

**EMCO INDUSTRIES LIMITED**



**INTERIM FINANCIAL  
INFORMATION (Un-audited)  
FIRST QUARTER ENDED  
SEPTEMBER 30, 2023**

[WWW.EMCO.COM.PK](http://WWW.EMCO.COM.PK)

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## COMPANY INFORMATION

### Board of Directors

Mr. Javaid Shafiq Siddiqi	Chairman / Non-Executive Director
Mr. Usman Haq	Managing Director / Executive Director
Mr. Salem Rehman	Chief Executive / Executive Director
Mr. Tariq Rehman	Executive Director
Mr. Ahsan Suhail Mannan	Company Secretary / Executive Director
Mr. Pervaiz Shafiq Siddiqi	Non-Executive Director
Mr. Salman Javaid Siddiqi	Non-Executive Director
Mr. Umair Noorani	Non-Executive Director
Mrs. Ayesha Mussadaque Hamid	Independent Director
Ch. Imran Ali	Independent Director
Syed Muhammad Mohsin	Independent Director
Mr. Osman Hameed Chaudhri	Independent Director

### Chief Financial Officer

Mr. Riaz Ahmad

### Company Secretary

Mr. Ahsan Suhail Mannan

### Audit Committee

Mr. Osman Hameed Chaudhri	Chairman
Syed Muhammad Mohsin	Member
Mr. Javaid Shafiq Siddiqi	Member
Mr. Umair Noorani	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. Salman Javaid Siddiqi	Member
Mr. Ahsan Suhail Mannan	Member / Committee Secretary

### Risk Management Committee

Syed Muhammad Mohsin	Chairman
Mr. Tariq Rehman	Member
Ch. Imran Ali	Member
Mr. Salem Rehman	Member / Committee Secretary

### Nomination Committee

Ch. Imran Ali	Chairman
Mr. Javaid Shafiq Siddiqi	Member
Mr. Usman Haq	Member
Mr. Ahsan Suhail Mannan	Member / Committee Secretary

### External Auditors

M/s. Crowe Hussain Chaudhry & Co.,  
Chartered Accountants, Lahore.

### Internal Auditors

M/s. Muhammad Ali Hussain & Co.  
Chartered Accountants, Lahore.

### Legal Advisers

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

### Bankers

Habib Bank Limited  
National Bank of Pakistan  
The Bank of Punjab  
The Bank of Khyber  
Silk Bank Limited  
Askari Bank Limited  
Soneri Bank Limited

### BUSINESS ITEMS

#### Porcelain Insulators

- Tension Insulator
- Suspension Insulator
- Pin Insulator
- Line Post Insulator
- Cap and pin Insulator
- Station Post Insulator
- Long Road Insulator
- Insulator for Railway Electrification
- Telephone Insulator
- Low Voltage Insulator
- Dropout Cutout Insulator
- HT & LT Bushings

#### Switchgear

- Disconnect Switch upto 245 kv
- Metal Oxide Surge Arresters upto 245 kv

#### RTV Coating

- Room Temperature Vulcanised
- Silicone Rubber Coating

#### Chemical Porcelain

- Acid Proof Wares and Bricks
- Rasching Ring and Saddles
- Acid Proof Porcelain Pipes and Fitting
- Acid Proof Cement

#### Special Porcelain

- High Alumina Porcelain
- Lining Special Refractories & Grinding Media

#### Share Registrar

Corplink (Pvt) Limited  
Wings Arcade. I-K, Commercial,  
Model Town, Lahore.

#### Registered Office

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

#### Factory

19-Kilometre,  
Lahore Sheikhpura Road, Lahore.

## DIRECTORS' REPORT

### Dear Shareholders

On behalf of the Board of Directors we pleased to present the performance review of your Company together with the un-audited financial statements for the 1st Quarter ended September 30, 2023.

### Operations and Sales Review

The Company produced 808 tons of porcelain insulators during the period under review (July-Sep 2023) as compared to 1,190 tons of the corresponding period of last year. Similarly, the Company sold 1,229 tons of porcelain insulators during the period under review (July-Sep 2023) as compared to 1,200 tons of the corresponding period of last year. Production and sales were impacted on account of installation of new machinery and equipment as part of the BMR project, and on account of the reconfiguration of production capacity and utilization to cater to the growing Switchgear Products demand.

Net sales of the Company recorded as Rs.1,260.15 million for the period under review (July-Sep 2023) as compared to Rs. 778.33 million of the corresponding period of last year, thereby registering a growth of 61.90%. This increase is also on account of encouraging sales of higher value Switchgear products, as well due to price increase relating to heavy inflationary trends on the costing side.

### Financial Performance

For the period under review (July-Sep 2023), the Company posted gross profit of Rs. 401.04 million compared to Rs. 179.7 million in the corresponding period of last year. The net operating profit for the period under review (July-Sep 2023) is recorded at Rs. 327.20 million as compared to Rs. 135.31 million in the corresponding period of last year. The Company managed to streamline production efficiencies realized through the BMR initiative, which resulted in significant improvement in Gross Margin as well as Operating Profit despite macroeconomic challenges. Notably, S&D expenses increased to Rs. 73.85 million mainly on account of higher sales and increase in Freight Charges due to a sharp rise in POL prices.

Finance cost for the period under review (July-Sep 2023) has been recorded at Rs.94.62 million as compared to Rs.48.05 million of the corresponding period of last year. This may be broadly attributable to the significant increase in the policy lending rate by the State Bank of Pakistan, and to an overall increase in bank borrowings to achieve higher production and sales targets, and to deploy capital for the Switchgear production line.

After taking into account financial charges, Profit Before Tax increased to Rs. 198.7 million as compared to Profit Before Tax of Rs. 68.5 million for the corresponding period of last year.

After accounting for tax, the Company has made a Net Profit of Rs. 129.2 million for the period under review as compared to a Net Profit of Rs. 46.3 million for the corresponding period of last year.

During the period under review, the Company has paid Long Term Loans as per schedules and there is no overdue against any loans.



### Macroeconomic Challenges

During the period under review, the Company's businesses continued to face macroeconomic challenges, including a severe costing pressure due to the impact of higher oil prices, major fluctuation of the Pak Rupee against the US Dollar, and continued slow down of economic activity on account of Monetary tightening measures. These issues, combined with higher energy costs, rising inflation, higher borrowing costs and devaluation of the local currency resulted in a significant impact on the manufacturing sector in general. We continue to pray for an early recovery from these challenges.

### Earnings per Share

The basic earnings per share is reported at Rs. 3.69 as compared to basic earnings per share of Rs. 1.32 of the comparable period of last year. There is no dilution effect on the earnings per share for the period under review and corresponding period of last year.

### Near Term Outlook

Pakistan's economy faces mounting pressures on account of the global, regional as well as the domestic situation. The economy continues to be plagued by high inflation, aggressive monetary tightening, and uncertainties resulting from the Russia-Ukraine conflict, the evolving Palestine-Israel conflict, and the domestic political turbulence. The Company is actively following the evolving situation and adapting to the conditions on an emergent basis.

Going forward, the economic outlook is expected to be shaped largely by restoration of political stability, and implementation of reforms aimed at stabilizing the economy to restore fiscal and external buffers. Nonetheless, we will be expecting continued inflationary trends in the form of high energy prices, imposition of additional taxes, depreciation of the local currency, increase in interest rates and reduction in government spending which may lead to further demand curtailment and economic slowdown.

### Acknowledgments

The Directors wish to acknowledge the devotion of the employees of all cadres and are appreciative of their dedication and commitment. They also extend heartfelt appreciation to the Company's suppliers, customers and bankers for their continued confidence and support.

On behalf of board

**Salem Rehman**  
Chief Executive Officer  
October 30, 2023  
Lahore

**Ahsan Suhail Mannan**  
Director / Company Secretary

### میکرو اکنامک چیلنجز -

زیر غور مدت کے دوران کمپنی کے کاروبار کو میکرو اکنامک چیلنجز کا سامنا رہا، جن میں تیل کی قیمتوں میں اضافے کے اثرات کی وجہ سے شدید لاگت کا دباؤ، امریکی ڈالر کے مقابلے میں پاکستانی روپے میں بڑے اتار چڑھاؤ اور مالیاتی سخت اقدامات کی وجہ سے معاشی سرگرمیوں میں مسلسل سست روی شامل ہیں۔ ان مسائل کے ساتھ ساتھ توانائی کی بڑھتی ہوئی لاگت، بڑھتی ہوئی افراط زر، قرض لینے کی لاگت میں اضافہ اور مقامی کرنسی کی قدر میں کمی کے نتیجے میں عام طور پر مینوفیکچرنگ کے شعبے پر نمایاں اثرات مرتب ہوئے۔

### فی حصص آمدنی -

فی حصص کی بنیادی آمدنی 3.69 روپے کے مقابلے میں گزشتہ سال 1.32 روپے تھی۔ زیر جائزہ مدت اور گزشتہ سال کی اسی مدت کے لئے فی حصص آمدنی پر کوئی کمی کا اثر نہیں ہے۔

### قریبی مدتی منظر نامہ -

پاکستان کی معیشت کو عالمی، علاقائی اور داخلی صورتحال کی وجہ سے بڑھتے ہوئے دباؤ کا سامنا ہے۔ معیشت کو افراط زر میں اضافے، جارحانہ مالیاتی سختی، اور روس-یوکرین تنازعہ، ابھرتے ہوئے فلسطین-اسرائیل تنازعہ اور داخلی سیاسی عدم استحکام کے نتیجے میں غیر یقینی صورتحال کا سامنا ہے۔ کمپنی فعال طور پر بدلتی ہوئی صورتحال کی پیروی کر رہی ہے اور ہنگامی بنیادوں پر حالات کو اپنا رہی ہے۔

توقع ہے کہ مستقبل میں معاشی منظر نامہ بڑی حد تک سیاسی استحکام کی بحالی اور مالیاتی اور بیرونی بفرز کی بحالی کے لئے معیشت کو مستحکم کرنے کے مقصد سے اصلاحات کے نفاذ سے تشکیل پائے گا۔ بہر حال، ہم توانائی کی اونچی قیمتوں، اضافی ٹیکسوں کے نفاذ، مقامی کرنسی کی قدر میں کمی، شرح سود میں اضافے اور سرکاری اخراجات میں کمی کی شکل میں افراط زر کے رجحانات کی توقع کریں گے جو طلب میں مزید کمی اور معاشی سست روی کا باعث بن سکتے ہیں۔

### اعتراف -

ڈائریکٹرز تمام کیڈرز کے ملازمین کی لگن کا اعتراف کرنا چاہتے ہیں اور ان کی لگن اور عزم کی تعریف کرتے ہیں اور کمپنی کے سپلائرز، صارفین اور بینکرز کو ان کے مسلسل اعتماد اور حمایت پر تہ دل سے خراج تحسین پیش کرتے ہیں۔

یورڈ کی جانب سے



احسن سہیل منان  
ڈائریکٹر / کمپنی سیکرٹری



سالم رحمان  
چیف ایگزیکٹو آفیسر

30 اکتوبر 2023ء



## ڈائریکٹرز کا جائزہ

### حصص دوران -

بورڈ آف ڈائریکٹرز کی جانب سے ہمیں 30 ستمبر 2023 کو ختم ہونے والی پہلی سہ ماہی کے لئے غیر آڈٹ شدہ مالی بیانات کے ساتھ آپ کی کمپنی کی کارکردگی کا جائزہ پیش کرنے میں خوشی ہو رہی ہے۔

### آپریٹنگ اور بیلن کا جائزہ -

کمپنی نے زیر غور مدت (جولائی تا ستمبر 2023) کے دوران 808 ٹن انسولین تیار کیے جبکہ گزشتہ سال کی اسی مدت میں یہ تعداد 1190 ٹن تھی۔ اسی طرح کمپنی نے زیر غور مدت (جولائی تا ستمبر 2023) کے دوران 1229 ٹن انسولین فروخت کیے جبکہ گزشتہ سال کے اسی عرصے میں یہ تعداد 1200 ٹن تھی۔ بی ایم آر منصوبے کے حصے کے طور پر نئی مشینری اور آلات کی تنصیب اور بڑھتی ہوئی سوچ گھیز مصنوعات کی طلب کو پورا کرنے کے لئے پیداواری صلاحیت اور استعمال کی تشکیل نو کی وجہ سے پیداوار اور فروخت متاثر ہوئی۔

جولائی تا ستمبر 2023ء کے دوران کمپنی کی خالص فروخت 1,260.15 ملین روپے ریکارڈ کی گئی جو گزشتہ سال کے اسی عرصے میں 778.33 ملین روپے کے مقابلے میں 61.90 فیصد زیادہ ہے۔ یہ اضافہ اعلیٰ قیمت کی سوچ گھیز مصنوعات کی فروخت کی حوصلہ افزائی کی وجہ سے بھی ہے، نیز لاگت کی طرف بھاری افراط زر کے رجحانات سے متعلق قیمتوں میں اضافے کی وجہ سے بھی ہے۔

### مالیاتی کارکردگی -

زیر غور مدت (جولائی تا ستمبر 2023ء) کے دوران کمپنی نے 401.04 ملین روپے کا مجموعی منافع حاصل کیا جو گزشتہ سال کے اسی عرصے میں 179.7 ملین روپے تھا۔ جولائی تا ستمبر 2023ء کی مدت کے دوران خالص آپریٹنگ منافع 327.20 ملین روپے ریکارڈ کیا گیا ہے جو گزشتہ سال کے اسی عرصے میں 135.31 ملین روپے تھا۔ کمپنی بی ایم آر اقدام کے ذریعے پیداواری استعداد کار کو بحال کرنے میں کامیاب رہی، جس کے نتیجے میں میکرو ایکٹو کیمیکلز کے باوجود مجموعی مارجن کے ساتھ ساتھ آپریٹنگ منافع میں نمایاں بہتری آئی۔ واضح رہے کہ ایس اینڈ ڈی اخراجات بڑھ کر 73.85 ملین روپے تک پہنچ گئے ہیں جس کی بنیادی وجہ پنی اوایل کی قیمتوں میں تیزی سے اضافہ اور نتیجتاً فریٹ چارجز میں اضافہ ہے۔

زیر غور (جولائی تا ستمبر 2023ء) کے دوران مالی لاگت 94.62 ملین روپے ریکارڈ کی گئی ہے جو گزشتہ سال کے اسی عرصے میں 48.05 ملین روپے تھی۔ اس کی بڑی وجہ اسٹیٹ بینک آف پاکستان کی جانب سے پالیسی قرضوں کی شرح میں نمایاں اضافہ اور زیادہ پیداوار اور فروخت کے اہداف کے حصول اور سوچ گھیز پروڈکشن لائن کے لیے سرمائے کے استعمال کے لیے بینکوں کے قرضوں میں مجموعی طور پر اضافہ ہو سکتا ہے۔

مالیاتی چارجز کو مد نظر رکھتے ہوئے قبل از ٹیکس منافع بڑھ کر 198.7 ملین روپے ہو گیا ہے جو گزشتہ سال کے اسی عرصے میں 68.5 ملین روپے تھا۔

ٹیکس کی مد میں حساب کتاب کے بعد کمپنی نے اس عرصے کے دوران 129.2 ملین روپے کا خالص منافع کمایا ہے جبکہ گزشتہ سال کے اسی عرصے میں 46.3 ملین روپے تھا۔

زیر غور مدت کے دوران، کمپنی نے شیڈول کے مطابق طویل مدتی قرضوں کی ادائیگی کی ہے اور زیر جائزہ مدت کے دوران کوئی قرضہ زائد الیاء نہیں ہے۔

## CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

	Note	September 30, 2023 (Un-audited) Rupees	June 30, 2023 (Audited) Rupees
<b>EQUITY AND LIABILITIES</b>			
<b>Share Capital and Reserves</b>			
Authorized share capital: 120,000,000 (June 30, 2023: 40,000,000) Ordinary shares of Rs. 10 each		1,200,000,000	400,000,000
Issued, subscribed and paid up capital: 35,000,000 (June 30, 2023: 35,000,000) Ordinary shares of Rs. 10 each		350,000,000	350,000,000
Reserves		938,512,885	804,284,480
Sponsors' loan		115,708,828	115,708,828
Surplus on Revaluation of Property and Plant and Equipment		1,510,235,317	1,515,280,108
		2,914,457,030	2,785,273,416
<b>Non Current Liabilities</b>			
Long term financing	4	668,012,105	649,898,404
Lease liabilities		5,037,261	5,845,125
Post employment benefits		126,240,637	120,389,472
Deferred tax liability		241,685,116	244,836,598
Long term security deposit		4,567,584	4,567,584
		1,045,542,703	1,025,537,183
<b>Current Liabilities</b>			
Trade and other payables		497,291,125	524,593,748
Unclaimed dividends		524,914	524,915
Accrued finance cost		104,461,295	87,792,537
Short term borrowings	5	807,059,236	851,500,589
Current portion of non-current liabilities		89,157,418	63,439,347
		1,498,493,988	1,527,851,136
<b>Contingencies and Commitments</b>			
	6	-	-
		5,458,493,720	5,338,661,735

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

Lahore  
October 30, 2023

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(Salem Rehman)  
Chief Executive Officer






## AS AT SEPTEMBER 30, 2023

	Note	September 30, 2023 (Un-audited) Rupees	June 30, 2023 (Audited) Rupees
<b>ASSETS</b>			
<b>Non Current Assets</b>			
Property, plant and equipment	7	2,875,983,157	2,814,375,478
Investment properties		84,988,507	84,988,507
Intangible assets		776,484	846,171
Long term prepayments and other receivables		36,663,162	27,029,063
Long term loans		1,859,780	1,858,430
Long term deposits		2,259,500	2,259,500
		3,002,530,591	2,931,357,149
<b>Current Assets</b>			
Stores, spares and loose tools		127,720,252	110,595,465
Stock-in-trade		891,102,148	1,240,566,496
Trade receivables		1,244,023,729	748,910,891
Advances, deposits, prepayments and other receiveables		87,372,586	162,395,917
Income tax refundable from the Government		88,460,171	126,438,566
Cash and bank balances		17,284,243	18,397,251
		2,455,963,128	2,407,304,586
		<u>5,458,493,720</u>	<u>5,338,661,735</u>

  
(Ahsan Suhail Mannan)  
Director

  
(Riaz Ahmad)  
Chief Financial Officer

**CONDENSED INTERIM STATEMENT OF PROFIT  
OR LOSS (Un-audited)  
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2023**


	Note	Quarter Ended September 30,	
		2023 Rupees	2022 Rupees
Revenue	8	1,260,155,232	778,338,027
Cost of revenue	9	(859,109,470)	(598,604,367)
<b>Gross Profit</b>		<b>401,045,762</b>	<b>179,733,659</b>
Administrative expenses		(42,298,041)	(30,435,227)
Selling and distribution expenses		(31,548,461)	(13,989,872)
		(73,846,502)	(44,425,099)
<b>Operating Profit</b>		<b>327,199,260</b>	<b>135,308,560</b>
Other operating expenses		(37,094,245)	(25,856,904)
Finance cost		(94,619,561)	(48,053,605)
Other income		3,258,104	7,167,735
<b>Profit before Taxation</b>		<b>198,743,558</b>	<b>68,565,787</b>
Taxation		(69,559,944)	(22,241,690)
<b>Net Profit for the Period</b>		<b>129,183,614</b>	<b>46,324,097</b>
<b>Earnings per Share - Basic and Diluted</b>		<b>3.69</b>	<b>1.32</b>

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

Lahore  
October 30, 2023

  
(Salem Rehman)  
Chief Executive Officer

  
(Ahsan Suhail Mannan)  
Director

  
(Riaz Ahmad)  
Chief Financial Officer



**CONDENSED INTERIM STATEMENT OF  
COMPREHENSIVE INCOME (Un-audited)**  
**FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2023**


	Quarter Ended September 30,	
	2023 Rupees	2022 Rupees
Net Profit for the Period	129,183,614	46,324,097
Other comprehensive income		
Items that may be reclassified to the profit or loss	-	-
<b>Total Comprehensive Profit for the Period</b>	<b>129,183,614</b>	<b>46,324,097</b>

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

Lahore  
October 30, 2023

  
(Salem Rehman)  
Chief Executive Officer

  
(Ahsan Suhail Mannan)  
Director

  
(Riaz Ahmad)  
Chief Financial Officer

**CONDENSED INTERIM STATEMENT OF  
CHANGES IN EQUITY (Un-audited)  
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2023**


	Issued, Subscribed and Paid up Capital Rupees	Reserves			Sponsors' Loan Rupees	Surplus on revaluation of property, plant and equipment Rupees	Total Rupees	
		Capital Share Premium Rupees	General Reserve Rupees	Unappropriated Profit Rupees				Total Reserve Rupees
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
Total comprehensive income for the Three months period ended September 30, 2022	-	-	-	46,324,097	46,324,097	-	-	46,324,097
Incremental depreciation on surplus on Revaluation	-	-	-	7,110,991	7,110,991	-	(7,110,991)	-
Balance as at September 30, 2022	350,000,000	39,898,526	90,000,000	428,648,560	558,547,086	115,708,828	1,528,348,282	2,552,604,196
Balance as at June 30, 2023	350,000,000	39,898,526	90,000,000	674,385,954	804,284,480	115,708,828	1,515,280,108	2,785,273,416
Total comprehensive income for the Three months period ended September 30, 2023	-	-	-	129,183,614	129,183,614	-	-	129,183,614
Incremental depreciation on surplus on Revaluation	-	-	-	5,044,791	5,044,791	-	(5,044,791)	-
Balance as at September 30, 2023	350,000,000	39,898,526	90,000,000	808,614,359	938,512,885	115,708,828	1,510,235,317	2,914,457,030

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

Lahore  
October 30, 2023

  
(Salem Rehman)  
Chief Executive Officer

  
(Ahsan Suhail Mannan)  
Director

  
(Riaz Ahmad)  
Chief Financial Officer



**CONDENSED INTERIM STATEMENT OF  
CASH FLOWS (Un-audited)  
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2023**

	<u>Quarter Ended September 30,</u>	
	2023 Rupees	2022 Rupees
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit / (loss) before taxation	198,743,558	68,565,787
- Depreciation on property, plant and equipment - owned	44,198,825	30,853,502
- Amortization	69,689	69,687
- Provision for gratuity	6,828,267	7,282,848
- Liabilities written back	-	(132,348)
- Exchange (gain)/ loss	(693,290)	(1,382,745)
- Workers' (Profit) Participation Fund	10,570,029	3,646,229
- Workers' Welfare Fund	4,016,611	1,385,567
- Lease Liabilities	-	218,778
- Unwinding of Liabilities	108,503	1,982,316
- Finance cost	94,511,058	45,852,511
	159,609,692	89,776,345
<b>Operating profit before working capital changes</b>	358,353,250	158,342,132
(Increase) / decrease in current assets:		
- Stores, spares and loose tools	(17,152,876)	(49,128,171)
- Stock in trade	350,047,441	(80,742,653)
- Trade receivables	(494,995,232)	14,705,382
- Advances, deposits, prepayments and others	74,744,432	35,357,743
(Decrease) / increase in current liabilities:		
Trade and other payables	(41,761,328)	(23,907,808)
	(129,117,564)	(103,715,507)
<b>Cash (used in)/generated from operations</b>	229,235,686	54,626,625
Changes in long term prepayments and other receivables		
Finance cost paid	(78,304,327)	(30,116,546)
Gratuity paid	(977,094)	(364,500)
Workers' (Profit) Participation Fund paid	-	(14,566,590)
Income tax (paid) / refunded - net	(34,732,468)	(45,087,105)
	(114,013,889)	(90,134,741)
<b>Net Cash (Used in)/generated from Operating Activities</b>	115,221,797	(35,508,116)

## CONDENSED INTERIM STATEMENT OF CASH FLOWS (Un-audited)

FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2023


	Quarter Ended September 30,	
	2023 Rupees	2022 Rupees
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Property, plant and equipment purchased	(105,807,365)	(57,348,180)
Long term loans and other receivables	(9,635,449)	988,922
<b>Net Cash used in Investing Activities</b>	(115,442,814)	(56,359,258)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Long term financing from related parties repaid - net	(4,000,000)	(7,500,000)
Long term financing from banking companies acquired - net	47,378,155	47,505,941
Short term borrowing from related parties repaid - net	5,145,475	(323,513)
Short term borrowing from banking companies acquired - net	(49,415,621)	110,293,073
<b>Net Cash generated from / (used in) Financing Activities</b>	(891,991)	149,975,501
<b>Net Increase / (Decrease) in Cash and Cash Equivalents</b>	(1,113,008)	58,108,127
<b>Cash and cash equivalents at the beginning of the period</b>	18,397,252	15,709,101
<b>Cash and Cash Equivalents at the End of the Period</b>	17,284,243	73,817,227

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

Lahore  
October 30, 2023

  
(Salem Rehman)  
Chief Executive Officer

  
(Ahsan Suhail Mannan)  
Director

  
(Riaz Ahmad)  
Chief Financial Officer



## NOTES TO AND FORMING PART OF CONDENSED INTERIM FINANCIAL STATEMENTS (Un-audited)

FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2023

### 1 The Company and its Operations

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

### 2 Basis of Preparation

- 2.1 "These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

-International Accounting Standard (IFRS), Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and  
-Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IFAS, the provisions of and directives issued under the Companies Act, 2017 have been followed."

- 2.2 This condensed interim financial statements should be read in conjunction with annual audited financial statements for the year ended June 30, 2023. Comparative statement of financial position is extracted from annual audited financial statements for the year ended June 30, 2023 whereas comparative statement of profit or loss, comparative statement of comprehensive income, comparative statement of changes in equity and comparative statement of cash flows are extracted from unaudited interim financial information for the period ended September 30, 2022.
- 2.3 The preparation of these condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates. In preparing this condensed interim financial statements, the significant judgments made by the management in applying accounting policies and key sources of estimation were the same as those that were applied to the financial statements for the year ended June 30, 2023.

2.4 This condensed interim financial statements are presented in Pak Rupees, which is the Company's functional and presentational currency. All the figures have been rounded off to the nearest rupees, unless otherwise stated.

### 3 Significant Accounting Policies

The Company's accounting and financial risk management policies and methods of computation adopted in the preparation of these condensed interim (un-audited) financial statements are the same as those applied in the preparation of preceding annual financial statements of the company for the year ended June 30, 2023.

	September 30, 2023 (Un-audited) Rupees	June 30, 2023 (Audited) Rupees
<b>4 Long Term Financing</b>		
<b>Banking companies - secured</b>		
The Bank of Punjab Limited	185,969,482	171,583,401
Habib Bank Limited	235,977,628	196,324,628
Askari Bank Limited	172,144,252	172,144,252
Saudi Pak Industrial and Agricultural Investment Company Limited	60,608,698	64,173,915
First Habib Modaraba - Diminishing Musharakah	73,231,781	75,519,626
	727,931,840	679,745,822
<b>Associated companies / related parties - unsecured</b>		
EMCO Industries Limited Provident Fund	24,811,008	29,165,254
	752,742,848	708,911,076
Less: current portion - Banking companies	(84,730,743)	(59,012,672)
	668,012,105	649,898,404





	September 30, 2023 (Un-audited) Rupees	June 30, 2023 (Audited) Rupees
<b>5. Short Term Borrowings</b>		
<b>Interest bearing</b>		
Banking companies - secured		
- Running Finance , local bills discounting and export and import finances	698,680,011	748,095,629
Related parties - unsecured:		
- Associated company - ICC (Private) Limited	60,750,000	63,750,000
	759,430,011	811,845,629
<b>Interest free</b>		
Related parties - unsecured:		
- Directors and close relatives thereof	45,013,533	37,039,268
- Associated company - The Imperial Electric Company (Private) Limited	2,615,692	2,615,692
	807,059,236	851,500,589

**6. Contingencies and Commitments**

**Contingencies**

There is no material change in the status of contingencies as reported in financial statements of the Company for the year ended June 30, 2023.

	September 30, 2023 (Un-audited) Rs. in millions	June 30, 2023 (Audited) Rs. in millions
<b>Commitments</b>		
Letters of credit other than for capital expenditure	118.399	96.669
Letters of credit for capital expenditure	72.615	172.053
<b>Guarantees</b>		
NTDC/DISCOs	604.426	566.802
Sui Northern Gas Pipelines Limited	50.406	50.406
Collectorate of Customs	8.978	8.978
	663.811	626.186

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

	September 30, 2023 (Un-audited) Rupees	June 30, 2023 (Audited) Rupees
Not later than one year	28,425,192	28,564,672
Later than one year and not later than five years	93,880,969	99,046,763
Later than five years	-	-
	<u>122,306,161</u>	<u>127,611,435</u>

	Note	September 30, 2023 (Un-audited) Rupees	June 30, 2023 (Audited) Rupees
<b>7. Property, Plant and Equipment</b>			
Operating fixed assets	7.1	2,616,467,599	2,616,669,070
Right of Use assets		8,900,168	9,709,274
Capital work in progress - civil works		250,615,390	187,997,134
		<u>2,875,983,157</u>	<u>2,814,375,478</u>
<b>7.1 Operating fixed assets</b>			
Opening written down value		2,616,669,070	2,243,524,632
Additions during the period / year		43,997,354	518,900,484
Disposals during the period / year		-	(2,144,998)
		<u>2,660,666,424</u>	<u>2,760,280,118</u>
Depreciation charge for the period / year		(44,198,825)	(143,611,048)
		<u>2,616,467,599</u>	<u>2,616,669,070</u>



	Quarter Ended September 30,	
	2023 (Un-audited) Rupees	2022 (Un-audited) Rupees
<b>8. REVENUE</b>		
Gross revenue:		
- Local	1,399,093,588	909,926,167
- Export	74,767,610	-
	1,473,861,198	909,926,167
Less: Sales tax	(213,705,966)	(131,588,140)
Net sales	1,260,155,232	778,338,027

	Quarter Ended September 30,	
	2023 (Un-audited) Rupees	2022 (Un-audited) Rupees
<b>9. COST OF REVENUE</b>		
Raw and packing material consumed	197,065,778	279,727,832
Stores and spares consumed	18,446,639	27,416,970
Salaries, wages and benefits	115,287,132	112,770,497
Power and gas	96,866,297	150,173,961
Vehicle maintenance	65,760	133,828
Repairs and maintenance	2,140,856	2,279,257
Insurance	2,405,880	1,102,016
Communication and stationery	547,472	668,466
Rent, rates and taxes	231,553	372,546
Travelling and conveyance	36,956,344	19,087,659
Testing and experiment charges	11,382,487	10,763,223
Miscellaneous	1,302,895	628,783
Depreciation on property, plant and equipment	40,948,403	30,612,141
	523,647,496	635,737,179
Work in process:		
- Opening work in process	124,210,137	97,223,798
- Closing work in process	(86,307,628)	(108,853,863)
	37,902,509	(11,630,065)
Cost of goods manufactured	561,550,005	624,107,114
Finished goods:		
- Opening finished goods	612,361,651	223,917,718
- Closing finished goods	(314,802,185)	(249,420,464)
	297,559,466	(25,502,746)
	859,109,470	598,604,367

## 10. Transactions 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 Period			Quarter Ended September 30,	
Related party	Relationship	Nature of transaction	2023	2022
			(Un-audited) Rupees	(Un-audited) Rupees
EMCO Industries Limited Provident Fund	Associated undertaking	Principal amount repaid	4,000,000	7,500,000
The Imperial Electric Company (Private) Limited	Associated company	Short term borrowing obtained	40,000,000	-
		Short term borrowing repaid	40,000,000	-
		Payment for Rent Expense	1,073,691	575,361
		Markup Paid on Short Borrowing	91,947	-
ICC ( Pvt ) Limited	Associated company	Short term borrowing repaid	3,000,000	-
		Markup on short term borrowing	3,906,788	3,549,925
		Markup paid on short term borrowing	-	2,250,000
		Payment made on behalf of the Company	110,000	285,200
		Payment received from the Company	220,000	285,062
Directors and close relatives	Associated persons	Short term borrowing obtained (Note 10.1)	161,800,000	50,000,000
		Short term borrowing repaid (Note 10.1)	153,800,000	50,360,421
		Markup on short term borrowing	654,835	92,073
		Markup on short term borrowing paid	-	1,041,406
Executives / Key management personal		Long term loan received back during the year	30,000	30,000



10.1 One of the directors has arranged personal finance line of Rs. 50 million from a banks for the purpose of extending short term borrowings to the Company. During the three months ended September 30, 2023, 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 three months ended, by rotating the said finance line. The maximum amount outstanding towards the said director during the three months ended September 30, 2023 was Rs. 50 million. This facility is included in short term borrowings (Note 5) as the reporting date and at any point of time during the period.

Outstanding Balance as at the Period end		September 30, 2023 (Un-audited) Rupees	June 30, 2023 (Audited) Rupees
Associated Engineers (Private) Limited	Sponsor Loan - interest Free	27,335,446	27,335,446
	Markup on long term financing	6,391,541	6,391,541
EMCO Industries Limited Provident Fund	Long term financing	33,129,818	37,129,818
Imperial Electric Company (Private) Limited	Short term financing - interest Free	2,615,692	2,615,692
	Markup on long term financing	2,343,326	2,343,326
	Payable against Rent	9,528,947	10,139,889
	Other Payable	2,284,333	459,536
ICC ( Pvt ) Limited	Short term borrowing - interest bearing	60,750,000	63,750,000
	Markup on short term borrowing	21,574,201	17,667,413
	Advance given	104,953	-
	Other payable	-	5,047
Directors and close relatives thereof	Sponsors' loans	115,708,829	115,708,828
	Short term borrowing	45,039,267	37,039,268
	Markup on short term borrowing	654,835	-
Executive / Key Management personnel	Long Term Loan Receivable	310,000	340,000
	Other Payable	3,848,000	3,848,000

**11. Date of Authorization**

This condensed interim financial statement (un-audited) is authorized for issuance on October 30, 2023 by the Board of Directors of the Company.


**12. General**

Corresponding figures are rearranged / reclassified for better presentation and comparison. No material re-arrangements / reclassifications have been made in these (un-audited) financial statements:

Lahore  
October 30, 2023

  
(Salem Rehman)  
Chief Executive Officer

  
(Ahsan Suhail Mannan)  
Director

  
(Riaz Ahmad)  
Chief Financial Officer

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- 📊 Financial calculator
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