

# Emco Industries Limited

Manufacturers of High Tension Electrical Porcelain Insulators, High Voltage Switchgear



December 7, 2023

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

TCS

**SUBJECT: DISCLOSURE OF MATERIAL INFORMATION**

Dear Sir(s),

In accordance with Section 96 of Securities Act, 2015, clause 5.19.13(c) of the PSX Regulations, and Clause 14 (viii) of the Code of Corporate Governance 2019 EMCO Industries Limited ("EMCO", or "we" or "us") hereby conveys the following information:

EMCO Industries Limited, a Public Listed company incorporated in 1954, is the market leader for manufacturing and supply of High Voltage porcelain transmission line insulators, switchgears, and substation equipment for the Pakistan market, as well as for various export markets.

**VIS reaffirms the Entity Ratings:** VIS Credit Rating Company Limited (VIS), has reaffirmed the entity ratings of 'A-/A-2' (Single A-minus /A-Two) to EMCO Industries Limited ("EMCO" or the "Company") with a stable outlook. Medium to long-term rating of 'A-' denotes good credit quality; protection factors are adequate. Risk factors may vary with possible changes in the economy. Short-term rating of 'A-2' indicates good certainty of timely payment. Liquidity factors and company fundamentals are sound. Access to capital markets is good. Risk factors are small.

Press Release by VIS Credit Rating Company Limited of 5<sup>th</sup> December 2023 is also attached with this letter.

Yours Truly,

  
**Ahsan Suhail Mannan**  
Company Secretary

**CC:**

The Director / HOD,  
(Surveillance and Enforcement Department)  
Securities & Exchange Commission of Pakistan,  
NIC Building, 63-Jinnah Road,  
Islamabad, Pakistan.



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

## Press Release

### VIS Reaffirms Entity Ratings of EMCO Industries Limited

Karachi, December 5, 2023: VIS Credit Rating Company Limited reaffirms entity ratings of EMCO Industries Limited ('EMCO' or 'the Company') at 'A-/A-2' (Single A minus/A-Two) with a 'Stable' outlook. Medium to long term rating of 'A-' indicates good credit quality; protection factors are adequate. Risk factors may vary with possible changes in the economy. Short term rating of 'A-2' indicates good certainty of timely payment. Liquidity factors and company fundamentals are sound. Access to capital markets is good. Risk factors are small. Previous Rating action was announced on November 14, 2022.

EMCO Industries Limited was incorporated as a Joint Stock Company in Pakistan 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 is involved in the production and sale of high/low porcelain-based insulators, switchgears, and substation products used in power sector.

Assigned ratings incorporate the business risk profile of the Company, characterized by its strong market presence in the electrical equipment manufacturing industry of Pakistan. It faces minimal competition from imports and smaller producers in the country. Moreover, EMCO's recent expansion into high voltage insulators further enhances its competitive profile as the exclusive local producer in this specialized segment. The Company's clientele includes government institutions and private sector electricity generation firms, providing support to its demand outlook.

Assigned ratings also consider the Company's financial profile. EMCO's profitability profile is supported by its leading position in the industry, allowing it the ability to extend favorable pricing. The Company demonstrated resilience in FY23, reporting a notable increase in its topline, despite challenges such as import restrictions and floods. However, heightened finance costs, with increased discount rates and debt drawdown for business model restructuring (BMR) projects, constrained net margin improvement. Moreover, due to the higher debt utilization for BMR the capitalization profile saw marginal deterioration but remained adequate for assigned ratings. EMCO's liquidity and coverage metrics remain healthy and continue to provide support to ratings.

Going forward, ratings will remain sensitive to the Company's ability to achieve its projected plans while maintaining its capitalization, liquidity and coverage profile commensurate with assigned ratings.

For further information on this ratings announcement, please contact Saeb Muhammad Jafri at 021-35311861-64 (Ext. 202) and/or the undersigned at 021-35311861-64 (Ext. 207) or email at [info@vis.com.pk](mailto:info@vis.com.pk).



Sara Ahmed  
Director

**Applicable Rating Criteria: Corporates (May 2023):**  
<https://docs.vis.com.pk/docs/CorporateMethodology.pdf>  
**VIS Issue/Issuer Rating Scale**  
<https://docs.vis.com.pk/docs/VISRatingScales.pdf>

Information herein was obtained from sources believed to be accurate and reliable; however, VIS Credit Rating Company Limited (VIS) does not guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. VIS, the analysts involved in the rating process and members of its rating committee do not have any conflict of interest relating to the rating(s)/ranking(s) mentioned in this report. VIS is paid a fee for most rating assignments. This rating/ranking is an opinion and is not a recommendation to buy or sell any securities. Copyright 2023 VIS Credit Rating Company Limited. All rights reserved. Contents may be used by news media with credit to VIS.