-	-	-	(499,772)
Closing net book value	787,701,171	545,352,066	537,090,000	125,421	3,062,540	697,030	8,576,964	1,882,605,192
Depreciation rates		5%	4%-35%	20%-40%	20%	20%	20%	
Gross Carrying Value Basis								
As at June 30, 2021								
Cost / revalued amount	787,701,171	953,970,640	1,325,831,778	9,377,757	11,457,041	8,829,914	39,925,147	3,137,093,448
Accumulated depreciation	-	(408,618,574)	(788,741,778)	(9,252,336)	(8,394,501)	(8,132,884)	(31,348,183)	(1,254,488,256)
Net book value	787,701,171	545,352,066	537,090,000	125,421	3,062,540	697,030	8,576,964	1,882,605,192

17.1.1 Apportionment of depreciation charge for the year

Depreciation charge for the year has been apportioned as follows:

	Note	2022 Rupees	2021 Rupees
Cost of revenue	28	98,177,984	96,900,699
Administrative expenses	29	720,402	383,768
		<u>98,898,386</u>	<u>97,284,467</u>

17.1.2 Particulars of immovable property (land and building) of the Company are as follow:

Location	Usage of immovable property	Total area
19-KM Lahore Sheikhpura Road	Production plant	222 Kanals 18 Marlas

17.1.3 Cost, accumulated depreciation and book value of revalued assets

Had there been no revaluation, the carrying amounts of the following classes of assets would have been as follows:

	2022 Rupees	2021 Rupees
Freehold land	25,081,443	25,081,443
Buildings on freehold land	181,623,243	193,348,819
Plant and machinery	231,147,641	195,366,800
	<u>437,852,327</u>	<u>413,797,062</u>

17.1.4 Fair value of the properties was determined using the market comparable method. Fair values are categorized as level 2 fair value hierarchy where inputs are observable. The valuations have been performed by an independent professional valuer and are based on proprietary databases of prices of transactions for properties of similar nature, location and condition. Gain from the revaluation of the assets carried out as at June 30, 2022 amounted to Rs. 361.686 million (note 7). Forced sale value of land, buildings and plant and machinery is Rs. 771.352 million; Rs. 525.659 million; and Rs. 561.619 million respectively.

17.1.5 The property, plant and equipment of the Company are subject to first and joint pari passu charge as security for certain financing by banks (refer Note to 8 and 14).

17.2 Right of use assets

	Note	2022 Rupees	2021 Rupees
Opening balance		5,284,759	7,725,071
Add: Additions during the year		-	316,940
Less: Depreciation charge for the year	29	(2,798,053)	(2,757,252)
Closing balance		<u>2,486,706</u>	<u>5,284,759</u>
Lease Term (Years)		<u>3 Years</u>	<u>3 Years</u>
Remaining lease term (Years)		<u>1 Years</u>	<u>2 Years</u>

Right-of-use assets comprise office space taken from a related party for office operations. There are no variable lease payments in the lease contracts. There were no leases with residual value guarantees or leases not yet commenced to which the Company is committed.



17.3	The reconciliation of the carrying amount is as follows:	2022 Rupees	2021 Rupees
	Opening balance	-	377,302
	Additions during the year	152,431,838	140,085,481
	Transfers during the year	-	(140,462,783)
	Closing balance	152,431,838	-

17.3.1 Capital work in progress represents the letter of credits for the purchase of machinery.

18	INVESTMENT PROPERTIES		2022		2021	
			Land Rupees	Building Rupees	Total Rupees	Total Rupees
	Opening balance		30,973,829	45,206,934	76,180,763	-
	Transferred from owner-occupied property	17.1	-	-	-	43,030,862
	Additions during the year - renovation		-	-	-	16,760,683
	Fair value gain on revaluation	32	4,542,828	3,652,846	8,195,674	16,389,218
	Closing balance		35,516,657	48,859,780	84,376,437	76,180,763

These represent portion of land and building on the same land given on rent to a third party during the year. The property, plant and equipment of the Company are subject to first and joint pari passu charge as security for certain financing by banks (refer Note to 8 and 14). These are held to earn rental income. Particulars of investment properties as at the reporting date are as follows:

The investment property of the Company are subject to first and joint pari passu charge as security for certain financing by banks (refer Note to 8 and 14).

Property Type	Location	Area	Independent Valuer	Fair Value Rupees	Forced Sale Value Rupees
Land	District Sheikhupura	44,974 sq. ft.	M/s Hamid Mukhtar & Co. (Private) Limited	35,516,657	30,189,158
Building on land	District Sheikhupura	44,974 sq. ft.	M/s Hamid Mukhtar & Co. (Private) Limited	48,859,780	41,530,813
				84,376,437	71,719,971

The Company has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

Fair value measurements

There are no level 1 and level 3 assets or any transfers between levels 1, 2 and 3 during the year.

Valuation techniques used to derive level 2 fair values

Description	Valuation Technique	Significant Unobservable Inputs	Range (weighted average)
Land	Inquiries in the vicinity of land and also information obtained from the estate dealers of the area.	Price per kanal	Reasonable fair value estimates
Building	Physically inspection and checking of measurements with the lay-out plan of the buildings provided. Construction details, covered areas and quality of construction were noted. Conditions of buildings were noted and accordingly depreciated rate of construction was calculated which was applied to arrive at fair depreciated market value.	Price per sq. ft.	Reasonable fair value estimates

The Company as a lessor has entered into operating lease on its investment property. The lease has a term of 5 years. The Company has received security deposit of Rs. 784,346 from the tenant which is disclosed on face of the statement of financial position. The deposit is received and is utilizable in accordance with requirements of written agreements, in terms of section 217 of the Companies Act, 2017.

Future minimum rentals receivable under non-cancellable operating lease as at the reporting date are as follows:

	Within one year Rupees	After one year but not more than five years Rupees	More than five years Rupees
Undiscounted	10,259,256	23,371,596	-

18.1 Amount recognised in profit and loss account

The change in fair value is presented in profit or loss account as part of other income.

The rental income in respect of this property amounting to Rs. 9,574,276 has been recognized in profit or loss and included in 'other income'.

19	INTANGIBLE ASSETS	Note	2022 Rupees	2021 Rupees
	Intangible asset	19.1	1,124,919	1,403,667
19.1	Net Carrying Value			
	Net carrying value - opening balance		1,403,666	1,682,416
	Additions during the year		-	-
			1,403,666	1,682,416
	Amortization during the year	19.2	(278,748)	(278,750)
	Net carrying value as at June 30,		1,124,918	1,403,666
	Gross Carrying Value			
	Cost		2,787,496	2,787,496
	Accumulated amortization		(1,662,577)	(1,383,829)
	Net book value		1,124,919	1,403,667
			10%	10%



19.2 The Company has implemented ERP (SAP). Amortization charge for the year has been allocated to administrative expenses.

20 LONG TERM PREPAYMENTS AND OTHER RECEIVABLES

	Note	2022 Rupees	2021 Rupees
Long term prepayments	20.1	18,932,506	24,950,784
Recoverable from employees	20.2	12,654,717	14,357,812
		31,587,223	39,308,596
20.1 Long term prepayments			
Opening balance		45,044,546	48,266,200
Additions during the year		20,543,165	15,468,374
Charge to profit or loss	20.1.1	(22,452,810)	(18,690,028)
		43,134,901	45,044,546
Current portion of long term prepayments	25	(24,202,395)	(20,093,762)
		18,932,506	24,950,784

20.1.1 Long term prepayments comprise expenses incurred on product testing and international assurance on product quality whose benefits will be availed through a number of successive years. Thus, these amounts will be charged to profit or loss on time proportionate basis.

	Note	2022 Rupees	2021 Rupees
20.2 Recoverable from employees			
Recoverable from employees	20.2.1	14,197,461	15,257,144
Current portion	25	(1,542,744)	(899,332)
		12,654,717	14,357,812

20.2.1 This represents recoveries imposed on employees, falling under bonus policy on account of production of faulty finished goods.

	Note	2022 Rupees	2021 Rupees
21 LONG TERM LOANS			
Loans to employees - (Secured - considered good)	21.1	1,624,300	702,010
Less: current portion	25	(192,360)	(155,980)
		1,431,940	546,030

21.1 These represent interest free loans for purchase of motorcycles, bicycles and for the construction of residential houses etc. These loans are secured against gratuity and are interest free. The loans are repayable over a period of two to eight years. This also includes loan given to an executive amounting to Rs. 460,000 (2021: Rs. 580,000). Maximum aggregate balance outstanding at any time during the year calculated by reference to month end balances amounted to Rs. 570,000 (2021: Rs. 690,000).

22	STORES, SPARES AND LOOSE TOOLS	Note	2022 Rupees	2021 Rupees
	Stores		79,528,500	38,675,571
	Spare parts		46,618,883	45,659,692
	Loose tools		2,290,635	2,315,567
	Less: Provision for obsolescence of stock	22.1	128,438,018 (2,189,070)	86,650,830 (2,189,070)
			126,248,948	84,461,760
22.1	Provision for obsolescence of stock			
	Opening balance		2,189,069	2,189,069
	Provision for the year		-	-
			2,189,069	2,189,069
	Less: Obsolete stocks written off		-	-
			2,189,069	2,189,069
22.2	Stores and spares include items which may result in fixed capital expenditure but are not distinguishable.			
23	STOCK-IN-TRADE	Note	2022 Rupees	2021 Rupees
	Raw materials		421,281,070	294,183,083
	Materials in transit		36,211,439	27,384,534
	Work-in-process		97,223,799	85,445,820
	Finished goods		223,917,718	205,731,863
	Less: Provision for obsolescence of stock	23.1	778,634,026 (18,593,562)	612,745,300 (18,593,562)
			760,040,464	594,151,738
23.1	Provision for obsolescence of stock			
	Opening balance		18,593,562	15,719,039
	Provision for the year	31	-	2,874,523
			18,593,562	18,593,562
	Less: Obsolete stocks written off		-	-
			18,593,562	18,593,562
23.2	Stocks are under charge by way of hypothecation as security against financing obtained from banks (refer to Note 8 and 14).			



24	TRADE RECEIVABLES	Note	2022 Rupees	2021 Rupees
	Local - (Unsecured - considered good)		619,253,676	588,214,170
	Local - (Unsecured - considered doubtful)		107,447,013	107,447,013
	Foreign - (Unsecured - considered good)		4,887,546	4,869,240
			731,588,235	700,530,423
	Less: Loss allowance	24.1	(107,447,013)	(107,447,013)
			624,141,222	593,083,410
24.1	Loss allowance			
	Opening balance		107,447,013	101,225,313
	Reversal during the year	31	-	6,221,700
			107,447,013	107,447,013
	Less: Bad debts written off		-	-
			107,447,013	107,447,013

24.2 Detail of trade receivables from export sales

Jurisdiction	Export sales during the year	Gross receivables at year end	Default amount	Names of defaulting parties	Legal action taken
	Rupees	Rupees	Rupees		
Turkey	20,127,534	4,049,964	-	No default	N/A
United Arab Emirates	7,260,934	398,721	-	No default	N/A
Doha	66,645	66,645	-	No default	N/A
United States	3,488,646	372,216	-	No default	N/A
	30,943,759	4,887,546	-		

25 ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	Note	2022 Rupees	2021 Rupees
Advances:			
- to employees - considered good	25.1	491,502	131,081
- to suppliers			
- Considered good		85,910,090	37,361,075
- Considered doubtful		575,685	575,685
		86,977,277	38,067,841
Security deposits		4,240,646	5,235,631
Margins held by bank		2,962,400	2,028,613
Claim receivable		303,698	235,223
Prepayments		4,034,684	4,546,961
Sales tax refundable		3,413,247	-
Current portion of loans to employees - considered good	21	192,360	155,980
Current portion of long term prepayments	20.1	24,202,395	20,093,762
Current portion of recoverable from employees	20.2	1,542,744	899,332
		127,869,451	71,263,343
Less: Provision for doubtful advances	25.2	(575,685)	(575,685)
		127,293,766	70,687,658

25.1 These advances are extended to employees and executives against salary and for expenses. This does not include any amount due from directors (2021: Rs. 131,081). These balances are secured against employees' retirement benefit balances.

	Note	2022 Rupees	2021 Rupees
25.2 Provision for doubtful advances			
Opening balance		575,685	575,685
Add: Provision for the year	31	-	-
		575,685	575,685

		2022 Rupees	2021 Rupees
26 CASH AND BANK BALANCES			
Cash in hand		1,827,357	1,045,760
Cash at bank - in current accounts		13,881,744	39,580,097
		15,709,101	40,625,857

26.1 The above figures of cash and bank balances reconcile to the amount of cash and cash equivalents shown in the statement of cash flows.



27	REVENUE	2022 Rupees	2021 Rupees (Re-classified)
	Gross revenue:		
	- Local	2,995,372,944	2,391,245,465
	- Export	30,943,759	34,362,279
		3,026,316,703	2,425,607,744
	Less: Sales tax	(439,781,670)	(348,245,287)
	Less: Trade discounts	(307,980)	(38,922)
	Net sales	2,586,227,053	2,077,323,535

27.1 Currently the Company is earning revenue from one segment only. All the revenue is recognised at a point of time.

28	COST OF REVENUE	Note	2022 Rupees	2021 Rupees
	Raw and packing materials consumed		946,289,728	724,957,865
	Salaries, wages and benefits	28.1	360,031,724	314,252,356
	Power and gas		353,063,505	195,034,844
	Stores and spares consumed		91,598,764	59,282,554
	Testing and inspection		48,063,336	40,703,406
	Travelling and conveyance		81,323,424	69,856,404
	Rent, rates and taxes		2,683,067	2,849,033
	Repairs and maintenance		5,982,898	4,517,940
	Entertainment		1,842,853	1,546,789
	Insurance		5,197,950	3,226,869
	Ijarah rentals	28.2	2,365,080	2,962,536
	Communication and stationery		2,350,732	1,871,424
	Vehicle maintenance		611,418	806,321
	RTV coating related project expenses		5,234,754	-
	Security charges		153,820	-
	Miscellaneous		21,540	61,680
	Depreciation	17.1.1	98,177,984	96,900,699
			2,004,992,577	1,518,830,720
	Work in process			
	- Opening work in process		85,445,820	69,305,970
	- Closing work in process		(97,223,799)	(85,445,820)
			(11,777,979)	(16,139,850)
	Cost of goods manufactured		1,993,214,598	1,502,690,870
	Finished goods			
	- Opening finished goods		205,731,863	252,998,539
	- Closing finished goods		(223,917,718)	(205,731,863)
			(18,185,855)	47,266,676
			1,975,028,743	1,549,957,546

28.1 This includes provision for gratuity expense amounting to Rs. 14.124 million (2021: Rs. 11.621 million).

28.2 The Company has entered into ijarah agreements with a Modaraba for machinery. Under the agreement, the term of Ijarah is 5 years and payments of Rs. 135,022 are payable monthly.

29	ADMINISTRATIVE EXPENSES	Note	2022 Rupees	2021 Rupees
	Salaries, wages and benefits	29.1	74,088,369	66,465,063
	Communication and stationery		2,773,976	1,967,217
	Travelling		6,896,158	3,484,036
	Legal and professional charges		4,010,556	4,807,283
	Fees and subscription		2,710,361	2,398,182
	Vehicle maintenance		1,701,885	1,559,689
	Utilities		1,218,141	1,039,161
	Insurance		212,147	212,149
	Repairs and maintenance		563,889	752,751
	Computer charges		2,507,064	216,960
	Security charges		392,533	4,588
	Newspapers, periodicals and miscellaneous expenses		147,256	161,061
	Charity	29.2	500,000	-
	Entertainment		1,222,118	895,542
	Depreciation on owned assets	17.1.1	720,402	383,768
	Depreciation on right of use assets	17.2	2,798,053	2,757,252
	Amortization	19.1	278,748	278,750
			102,741,656	87,383,452

29.1 This includes provision for gratuity expense amounting to Rs. 4.248 million (2021: Rs. 3.973 million).

29.2 Donation is paid to M/s Khairun Nisa Hospital Foundation, which is related party due to common directorship, to support needy individuals.

30	SELLING AND DISTRIBUTION EXPENSES	Note	2022 Rupees	2021 Rupees
	Handling, freight and transportation		32,403,295	19,740,438
	Salaries, wages and benefits	30.1	6,897,557	7,186,255
	Travelling		7,412,976	2,368,870
	Insurance		143,741	178,886
	Vehicle maintenance		699,700	296,142
	Communication		471,238	215,654
	Advertisement and sales promotion		3,575,941	1,923,977
	Entertainment		638,718	396,772
	Miscellaneous		-	559
			52,243,166	32,307,553

30.1 This includes provision for gratuity expense amounting to Rs. 0.885 million (2021: Rs. 0.755 million).

31	OTHER OPERATING EXPENSES	Note	2022 Rupees	2021 Rupees (Re-classified)
	Auditor's remuneration:			
	- statutory audit		950,000	950,000
	- half yearly review		300,000	300,000
			1,250,000	1,250,000
	Exchange loss		-	233,498
	Workers' (profit) participation fund	12.3	15,242,397	15,055,567
	Interest on workers' (profit) participation fund	12.3	-	580,942
	Workers' welfare fund	12.4	6,040,446	5,709,497
	Balances written off		994,985	-
	Late delivery charges / liquidity damages		81,932,878	41,866,738
	Provision for expected credit loss allowance	24.1	-	6,221,700
	Provision for obsolescence of stock in trade	23.1	-	2,874,523
			105,460,706	73,792,465



32	OTHER INCOME	Note	2022 Rupees	2021 Rupees
	Exchange gain		3,286,246	426,172
	Export rebate		2,255,082	-
	Gain on disposal of property, plant and equipment		2,642,918	250,228
	Effect of discounting of interest free loans	8.2	-	2,610,984
	Amortisation of government grant		1,172,499	2,715,507
	Rental income		9,574,276	8,639,238
	Liabilities written back		3,310,211	2,358,118
	Fair value gain on investment properties	18	8,195,674	16,389,218
	Miscellaneous income		-	15,257
			30,436,906	33,404,722
33	FINANCE COST	Note	2022 Rupees	2021 Rupees
	Short term borrowings from banking companies		53,793,943	34,379,330
	Short term borrowings from associated companies / related parties		15,864,730	16,497,922
	Unwinding of discount on interest free loans	8.2	12,847,422	20,976,820
	Long term financing from banking companies		10,388,916	7,041,326
	Commission on bank guarantees		7,336,245	5,047,540
	Interest on lease liabilities	9	535,109	870,256
	Discontinued provident fund		-	56,852
	Bank charges		2,518,800	2,651,863
			103,285,165	87,521,909
34	TAXATION	Note	2022 Rupees	2021 Rupees
	Current		51,037,304	47,197,993
	Super tax		8,958,341	-
	Prior year adjustment		(1,454,840)	1,114,084
			58,540,805	48,312,077
	Deferred	11.1	2,461,991	29,525,158
			61,002,796	77,837,235
34.1	RELATIONSHIP BETWEEN TAX EXPENSE AND ACCOUNTING PROFIT			
	Profit before taxation		277,904,523	279,765,332
	Tax at the applicable rate of 29% (2021: 29%)		80,592,312	81,131,946
	Tax effect of amounts that are:			
	Taxable under final tax regime		1,429,372	1,547,526
	Super tax		8,958,341	-
	Not deductible for tax purposes		41,485,043	42,914,895
	Deductible for tax purposes but not taken to the statement of profit or loss		(79,859,573)	(79,916,816)
	Prior year adjustment		(1,454,840)	1,114,084
	Impact of tax credit / minimum tax		7,390,150	1,520,442
	Deferred tax		2,461,991	29,525,158
			61,002,796	77,837,235

35	EARNINGS PER SHARE		2022	2021
	Earnings for the year attributable to ordinary shareholders	Rupees	216,901,727	201,928,097
	Weighted average number of ordinary shares outstanding during the year	Numbers	35,000,000	35,000,000
	Earnings per share - Basic and diluted	Rupees	6.20	5.77
35.1	Diluted earnings per share			
	There is no dilution effect on the earnings per share of the Company as the Company does not have any convertible instruments in issue as at June 30, 2022 and June 30, 2021 which would have any effect on the earnings per share if the option to convert is exercised.			
36	CASH GENERATED FROM OPERATIONS		2022 Rupees	2021 Rupees
	CASH FLOWS FROM OPERATING ACTIVITIES			
	Profit before taxation		277,904,523	279,765,332
	Adjustment for:			
	- Depreciation		98,898,386	97,284,467
	- Depreciation on right of use assets		2,798,053	2,757,252
	- Amortization		278,748	278,750
	- Provision for gratuity		19,258,732	16,349,442
	- Workers' (profit) participation fund		15,242,397	15,055,567
	- Interest on workers' (profit) participation fund		-	580,942
	- Workers' welfare fund		6,040,446	5,709,497
	- Markup payable to employees against discontinued provident fund		-	56,852
	- Amortisation of government grant		(1,172,499)	(2,715,507)
	- Provision for expected credit loss allowance		-	6,221,700
	- Provision for obsolescence of stock in trade		-	2,874,523
	- Balances written off		994,985	-
	- Gain on disposal of property, plant and equipment		(2,642,918)	(250,228)
	- Interest on lease liabilities		535,109	870,256
	- Liabilities written back		(3,310,211)	(2,358,118)
	- Effect of discounting of interest free loans		-	(2,610,984)
	- Exchange gain		(3,286,246)	(426,172)
	- Exchange loss		-	233,498
	- Rental income		(9,574,276)	(8,639,238)
	- Fair value gain on investment properties		(8,195,674)	(16,389,218)
	- Unwinding of discount on interest free loans		12,847,422	20,976,820
	- Finance cost		89,902,634	66,488,237
			218,615,088	202,348,338
	Operating profit before working capital changes		496,519,611	482,113,670
	(Increase) / decrease in current assets			
	- Stores, spares and loose tools		(78,657,033)	(37,483,772)
	- Stock in trade		(165,888,726)	13,395,359
	- Trade receivables		(27,771,566)	(232,812,213)
	- Advances, deposits, prepayments and other receivables		(52,812,668)	16,294,461
	Increase / (decrease) in current liabilities			
-	- Trade and other payables		12,680,429	45,665,912
			(312,449,564)	(194,940,253)
	Cash generated from operations		184,070,047	287,173,417



37. Changes in Liabilities Arising from Financing Activities

	As at June 30, 2021	Non-cash changes	Cash flows (Net)	As at June 30, 2022
	Rupees	Rupees	Rupees	Rupees
Long term financing - net	205,317,070	42,798,561	157,942,498	406,058,129
Unclaimed dividends	243,677	35,000,000	(34,718,356)	525,321
Short term borrowings - net	650,646,917	29,951,139	9,822,193	690,420,249
Lease liabilities	5,644,998	535,109	(3,219,780)	2,960,327
	<u>861,852,662</u>	<u>108,284,809</u>	<u>129,826,555</u>	<u>1,099,964,026</u>

	As at June 30, 2020	Non-cash changes	Cash flows (Net)	As at June 30, 2021
	Rupees	Rupees	Rupees	Rupees
Long term financing - net	275,580,018	14,289,884	(84,552,832)	205,317,070
Short term borrowings - net	547,187,306	-	103,459,611	650,646,917
Lease liabilities	8,028,743	1,187,196	(3,570,941)	5,644,998
	<u>830,796,067</u>	<u>15,477,080</u>	<u>15,335,838</u>	<u>861,608,985</u>

38. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

Aggregate amounts charged in the financial statements for the year as remuneration and benefits to the chief executive, full time working directors and other executives of the Company are as follows

	Chief Executive Officer		Executive Directors		Non-Executive Directors		Executives		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	Rupees		Rupees		Rupees		Rupees		Rupees	
Managerial remuneration	9,570,444	8,700,408	9,973,584	8,865,408	-	-	6,936,632	6,401,070	26,480,660	23,966,886
House rent allowance	4,306,704	3,915,180	4,488,120	3,989,424	-	-	2,110,217	1,389,582	10,905,041	9,294,186
Utilities	1,552,616	1,556,762	2,948,851	2,137,048	-	-	732,937	398,862	5,234,404	4,092,672
Gratuity	-	-	1,205,142	1,071,236	-	-	605,711	476,796	1,810,853	1,548,032
Medical expenses	600,719	398,394	4,162,333	1,773,018	-	-	363,531	163,012	5,126,583	2,334,424
Meeting fee	-	-	-	-	160,000	210,000	-	-	160,000	210,000
Reimbursable expenses	2,476,638	1,649,007	4,949,332	4,228,646	-	-	1,264,641	670,547	8,690,611	6,548,200
	<u>18,507,121</u>	<u>16,219,751</u>	<u>27,727,362</u>	<u>22,064,780</u>	<u>160,000</u>	<u>210,000</u>	<u>12,013,669</u>	<u>9,499,869</u>	<u>58,408,152</u>	<u>47,994,400</u>
Number of persons	1	1	2	2	8	8	3	3	14	14

38.1 An executive is defined as an employee, other than the Chief Executive Officer and directors, whose basic salary exceeds Rs. 1.2 million in a financial year.

38.2 The Company provides the Chief Executive Officer and executive directors with company maintained vehicles, utilities expenses, reimbursable club expenses, and servant salaries, while the executives are provided with company maintained vehicles and telephone expenses.

39. TRANSACTION WITH RELATED PARTIES

Related parties comprise associated companies, related group companies, companies where directors also hold directorship, retirement benefits fund, directors and key management personnel. 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:

Transactions during the year

Related party	Relationship	Nature of transaction	2022 Rupees	2021 Rupees
Associated Engineers (Private) Limited	Associated company	Conversion from Long Term Financing to Sponsor's loan	10,574,413	-
		Conversion from Long Term Financing to Short Term Borrowings	16,761,034	-
EMCO Industries Limited Provident Fund	Associated undertaking	Principal repaid	28,900,000	48,450,000
The Imperial Electric Company (Private) Limited	Associated company	Short term borrowings received	9,000,000	27,500,000
		Short term borrowings repaid	9,000,000	27,500,000
		Conversion from Long Term Financing to Short Term Borrowings	2,615,692	-
		Payment of rent expense	3,219,780	3,570,941
ICC (Private) Limited	Associated company	Short term borrowings obtained	-	5,000,000
		Short term borrowings repaid	75,000,000	5,000,000
		Markup on short term borrowings	12,216,861	15,534,253
		Markup paid on short term borrowings	6,165,856	20,681,152
		Payments made on behalf of the Company	1,633,816	1,760,023
		Payments received from the Company	1,807,595	1,612,491
Directors and close family members	Associated persons	Short term borrowings obtained	142,347,015	306,350,000
		Short term borrowings repaid	164,347,015	344,832,481
		Markup on short term borrowings accrued	3,647,869	963,669
		Markup on short term borrowings paid	3,217,454	986,270
		Conversion from Sponsor Loan to Short Term Borrowing	10,574,413	-
Khairun Nisa Hospital Foundation		Charity paid	500,000	-
Executives / Key management personnel		Long term loan received back during the year	120,000	120,000

- 39.1 One of the directors has arranged personal finance line of Rs. 50 million from a bank for the purpose of extending short term borrowings to the Company. During the year ended June 30, 2022, the Company obtained short term borrowings from the director through his aforesaid personal finance line. The borrowed amounts were repaid and then borrowed again multiple times during the year, by rotating the said finance line. The maximum amount outstanding towards the said director during the year ended June 30, 2022 was Rs. 50 million. This facility is included in short term borrowings (Note 14) as at the reporting date and at any point of time during the year.



Outstanding Balance as at the year end		2022 Rupees	2021 Rupees
Associated Engineers (Private) Limited	Sponsor loan - interest free	10,574,413	27,335,447
	Short term borrowing - interest Free	16,761,034	-
	Mark-up on long term financing	6,391,541	6,391,541
EMCO Industries Limited	Long term financing	71,629,818	100,529,818
The Imperial Electric Company (Private) Limited	Long term financing - interest free	-	2,615,692
	Short term Borrowing - interest Free	2,615,692	-
	Markup on long term financing	2,343,326	2,343,326
	Payable against rent	2,960,327	5,644,998
	Other payable	1,060,115	239,749
ICC (Private) Limited	Short term borrowing - interest bearing	80,750,000	155,750,000
	Markup on borrowing	9,504,845	3,453,840
	Other payable	-	117,988
	Advance given	55,791	-
Directors and close family members	Sponsors' loan	115,708,828	115,708,828
	Short term borrowing	42,900,157	54,325,744
	Markup on short term borrowing	1,046,180	620,540
Executives / Key management personnel	Long term loan receivable	460,000	580,000

40 FINANCIAL RISK MANAGEMENT

40.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on having cost efficient funding as well as to manage financial risk to minimize earnings volatility and provide maximum return to shareholders.

Risk management is carried out by the Company's finance department under policies approved by the senior management.

(a) Market risk

(i) Currency risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

This exists due to the Company's exposure resulting from outstanding import and export payments. As at reporting date the Company's exposure to currency risk was as follows:

	2022 Rupees	2021 Rupees
Trade debts	4,887,546	4,869,240
The following significant exchange rates were applied during the year:		
Average exchange rate during the year (Rs. / USD)	180.60	162.40
"Reporting date rate (Rs. / USD)"	204.10	157.10

As at June 30, 2022, if Pakistani Rupee had weakened / strengthened by 1% against the US dollars with all other variables held constant, pre-tax profit for the year would have been lower / higher by Rs. 0.05 million (2021: Rs. 0.048 million), mainly as a result of foreign exchange losses / gains on translation of US dollar-denominated financial assets and liabilities.

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's interest rate risk arises from short and long-term borrowings. These are benchmarked to variable rates which expose the Company to cash flow interest rate risk. The Company analyses its interest rate exposure on a regular basis by monitoring interest rate trends and taking into consideration refinancing, renewal of existing positions, alternative financing and hedging etc.

As the Company has no significant floating interest rate assets, the Company's income is substantially independent of changes in market interest rates.

The interest rate profile of the Company's interest-bearing financial instruments as at the reporting date is as follows:

	2022 Rupees	2021 Rupees
Fixed rate instruments		
Financial liabilities	37,000,123	87,796,143
Floating rate instruments		
Financial liabilities	628,143,367	615,053,985

Cash flow sensitivity analysis for variable rate instruments.

As at June 30, 2022, if interest rates on the Company's borrowings had been 1% higher / lower with all other variables held constant, profit before tax for the year would have been lower / higher by Rs. 6.28 million (2021: Rs. 6.15 million), mainly as a result of interest exposure on variable rate borrowings.

(iii) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Company is not exposed to any market price risk.

(b) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Credit risk of the Company arises from deposits with banks, trade receivables and other receivables. The management assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. The utilization of credit limits is regularly monitored. For banks and financial institutions, only independently rated parties with a strong credit rating are accepted.



The Company monitors the credit quality of its financial assets with reference to historical performance of such assets and available external credit ratings, if any. As at June 30, 2022, the maximum exposure to credit risk is equal to the carrying amount of the financial assets as detailed below:

	Note	2022 Rupees	2021 Rupees
Long term loans	21	1,624,300	702,010
Long term deposits		3,751,900	3,751,900
Trade receivables	24	624,141,222	593,083,410
Security deposits	25	4,240,646	5,235,631
Margins held by bank	25	2,962,400	2,028,613
Claim receivable	25	303,698	235,223
Bank balances	26	13,881,744	39,580,097
The aging of trade receivables as at the reporting date is as follows:			
Past due 1 - 90 days		480,921,774	480,386,323
Past due 91 - 180 days		61,779,368	58,489,457
Past due 181 - 365 days		51,729,170	17,510,747
More than 365 days		29,710,910	36,696,883
		624,141,222	593,083,410

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. The credit risk on liquid funds is limited because most of the counter parties are public sector power distribution companies (DISCOs), thereby, expected credit loss rate for receivables from these DISCOs is estimated as Nil. The Company believes that it is not exposed to major concentration of credit risk as its exposure is spread over a large number of counter parties which mostly include public sector power companies where shareholding is with the Governments.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating, and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. The Company does not hold collateral as security. The letters of credit are considered integral part of foreign trade receivables and considered in the calculation of impairment.

The Company evaluates the concentration of risk with respect to trade receivables and contract assets as low, as its customers are located in several jurisdictions and operate in largely independent markets. The credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings and DISCOs.

The management estimates the recoverability of trade receivables on the basis of financial position and past history of its customers based on the objective evidence that it shall not receive the amount due from the particular customer. The provision is written off by the Company when it expects that it cannot recover the balance due. Any subsequent repayments in relation to amounts written off are credited directly to the statement of profit or loss account.

The credit quality of bank balances that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rate:

	Rating Short term	Rating Long term	Rating Agency	2022 Rupees	2021 Rupees
Allied Bank Limited	A1+	AAA	PACRA	3,970,928	1,582,330
Askari Bank Limited	A1+	AA+	PACRA	96,262	7,913
Bank Alfalah Limited	A1+	AA+	PACRA	24,207	14,024
The Bank of Punjab	A1+	AA+	PACRA	267,929	137,703
Faysal Bank Limited	A1+	AA	PACRA	155,744	80,156
Habib Bank Limited	A-1+	AAA	JCR-VIS	9,426,278	3,167,911
MCB Bank Limited	A1+	AAA	PACRA	107,658	47,612
National Bank of Pakistan	A1+	AAA	PACRA	313,227	97,603
Silk Bank Limited	A-2	A-	JCR-VIS	(952,440)	292,113
Habib Metropolitan Bank	A1+	AA+	PACRA	61,746	-
The Bank of Khyber	A1	A	PACRA	54,223	2,332
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	106,058	33,745,168
United Bank Limited	A-1+	AAA	JCR-VIS	249,924	405,232
				<u>13,881,744</u>	<u>39,580,097</u>

(c) Liquidity risk

Liquidity risk represents the risk that the Company will encounter difficulties in meeting obligations associated with financial liabilities. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities. Due to dynamic nature of the business, the Company maintains flexibility in funding by maintaining committed credit lines available. The Company's liquidity management involves projecting cash flows and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans. The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to contractual maturity dates. The amounts disclosed in the table are the contractual undiscounted cash flows:

Description	Carrying Amount Rupees	Contractual cash flows Rupees	Within 1 year Rupees	1-2 Years Rupees	2-5 Years Rupees	Above 5 Years Rupees
Contractual maturities of financial liabilities as at June 30, 2022:						
Long term financing	346,155,851	341,946,181	54,915,328	56,860,952	187,254,762	42,915,139
Creditors and accrued liabilities ¹	262,003,829	262,003,829	262,003,829	-	-	-
Accrued finance cost	39,452,380	39,452,380	39,452,380	-	-	-
Lease liabilities	2,960,327	2,960,327	2,960,327	-	-	-
Discontinued provident fund payable	173,435	173,435	173,435	-	-	-
Short term borrowings	690,420,249	690,420,249	690,420,249	-	-	-
	<u>1,341,166,071</u>	<u>1,336,956,401</u>	<u>1,049,925,548</u>	<u>56,860,952</u>	<u>187,254,762</u>	<u>42,915,139</u>

Description	Carrying Amount Rupees	Contractual cash flows Rupees	Within 1 year Rupees	1-2 Years Rupees	2-5 Years Rupees	Above 5 Years Rupees
Contractual maturities of financial liabilities as at June 30, 2021:						
Long term financing	205,317,070	240,043,754	76,650,217	66,863,719	96,529,818	48,000,000
Creditors and accrued liabilities	228,645,771	228,645,771	228,645,771	-	-	-
Lease liabilities	23,147,424	23,147,424	23,147,424	-	-	-
Discontinued provident fund payable	5,644,998	6,336,937	3,306,228	3,030,709	-	-
Accrued finance cost	715,551	715,551	715,551	-	-	-
Short term borrowings	650,646,917	650,646,917	650,646,917	-	-	-
	<u>1,114,117,731</u>	<u>1,149,536,354</u>	<u>983,112,108</u>	<u>69,894,428</u>	<u>96,529,818</u>	<u>48,000,000</u>



(d) Fair value of financial instruments

Fair value is an amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences may arise between the carrying value and the fair value estimates.

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the reporting date. Fair value is determined on the basis of objective evidence at each reporting date. The management assessed that the fair values of financial assets and financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

40.2 Financial instruments by categories

	At fair value through profit or loss Rupees	At amortized cost Rupees	At fair value through other comprehensive income Rupees	Total Rupees
Financial assets as at June 30, 2022				
Long term loans	-	1,624,300	-	1,624,300
Long term deposits	-	3,751,900	-	3,751,900
Trade receivables	-	624,141,222	-	624,141,222
Security deposits	-	4,240,646	-	4,240,646
Margins held by bank	-	2,962,400	-	2,962,400
Claim receivable	-	303,698	-	303,698
Cash and bank balances	-	15,709,101	-	15,709,101
	-	652,733,267	-	652,733,267
Financial assets as at June 30, 2021				
Long term loans	-	702,010	-	702,010
Long term deposits	-	3,751,900	-	3,751,900
Trade receivables	-	593,083,410	-	593,083,410
Security deposits	-	5,235,631	-	5,235,631
Margins held by bank	-	2,028,613	-	2,028,613
Claim receivable	-	235,223	-	235,223
Cash and bank balances	-	40,625,857	-	40,625,857
	-	645,662,644	-	645,662,644
Financial liabilities at amortized cost				
Long term financing		346,155,851		205,317,070
Creditors and accrued liabilities		262,003,829		228,645,771
Accrued finance cost		39,452,380		23,147,424
Lease liabilities		2,960,327		5,644,998
Payable to employees against discontinued provident fund		173,435		715,551
Short term borrowings		690,420,249		650,646,917
		1,341,166,071		1,114,117,731

41 SHARIAH SCREENING DISCLOSURES BY COMPANY LISTED ON ISLAMIC INDEX

	2022 Rupees	2021 Rupees
Loans / advances obtained as per Islamic mode	26,357,480	-
Shariah compliant bank deposits / bank balances	-	-
Profit earned from shariah compliant bank deposits / bank balances	-	-
Revenue earned from a shariah compliant business segment	2,586,227,053	2,077,323,535
Gain / loss or dividend earned from shariah compliant investments	-	-
Shariah compliant exchange gain earned	-	-
Mark up paid on Islamic mode of financing	-	-
Profits earned on any conventional loan or advance	-	-
Interest paid on any conventional loan or advance	73,597,678	69,967,338

42 CAPITAL RISK MANAGEMENT

The Company's objective when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefit for other stake holders and to maintain an optimal capital structure to reduce the cost of capital.

The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders or issue new shares.

The management seeks to maintain a balance between higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. The Company finances its operations through equity, borrowings and management of working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk.

In line with the norms, the Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and non current and excluding sponsors' loans) less cash and cash equivalents. Total capital is calculated as equity as shown in the statement of financial position plus net debt. As at the reporting date, the gearing ratio of the Company was worked out as under:

	2022 Rupees	2021 Rupees
Borrowings	799,050,190	887,656,829
Cash and bank balances	(15,709,101)	(40,625,857)
Equity	783,341,089 2,506,280,099	847,030,972 2,071,098,327
Total capital employed	3,289,621,188	2,918,129,299
Gearing ratio	23.81%	29.03%



43. PLANT CAPACITY AND PRODUCTION

	Capacity 2022	2021	Total Production 2022	2021
Insulators - tons	5,000	5,000	5,288	4,794

43.1 The total capacity represents the rated capacity of plant. As a result of changing the product mix, the plant efficiency has been increased and hence the total production.

44. PROVIDENT FUND RELATED DISCLOSURES

The Company operated a recognized provident fund for all its permanent workers that was discontinued effective from March 06, 2018 pursuant to a rescheduling agreement between the Company and the Trustees of the fund as detailed in note 8.11. Owing to its working capital needs, the Company has utilized funds of the Provident Fund (the Fund).

	2022 Number	2021 Number
45 NUMBER OF EMPLOYEES		
Number of employees as at June 30,	448	462
Average number of employees during the year	455	453

46. SUBSEQUENT EVENTS

The Board of Directors of the Company has proposed a final cash dividend for the year ended June 30, 2022 of Rs. 0.5 (2021: Rs. 1) per share amounting to Rs. 17.5 million (2021: Rs. 35 million) for approval of members at the Annual General Meeting. These financial statements do not include the effect of the above event which will be accounted for in the year in which it is approved.

47. AUTHORIZATION OF FINANCIAL STATEMENTS

These financial statements were approved and authorized by the Board of Directors of the Company for issue on August 30, 2022 .

48. GENERAL

Corresponding figures are rearranged / reclassified for better presentation and comparison. Following re-arrangements / reclassifications have been made in these financial statements for better presentation:

Nature	From	To	2021
Late delivery charges / liquidity damages	Revenue (Note 27)	Other operating expenses (Note 31)	41,866,738

The above mentioned re-arrangement / reclassification does not have any impact on the profitability of the Company, or on the statement of financial position, statement of other comprehensive income, statement of cash flows or statement of changes in equity.


CHIEF EXECUTIVE OFFICER


DIRECTOR


CHIEF FINANCIAL OFFICER

PATTERN OF SHARE HOLDING

AS ON JUNE 30, 2022

No. of Shareholders	Shareholding		Total Shares Held
	From	To	
146	1	100	3,207
293	101	500	77,478
71	501	1,000	59,162
149	1,001	5,000	376,053
39	5,001	10,000	305,235
14	10,001	15,000	175,985
5	15,001	20,000	90,221
4	20,001	25,000	84,022
1	25,001	30,000	28,750
2	30,001	35,000	63,815
2	40,001	45,000	81,304
1	45,001	50,000	48,931
1	55,001	60,000	59,500
3	65,001	70,000	207,519
1	95,001	100,000	100,000
1	100,001	105,000	101,500
2	105,001	110,000	213,000
1	120,001	125,000	125,000
1	125,001	130,000	125,811
1	130,001	135,000	132,582
2	135,001	140,000	279,400
1	140,001	145,000	143,000
1	170,001	175,000	174,000
1	175,001	180,000	177,125
1	225,001	230,000	228,052
1	275,001	280,000	276,902
1	395,001	400,000	399,668
1	435,001	440,000	436,046
1	495,001	500,000	500,000
1	530,001	535,000	532,618
1	595,001	600,000	600,000
1	635,001	640,000	637,654
1	660,001	665,000	660,492
1	755,001	760,000	756,711
1	760,001	765,000	763,954
1	1,160,001	1,165,000	1,164,915
1	1,195,001	1,200,000	1,200,000
1	1,475,001	1,480,000	1,475,634
1	1,825,001	1,830,000	1,829,810
1	1,850,001	1,855,000	1,853,005
1	1,900,001	1,905,000	1,900,001
1	2,010,001	2,015,000	2,010,575
1	2,180,001	2,185,000	2,183,611
1	2,235,001	2,240,000	2,236,739
1	2,370,001	2,375,000	2,375,000
2	2,400,001	2,405,000	4,802,602
1	2,940,001	2,945,000	2,943,411
767			35,000,000

2.3 Categories of Shareholders	Shares Held	Percentage
2.3.1 Directors, Chief Executive Officer, and their spouse and minor children	14,210,058	40.6002%
2.3.2 Associated Companies, undertakings and related parties. (Parent Company)	5,535,535	15.8158%
2.3.3 NIT and ICP	1,057	0.0030%
2.3.4 Banks Development Financial Institutions, Non Banking Financial Institutions.	924	0.0026%
2.3.5 Insurance Companies	12,550	0.0359%
2.3.6 Modarabas and Mutual Funds	0	0.0000%
2.3.7 Shareholders holding 10% or more	0	0.0000%
2.3.8 General Public		
a. Local	14,793,097	42.2660%
b. Foreign	3,065	0.0088%
2.3.9 Others (to be specified)		
1- Joint Stock Companies	369,773	1.0565%
2- Pension Funds	69,019	0.1972%
3- Others	4,922	0.0141%



PATTERN OF SHARE HOLDING

AS ON JUNE 30, 2022

CATEGORY OF SHAREHOLDER		HOLDING	% AGE
DIRECTORS, CEO THEIR SPOUSE AND MINOR CHILDREN:			
1	MR. TARIQ REHMAN - (CDC)	132,582	0.3788
2	MR. SUHAIL MANNAN (CDC)	2,183,611	6.2389
3	MR. JAVAID SHAFIQ SIDDIQI (CDC)	2,401,301	6.8609
4	MR. PERVAIZ SHAFIQ SIDDIQI (CDC)	2,401,301	6.8609
5	MR. USMAN HAQ (CDC)	1,829,810	5.2280
6	MR SALEM REHMAN (CDC)	436,046	1.2458
	MR SALEM REHMAN (CDC)	763,954	2.1827
7	MR. AHSAN SUHAIL MANNAN (CDC)	2,236,739	6.3907
8	MR. AWAIS NOORANI (CDC)	20,511	0.0586
9	CH. IMRAN ALI	500	0.0014
10	SYED MUHAMMAD MOHSIN	500	0.0014
11	MRS. AYESHA MUSSADAQUE HAMID	500	0.0014
12	MRS. SHAHIMA REHMAN W/O TARIQ REHMAN - (CDC)	399,668	1.1419
13	MRS. NAILA SUHAIL MANNAN W/O SUHAIL MANNAN- (CDC)	228,052	0.6516
14	MRS. FAUZIA JAVAID SIDDIQI W/O JAVAID S. SIDDIQI (CDC)	10,068	0.0288
15	MRS. AMBREEN HAQ W/O USMAN HAQ (CDC)	1,164,915	3.3283
		14,210,058	40.6002
ASSOCIATED COMPANIES:			
1	ICC (PVT) LIMITED (CDC)	2,943,411	8.4097
2	ASSOCIATED ENGINEERS (PRIVATE) LIMITED (CDC)	2,010,575	5.7445
3	THE IMPERIAL ELECTRIC CO PVT LTD (CDC)	532,618	1.5218
4	THE IMPERIAL ELECTRIC COMPANY (PVT.) LIMITED (CDC)	48,931	0.1398
		5,535,535	15.8158
NIT & ICP:			
1	IDBP (ICP UNIT)	1,057	0.0030
		1,057	0.0030
FINANCIAL INSTITUTION:			
1	PAKISTAN INDUSTRIAL CREDIT & INVESTMENT CORP. LTD.	500	0.0014
2	NATIONAL BANK OF PAKISTAN (CDC)	424	0.0012
		924	0.0026
INSURANCE COMPANIES:			
1	GULF INSURANCE COMPANY LIMITED	12,550	0.0359
		12,550	0.0359
MODARABAS & MUTUAL FUNDS:			
PENSION FUNDS			
1	TRUSTEE NATIONAL BANK OF PAKISTAN EMPLOYEES PENSION FUND (CDC)	69,019	0.1972
		69,019	0.1972

PATTERN OF SHARE HOLDING

AS ON JUNE 30, 2022

SR. #	NAME	HOLDING	% AGE
JOINT STOCK COMPANIES:			
1	MUNIR HOLDING (PVT) LTD.	2,300	0.0066
2	ALI USMAN STOCK BROKERAGE (PVT) LIMITED - (CDC)	150	0.0004
3	CAPITAL FINANCIAL SERVICES (PVT.) LIMITED (CDC)	2,000	0.0057
4	CLIKTRADE LIMITED - (CDC)	82	0.0002
5	FIRST STREET CAPITAL (PVT.) LTD. (CDC)	105,500	0.3014
6	MAPLE LEAF CAPITAL LIMITED (CDC)	1	0.0000
7	MRA SECURITIES LIMITED - MF (CDC)	1,500	0.0043
8	MSMANIAR FINANCIALS (PVT) LIMITED (CDC)	400	0.0011
9	NAEEM'S SECURITIES (PVT) LTD (CDC)	1,310	0.0037
10	NH SECURITIES (PVT) LIMITED - (CDC)	1,000	0.0029
11	ORIENTAL SECURITIES (PRIVATE) LIMITED - MF (CDC)	11,000	0.0314
12	PREMIER FASHIONS (PVT) LTD (CDC)	143,000	0.4086
13	SIZA (PRIVATE) LIMITED (CDC)	101,500	0.2900
14	WASI SECURITIES (SMC-PVT) LTD. (CDC)	30	0.0001
		369,773	1.0565
OTHERS			
1	TRUSTEE NATIONAL BANK OF PAKISTAN EMP BENEVOLENT FUND TRUST (CDC)	2,422	0.0069
2	ESSITY PAKISTAN LIMITED EMPLOYEES GRATUITY FUND (CDC)	2,500	0.0071
		4,922	0.0141
SHARES HELD BY THE GENERAL PUBLIC (LOCAL):		14,793,097	42.2660
SHARES HELD BY THE GENERAL PUBLIC (FOREIGN):		3,065	0.0088
		14,796,162	42.2747
TOTAL:		35,000,000	100.0000

SHAREHOLDERS HOLDING 10% OR MORE OF TOTAL CAPITAL:

S.No	NAME	SALE	PURCHASE
	Nil		

SR. #	NAME	HOLDING	% AGE
CATEGORY OF SHAREHOLDER			

SHAREHOLDERS HOLDING 5% OR MORE OF TOTAL CAPITAL:

1	ICC (PVT) LIMITED (CDC)	2,943,411	8.4097
2	MR. PERVAIZ SHAFIQ SIDDIQI (CDC)	2,401,301	6.8609
3	MR. JAVAID SHAFIQ SIDDIQI (CDC)	2,401,301	6.8609
4	AMINA WADALAWALA (CDC)	2,375,000	6.7857
5	MR. AHSAN SUHAIL MANNAN (CDC)	2,236,739	6.3907
6	MR. SUHAIL MANNAN (CDC)	2,183,611	6.2389
7	ASSOCIATED ENGINEERS (PRIVATE) LIMITED (CDC)	2,010,575	5.7445
8	MR. MUHAMMAD ZULQARNAIN MAHMOOD KHAN (CDC)	1,900,001	5.4286
9	MRS. AYESHA NOORANI (CDC)	1,853,005	5.2943
10	MR. USMAN HAQ (CDC)	1,829,810	5.2280
		22,134,754	63.2422

All trades in the shares of the listed company, carries out by its Directors, CEO, CFO, Company Secretary and their spouses and minor children:

S.No	NAME	SALE	PURCHASE
	Nil		



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FORM OF PROXY

I/We
 of being member of EMCO Industries Limited
 and holder Of Ordinary shares as per share Register Folio No.
 and/or CDC Participant I.D.No. and Sub Account No.
 hereby appoint
 of
 or failing him / her
 of
 as my/our proxy to vote for me/us and my/our behalf at the 67th Annual General Meeting of the Company
 to be held at ICC House, 2-Chanba House, Golf Road, GOR-1, Lahore on 12th October, 2022 at
 11.30 A.M. and at any adjournment thereof.

Signed this..... day of

.....
 Signature on Revenue Stamp
 (Signature should agree with the specimen
 Signature registered with the Company)

WITNESS 1:

Signature -----

Name -----

Address -----

CNIC #: -----

Passport #:-----

WITNESS 2:

Signature -----

Name -----

Address -----

CNIC #: -----

Passport #:-----

Note:

1. Proxies, in order to be effective must be received by the Company Emco Industries Limited at its Registered Office Address; 4th Floor, National Tower, 28-Egerton Road, Lahore, not less than 48 (Forty Eight) hours before the meeting, duly completed in all respects.
2. CDC shareholders and their Proxies are requested to attach an attested photocopy of their National Identity Card or Passport with the proxy form before submission to the Company.



EMCO INDUSTRIES LIMITED

Head Office:

4th Floor, National Tower, 28-Egerton Road, Lahore Pakistan.

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

Email: info@emco.com.pk

Factory:

19-Kilometers, Lahore Sheikhupura Road, Lahore.