

EMCO INDUSTRIES LIMITED



**INTERIM FINANCIAL
INFORMATION (Un-audited)
FOR THE HALF YEAR ENDED
DECEMBER 31, 2023**

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 are pleased to present the performance review of your Company together with the reviewed financial statements for the half-year ended December 31, 2023.

Operations and Sales Review

The Company produced 1,854 tons of porcelain insulators during the period under review (July-December 2023) as compared to 2,717 tons of the corresponding period of last year. Similarly, the Company sold 2,225 tons of porcelain insulators during the period under review (July-December 2023) as compared to 2,489 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 is aligned with the Company's vision to reconfigure production capacity and utilization to cater to the growing Switchgear Products demand.

Net sales of the Company recorded as Rs.2,416.20 million for the period under review (July-December 2023) as compared to Rs. 1,817.01 million of the corresponding period of last year, thereby registering a healthy growth of 32.98%. This increase is 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-December 2023), the Company posted gross profit of Rs. 685.85 million compared to Rs. 484.54 million in the corresponding period of last year. The net operating profit for the period under review (July-December 2023) is recorded at Rs. 551.14 million as compared to Rs. 388.03 million in the corresponding period of last year. The Company started backward integration, that resulted in improvement in Gross Margins as well as Operating Profit despite macroeconomic challenges. Notably, the Admin and S&D expenses increased to Rs. 134.70 million from Rs. 96.51 million mainly on account of higher freight charges on the back of higher export sales and partly on account of the increase in POL prices and one time SECP fee for increase in Authorized Capital.

Finance cost for the period under review (July-December 2023) has been recorded at Rs. 194.61 million as compared to Rs. 106.79 million of the corresponding period of last year. This may be broadly attributable to the higher interest rates, and to complete draw down of Term Loans to complete BMR projects.

After taking into account financial charges, Profit Before Tax increased to Rs. 299.63 million as compared to Profit Before Tax of Rs. 220.68 million for the corresponding period of last year.



After accounting for tax, the Company has made a Net Profit of Rs. 195.77 million for the period under review as compared to a Net Profit of Rs. 149.51 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 and demonstrated resilience amid challenging environment. The Pakistani currency saw its value drop to a historic low of over Rs.307/US\$ in the current period, which subsequently improved over the course of the period under review. Similarly, Oil prices also hit a 1 year high in the current period under review. On the domestic front, Pakistan continued to experience a sluggish economic activity on account of Monetary tightening measures, major hikes in Electricity and Natural Gas prices and a major increase in minimum wage, which caused significant pressure on cost of production. We continue to pray for an early recovery from these challenges.

Earnings per Share

The basic earnings per share is reported at Rs. 5.69 as compared to basic earnings per share of Rs. 4.27 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 continues to face uncertainty in its economic outlook, and the domestic political turmoil is compounding these economic challenges. The revival of the IMF program resulted in string measures of monetary policy tightening and substantial increase rates of utilities, which led to heavy inflationary pressures across the board. There was additional uncertainty caused by the Israel-Palestine conflict and by the ongoing Russia-Ukraine conflict. These concerns brought in both demand side and supply side challenges across the world, and resulted in a dip in the large scale manufacturing sector in Pakistan. The Company is actively following the evolving situation and adapting to the conditions on an emergent basis.

Going forward, the economic outlook will be driven primarily by political stability and fiscal policy decision making. Regardless of how the situation develops, Company management expects a period of continued high interest rates and high inflationary trends. We have already seen reduction in government spending, which may lead to further demand curtailment and economic slowdown in all sectors. The Company is aggressively pursuing its export initiatives to partially counter these pressures.



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
February 22, 2024
Lahore



Ahsan Suhail Mannan
Director / Company Secretary



میکرو آکنٹک چیلنجر:

زیر غور مدت کے دوران، کمپنی کے کاروبار کو میکرو آکنٹک چیلنجر کا سامنا رہا اور چیلننگ ماحول کے درمیان دفاع کا مظاہرہ کیا۔ پاکستانی کرنسی نے موجودہ مدت میں اپنی قدر کو امریکی ڈالر کے مقابلے میں 307 روپے کی تاریخی کم ترین سطح تک دیکھی، جس میں بعد ازاں زیر جائزہ مدت کے دوران بہتری آئی۔ اسی طرح تیل کی قیمتیں بھی موجودہ عرصے میں ایک سال کی بلند ترین سطح پر پہنچ گئیں۔ مقامی سطح پر، پاکستان کو مالیاتی سخت اقدامات، بجلی اور قدرتی گیس کی قیمتوں میں بڑے اضافے اور کم از کم اجرت میں بڑے اضافے کی وجہ سے سخت معاشی سرگرمی کا سامنا کرنا پڑا۔ جس کی وجہ سے پیداواری لاگت پر کافی دباؤ پڑا۔ ہم ان چیلنجوں سے جلد بازیابی کے لئے دعا گو ہیں۔

فی شیئر آمدن:

فی حصص بنیادی آمدنی 5.69 روپے رپورٹ کی گئی جبکہ پچھلے سال کی اسی مدت میں بنیادی آمدنی فی حصص 4.27 روپے تھی۔ زیر جائزہ مدت اور پچھلے سال کی اسی مدت کے لئے فی حصص آمدنی پر کوئی کمی کا اثر نہیں ہے۔

قریب مدتی منظر نامہ:

پاکستان کو اپنے معاشی منظر نامے میں غیر یقینی صورتحال کا سامنا ہے اور داخلی سیاسی خلفشار ان معاشی چیلنجوں کو مزید پیچیدہ بنا رہا ہے۔ آئی ایم ایف پروگرام کی بحالی کے نتیجے میں مائیکرو پالیسی کو سخت کرنے اور یوٹیلٹی سیکٹرز کی شرحوں میں خاطر خواہ اضافہ ہوا، جس کی وجہ سے ملک بھر میں افراط زر کا شدید دباؤ پڑا۔ اسرائیل فلسطین تنازعہ اور روس یوکرین تنازعے کی وجہ سے مزید غیر یقینی صورتحال پیدا ہوئی۔ ان خدشات نے دنیا بھر میں طلب اور رسد دونوں کی طرف سے چیلنجر کو جنم دیا اور اس کے نتیجے میں پاکستان میں بڑے پیمانے پر پیداواری شعبے میں گراؤ آئی۔ کمپنی فعال طور پر بدلتی ہوئی صورتحال کی پیروی کر رہی ہے اور ہنگامی بنیادوں پر حالات کو اپناتا رہے۔ آگے بڑھتے ہوئے، معاشی نقطہ نظر بنیادی طور پر سیاسی استحکام اور مالی پالیسی فیصلہ سازی پر مبنی ہو گا۔ اس سے قطع نظر کہ صورتحال کیسے ترقی کرتی ہے، کمپنی انتظامیہ مسلسل اعلیٰ شرح سود اور اعلیٰ افراط زر کے رجحانات کے دور کی توقع کرتی ہے۔ ہم نے پچھلے ہی سرکاری اخراجات میں کمی دیکھی ہے، جس سے طلب میں مزید کمی اور تمام شعبوں میں معاشی سست روی پیدا ہو سکتی ہے۔ کمپنی ان دباؤ کا جزوی طور پر مقابلہ کرنے کے لئے جارحانہ طور پر اپنے برآمدی اقدامات پر عمل پیرا ہے۔

اعترافات:

ڈائریکٹرز تمام عہدوں کے ملازمین کی محنت اور پر خلوص کارکردگی کا اعتراف کرنا چاہتے ہیں اور ان کی لگن اور عزم کی تعریف کرتے ہیں۔ وہ 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
لاہور: 22 فروری 2024ء

ڈائریکٹرز کا جائزہ

معزز حصص دوران:

بورڈ آف ڈائریکٹرز کی جانب سے ہمیں 31 دسمبر 2023ء کو ختم ہونے والے نصف سال کے لئے غیر آڈٹ شدہ مالیاتی گوشواروں کے ساتھ آپ کی کمپنی کی کارکردگی کا جائزہ پیش کرتے ہوئے خوشی ہو رہی ہے۔

کاروبار کی کارکردگی اور سیل کا جائزہ:

کمپنی نے زیر جائزہ مدت (جولائی تا دسمبر 2023ء) کے دوران 1,854 ٹن پورسلین انسولینز کی پیداوار کی جبکہ پچھلے سال کی اسی مدت میں یہ پیداوار 2,717 ٹن تھی۔ اسی طرح کمپنی نے زیر جائزہ مدت (جولائی تا دسمبر 2023ء) کے دوران 2,225 ٹن پورسلین انسولینز کی فروخت کی جبکہ گزشتہ سال کی اسی مدت میں یہ 2,489 ٹن تھی۔ نیا ایم آر منصوبے کے حصے کے طور پر نئی مشینری اور سازوسامان کی تنصیب کی وجہ سے پیداوار اور فروخت متاثر ہوئی، جو کہ براہ راست ہوئی سوچ گئیہر مصنوعات کی طلب کو پورا کرنے کے لئے پیداواری صلاحیت اور استعمال کو دوبارہ ترتیب دینے کے لئے کمپنی کے وژن سے مطابقت رکھتی ہے۔

جولائی تا دسمبر 2023ء کے دوران کمپنی کی خالص فروخت 2,416.20 ملین روپے ریکارڈ کی گئی جو گزشتہ سال کے اسی عرصے کے 1,817.01 ملین روپے کے مقابلے میں 32.98 فیصد زیادہ ہے۔ یہ اضافہ اعلیٰ قیمت کی سوچ گئیہر مصنوعات کی فروخت کی حوصلہ افزائی اور قیمتوں میں اضافے کی وجہ سے ہے۔ تاکہ لاگت کی طرف بھاری افراط زر کے رجحانات سے نمٹا جاسکے۔

مالیاتی کارکردگی:

زیر جائزہ مدت (جولائی تا دسمبر 2023ء) کے دوران کمپنی نے 685.85 ملین روپے کا مجموعی منافع حاصل کیا جو گزشتہ سال کے اسی عرصے میں 484.54 ملین روپے تھا۔ زیر غور مدت (جولائی تا دسمبر 2023ء) کے دوران خالص آپریٹنگ منافع 551.14 ملین روپے ریکارڈ کیا گیا ہے جو گزشتہ سال کے اسی عرصے میں 388.03 ملین روپے تھا۔ کمپنی نے (backward integration) کا آغاز کیا، جس کے نتیجے میں سیکرو اکانامک چیلنجز کے باوجود مجموعی مارجن کے ساتھ ساتھ آپریٹنگ منافع میں بھی بہتری آئی۔ قابل ذکر بات یہ ہے کہ ایڈمن اور ایس اینڈ ڈی اخراجات 96.51 ملین روپے سے بڑھ کر 134.70 ملین روپے ہو گئے ہیں جس کی بنیادی وجہ زیادہ برآمدی فروخت کی وجہ سے زیادہ فریٹ چارجز اور بڑی طور پر پلی او ایس (POL) کی قیمتوں میں اضافے اور مجاز سرمائے میں اضافے کے لئے ایس ای سی پی (SECP) فیس میں اضافہ ہے۔

زیر غور مدت (جولائی تا دسمبر 2023ء) کے دوران مالی لاگت 194.61 ملین روپے ریکارڈ کی گئی ہے جو گزشتہ سال کے اسی عرصے میں 106.79 ملین روپے تھی۔ اس کی بڑی وجہ زیادہ شرح سود اور نیا ایم آر منصوبوں کو مکمل کرنے کے لئے قرضہ کے استعمال ہیں۔

مالی اخراجات کو منہا کرنے کے بعد قبل از ٹیکس منافع بڑھ کر 299.63 ملین روپے ہو گیا جو گزشتہ سال کے اسی عرصے میں 220.68 ملین روپے تھا۔

ٹیکس کو نکالنے کے بعد کمپنی نے زیر غور مدت میں 195.77 ملین روپے کا خالص منافع کمایا ہے جبکہ گزشتہ سال کے اسی عرصے میں اسے 149.51 ملین روپے کا خالص منافع حاصل ہوا تھا۔

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



INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF EMCO INDUSTRIES LIMITED ON REVIEW OF INTERIM FINANCIAL STATEMENTS

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **EMCO INDUSTRIES LIMITED** ("the Company") as at December 31, 2023 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the condensed interim financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for the financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Other Matter

The figures of the condensed interim statement of profit or loss and the condensed interim statement of comprehensive income for the quarters ended December 31, 2023 and 2022 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2023.

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

LAHORE
Dated: February 22, 2024
UDIN: RR202310051haUWvAlmS

CROWE HUSSAIN CHAUDHURY & CO.
Chartered Accountants

CONDENSED INTERIM STATEMENT OF FINANCIAL

	Note	(Un-Audited) December 31, 2023 Rupees	(Audited) June 30, 2023 Rupees
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Authorized share capital 1,200,000 (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		995,053,474	804,284,480
Sponsors' loan		115,708,828	115,708,828
Surplus on revaluation of property, plant and equipment	4	1,446,773,453	1,515,280,108
		2,907,535,755	2,785,273,416
Non Current Liabilities			
Long term financing	5	640,840,762	649,898,404
Lease liabilities		4,234,174	5,845,125
Post employment benefits		131,293,703	120,389,472
Deferred tax liability		281,585,289	244,836,598
Long term security deposit		13,181,445	4,567,584
		1,071,135,373	1,025,537,183
Current Liabilities			
Trade and other payables		504,267,194	524,593,748
Unclaimed dividends		524,915	524,915
Accrued finance cost		108,935,355	87,792,537
Short term borrowings	6	901,362,316	851,500,589
Current portion of non-current liabilities		111,931,412	63,439,347
		1,627,021,192	1,527,851,136
Contingencies and Commitments			
	7	-	-
		5,605,692,320	5,338,661,735

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements.

Lahore
February 22, 2024
10 |

(Salem Rehman)
Chief Executive Officer



POSITION AS AT DECEMBER 31, 2023

	Note	(Un-Audited) December 31, 2023 Rupees	(Audited) June 30, 2023 Rupees
ASSETS			
Non Current Assets			
Property, plant and equipment	8	2,914,041,070	2,814,375,478
Investment properties		84,988,507	84,988,507
Intangible assets		706,796	846,171
Long term prepayments and other receivables		57,615,529	27,029,063
Long term loans		1,629,090	1,858,430
Long term deposits		2,259,500	2,259,500
		3,061,240,492	2,931,357,149
Current Assets			
Stores, spares and loose tools		114,855,882	110,595,465
Stock in trade		879,955,361	1,240,566,496
Trade receivables		1,374,222,113	748,910,891
Advances, deposits, prepayments and other receivables		98,771,862	162,395,917
Income tax refundable from the Government		60,039,346	126,438,566
Cash and bank balances		16,607,264	18,397,251
		2,544,451,828	2,407,304,586
		5,605,692,320	5,338,661,735


(Ahsan Suhail Mannan)
Director


(Riaz Ahmad)
Chief Financial Officer
HALF YEARLY REPORT 2024 | 11

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (Un-audited)

FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2023


	Note	Half Year Ended December 31,		Quarter Ended December 31,	
		2023 Rupees	2022 Rupees	2023 Rupees	2022 Rupees
Revenue		2,416,197,853	1,817,018,431	1,156,042,621	1,038,680,404
Cost of revenue	9	(1,730,346,684)	(1,332,482,949)	(871,237,213)	(732,597,365)
Gross Profit		685,851,169	484,535,482	284,805,408	306,083,039
Administrative expenses		(78,077,221)	(60,811,436)	(35,779,180)	(30,376,209)
Selling and distribution expenses		(56,625,980)	(35,696,035)	(25,077,519)	(21,706,163)
		(134,703,201)	(96,507,471)	(60,856,699)	(52,082,372)
Operating Profit		551,147,968	388,028,011	223,948,709	254,000,667
Other operating expenses		(62,037,336)	(71,586,258)	(24,943,091)	(45,729,354)
Other income		5,129,628	11,033,393	1,871,524	3,865,658
Finance cost		(194,609,646)	(106,792,562)	(99,990,085)	(60,020,172)
Profit before Taxation		299,630,614	220,682,584	100,887,057	152,116,799
Taxation		(103,860,805)	(71,173,903)	(34,300,861)	(48,932,213)
Net Profit for the Period		195,769,809	149,508,681	66,586,196	103,184,586
Earnings per Share - Basic and Diluted		5.59	4.27	1.90	2.95

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements.

Lahore
February 22, 2024


(Salem Rehman)
Chief Executive Officer


(Ahsan Suhail Mannan)
Director


(Riaz Ahmad)
Chief Financial Officer




CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (Un-audited)


FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2023

	Half Year Ended December 31,		Quarter Ended December 31,	
	2023 Rupees	2022 Rupees	2023 Rupees	2022 Rupees
Net profit for the period	195,769,809	149,508,681	66,586,196	103,184,586
Other comprehensive income				
Items that will not be reclassified to profit or loss	-	-	-	-
Items that may be reclassified to profit or loss	-	-	-	-
Total comprehensive income for the period	195,769,809	149,508,681	66,586,196	103,184,586

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements.

Lahore
February 22, 2024

(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 HALF YEAR ENDED DECEMBER 31, 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
Net profit for the period	-	-	-	149,508,681	149,508,681	-	-	149,508,681
Other comprehensive income for the period	-	-	-	-	-	-	-	-
Total Comprehensive income for the period	-	-	-	149,508,681	149,508,681	-	-	149,508,681
Incremental depreciation for the period on surplus on revaluation of property, plant and equipment-net	-	-	-	14,097,626	14,097,626	-	(14,097,626)	-
Payment of final dividend for the year ended June 30, 2022	-	-	-	(17,500,000)	(17,500,000)	-	-	(17,500,000)
Effect of change in effective tax rate	-	-	-	-	-	-	(5,509,451)	(5,509,451)
Balance as at December 31, 2022	350,000,000	39,898,526	90,000,000	521,319,779	651,218,305	115,708,828	1,515,852,196	2,632,779,329
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
Net profit for the period	-	-	-	195,769,809	195,769,809	-	-	195,769,809
Other comprehensive income for the period	-	-	-	-	-	-	-	-
Total Comprehensive income for the period	-	-	-	195,769,809	195,769,809	-	-	195,769,809
Incremental depreciation for the period on surplus on revaluation of property, plant and equipment - net	-	-	-	12,499,185	12,499,185	-	(12,499,185)	-
Payment of final dividend for the year ended June 30, 2023	-	-	-	(17,500,000)	(17,500,000)	-	-	(17,500,000)
Effect of change in effective tax rate	-	-	-	-	-	-	(56,007,470)	(56,007,470)
Balance as at December 31, 2023	350,000,000	39,898,526	90,000,000	865,154,948	995,053,474	115,708,828	1,446,773,453	2,907,535,755

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements.

Lahore
February 22, 2024


(Salem Rehman)
Chief Executive Officer


(Ahsan Suhail Mannan)
Director


(Riaz Ahmad)
Chief Financial Officer



CONDENSED INTERIM STATEMENT OF CASH FLOWS (Un-audited)

FOR THE HALF YEAR ENDED DECEMBER 31, 2023


	Half Year Ended December 31,	
	2023 Rupees	2022 Rupees
Profit before taxation	299,630,614	220,682,584
Adjustment for:		
- Depreciation	90,353,056	65,179,555
- Depreciation on right of use assets	1,618,212	1,324,296
- Amortization	139,375	139,374
- Provision for gratuity	13,877,358	14,565,696
- Workers' (profit) participation fund	15,979,502	12,066,187
- Interest on workers' (profit) participation fund	2,199,407	-
- Workers' welfare fund	6,179,192	4,679,889
- Amortisation of government grant	-	(187,949)
- Interest on lease liabilities	894,328	437,556
- Gain on disposal of property, plant and equipment	-	(1,306,031)
- Liabilities written back	-	(138,498)
- Provision for long term recoverable from employees	-	6,000,000
- Exchange loss / (gain)	2,173,216	(1,280,871)
- Unwinding of liabilities	1,141,677	9,568,408
- Finance cost	192,573,641	106,355,006
	327,128,964	217,402,618
Operating profit before working capital changes	626,759,578	438,085,202
(Increase) / decrease in current assets:		
- Stores, spares and loose tools	(4,260,417)	1,501,159
- Stock in trade	360,611,135	(172,224,431)
- Trade receivables	(627,484,438)	(313,603,153)
- Advances, deposits, prepayments and other receivables	65,379,473	50,822,209
Increase / (decrease) in current liabilities:		
- Trade and other payables	(11,948,638)	45,583,606
	(217,702,885)	(387,920,610)
Cash generated from operations	409,056,693	50,164,592
Changes in long term prepayments and other receivables	(32,339,264)	21,015,581
Changes in long term security deposit	8,613,861	-
Finance cost paid	(171,430,823)	(84,172,705)
Gratuity paid	(2,973,127)	(1,937,614)
Payments against discontinued provident fund	-	(41,524)
Workers' Profit Participation Fund paid	(28,580,604)	(15,242,142)
Workers' welfare fund paid	(4,155,413)	-
Income tax paid / withheld	(56,720,364)	(79,095,654)
	(263,860,331)	(180,489,639)
Net Cash Generated from / (Used in) Operating Activities	121,470,959	(109,309,466)

CONDENSED INTERIM STATEMENT OF CASH FLOWS (Un-audited)


FOR THE HALF YEAR ENDED DECEMBER 31, 2023

	Half Year Ended December 31,	
	2023 Rupees	2022 Rupees
CASH FLOW FROM INVESTING ACTIVITIES		
Additions in property plant and equipment	(59,907,743)	(92,678,279)
Additions in capital work in progress	(131,729,117)	(66,086,421)
Long term loans - net	226,720	(74,640)
Proceeds from disposal of property, plant and equipment	-	1,480,000
Net Cash used in Investing Activities	(191,410,140)	(157,359,340)
CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of long term financing	(39,928,417)	(64,545,511)
Repayment of lease liabilities	(2,505,279)	(1,588,278)
Proceeds from long term financing	78,221,163	208,395,362
Dividend paid	(17,500,000)	(17,500,406)
Short term borrowings - net	49,861,727	165,479,311
Net Cash Generated from Financing Activities	68,149,194	290,240,478
Net (Decrease) / Increase in Cash and Cash Equivalents	(1,789,987)	23,571,672
Cash and cash equivalents at the beginning of the period	18,397,251	15,709,101
Cash and Cash Equivalents at the End of the Period	16,607,264	39,280,773

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements.


 Lahore
 February 22, 2024
 (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 HALF YEAR ENDED DECEMBER 31, 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 Shekhupura Road, Lahore.
- 1.2 The Company is principally engaged in the manufacture and sale of high / low tension electrical porcelain insulators and switchgear.

2 Basis of Preparation

- 2.1 These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:
- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
 - Provisions of and directives issued under the Companies Act, 2017.
- Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.
- 2.2 These 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 account, comparative statement of comprehensive income, comparative statement of changes in equity and comparative statement of cash flows are extracted from unaudited condensed interim financial statements for the half year ended December 31, 2022.
- 2.3 These condensed interim financial statements are unaudited and are being submitted to the shareholders as required under section 237 of the Companies Act, 2017. However, a limited scope review has been performed by the external auditors as required by the Code of Corporate Governance.
- 2.4 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 these 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.

2.5 These 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 Summary of Significant Accounting Policies

The Company's accounting 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.

4 Surplus on Revaluation of Property, Plant and Equipment	(Un-audited) December 31, 2023 Rupees	(Audited) June 30, 2023 Rupees
Land - Freehold	903,427,276	903,427,276
Buildings on freehold land	304,547,380	316,212,903
Plant and machinery	307,305,452	315,819,094
	1,515,280,108	1,535,459,273
Effect of change in effective tax rates	(56,007,470)	8,654,039
Incremental depreciation charged on revalued property, plant and equipment in current period-net of deferred tax (transferred to retained earnings)	(12,499,185)	(28,833,204)
	<u>1,446,773,453</u>	<u>1,515,280,108</u>

5. Long Term Financing	(Un-audited) December 31, 2023 Rupees	(Audited) June 30, 2023 Rupees
Banking companies - secured		
The Bank of Punjab	176,181,613	171,583,401
Habib Bank Limited	249,977,628	196,324,628
Askari Bank Limited	172,144,252	172,144,252
Saudi Pak Industrial and Agricultural Investment Company Limited	57,043,481	64,173,915
First Habib Modaraba - Diminishing Musharakah	70,691,594	75,519,626
	726,038,568	679,745,822
Associated companies / related parties - unsecured		
EMCO Industries Limited Provident Fund	29,129,818	37,129,818
Discounting / unwinding of discount	(6,822,887)	(7,964,564)
	22,306,931	29,165,254
	748,345,499	708,911,076
Less: current portion - banking companies	(107,504,737)	(59,012,672)
	<u>640,840,762</u>	<u>649,898,404</u>



	(Un-audited) December 31, 2023 Rupees	(Audited) June 30, 2023 Rupees
6. Short Term Borrowings		
Interest bearing		
Banking companies - secured:		
- Running finance, local bills discounting and export and import finances	753,959,357	748,095,629
Related parties - unsecured:		
- Associated company - ICC (Private) Limited	60,750,000	63,750,000
- Directors and close relatives thereof	45,497,999	-
	106,247,999	63,750,000
	860,207,356	811,845,629
Interest free		
Related parties - unsecured:		
- Directors and close relatives thereof	38,539,268	37,039,268
- Associated company The Imperial Electric Company (Private) Limited	2,615,692	2,615,692
	41,154,960	39,654,960
	901,362,316	851,500,589

7. Contingencies and Commitments

7.1 Contingencies

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

7.2 Bank guarantees amounting to Rs. 697.121 million (June 30, 2023: Rs. 626.186 million) have been issued in favour of the following:

	(Un-audited) December 31, 2023 Rupees	(Audited) June 30, 2023 Rupees
Sui Northern Gas Pipeline Limited	50,406,000	50,406,000
NTDC / DISCOS	637,736,863	566,802,033
Collector of Customs	8,978,358	8,978,358
	697,121,221	626,186,391

7.3 Contingencies

- Letters of credit other than for capital expenditure amount to Rs. 102.787 million (June 30, 2023: Rs. 96.669 million).
- Letters of credit for capital expenditure amount to Rs. 35.086 million (June 30, 2023: Rs. 172.053 million).
- Commitments for future minimum payments in respect of Diminishing Musharka arrangements are as follows:

	(Un-audited) December 31, 2023 Rupees	(Audited) June 30, 2023 Rupees
Not later than one year	27,784,992	28,564,672
Later than one year but not later than five years	84,276,517	99,046,763
Later than five years	-	-
	<u>112,061,509</u>	<u>127,611,435</u>

8. Property, Plant and Equipment

		(Un-audited) December 31, 2023 Rupees	(Audited) June 30, 2023 Rupees
Operating fixed assets	8.1	2,587,087,758	2,616,669,070
Right of use assets		8,091,062	9,709,274
Capital work in progress		318,862,250	187,997,134
		<u>2,914,041,070</u>	<u>2,814,375,478</u>
8.1 Operating fixed assets			
Opening written down value		2,616,669,070	2,243,524,632
Additions during the period / year		60,771,744	518,900,484
Disposal during the period / year		-	(2,144,998)
Revaluation adjustment		-	-
		<u>2,677,440,814</u>	<u>2,760,280,118</u>
Depreciation charge for the period / year		(90,353,056)	(143,611,048)
		<u>2,587,087,758</u>	<u>2,616,669,070</u>



9. COST OF REVENUE

	Half Year Ended December 31,		Quarter Ended December 31,	
	2023 Rupees	2022 Rupees	2023 Rupees	2022 Rupees
Raw and packing materials consumed	644,589,605	729,442,348	447,523,827	458,811,461
Salaries, wages and benefits	256,048,348	238,524,106	140,761,216	125,753,609
Power and gas	222,140,429	296,079,622	125,274,132	145,905,661
Stores and spares consumed	53,126,399	67,497,132	34,679,760	40,080,162
Testing and inspection	24,896,389	38,817,875	13,513,902	28,054,652
Travelling and conveyance	78,931,927	49,116,030	41,975,583	30,028,371
Rent, rates and taxes	781,940	648,370	550,387	275,824
Repairs and maintenance	5,396,959	4,080,090	3,256,103	1,800,833
Entertainment	1,412,076	901,419	1,412,076	386,182
Insurance	4,413,816	3,480,882	2,007,936	2,378,866
Ijarah rentals	-	2,700,019	-	1,418,804
Communication and stationery	1,282,138	1,119,078	734,666	450,612
Vehicle maintenance	185,955	259,112	120,195	125,284
RTV coating related project expenses	1,601,496	9,096,945	1,220,831	-
Miscellaneous	1,571,195	223,356	648,965	109,810
Depreciation	83,817,607	64,701,891	42,869,204	34,089,750
	1,380,196,279	1,506,688,275	856,548,783	869,669,881
Work in process				
- Opening work in process	124,210,138	97,223,799	86,307,628	108,853,863
- Closing work in process	(66,123,602)	(119,181,137)	(66,123,602)	(119,181,137)
	58,086,536	(21,957,338)	20,184,026	(10,327,274)
Cost of goods manufactured	1,438,282,815	1,484,730,937	876,732,809	859,342,607
Finished goods				
- Opening finished goods	612,361,650	223,917,718	314,802,185	249,420,464
- Closing finished goods	(320,297,781)	(376,165,706)	(320,297,781)	(376,165,706)
	292,063,869	(152,247,988)	(5,495,596)	(126,745,242)
	1,730,346,684	1,332,482,949	871,237,213	732,597,365

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 Year			(Un-audited) December 31, 2023 Rupees	(Un-audited) December 31, 2022 Rupees
Related party	Relationship	Nature of transaction		
EMCO Industries Limited Provident Fund	Associated undertaking	Principal amount repaid	8,000,000	11,000,000
The Imperial Electric Company (Private) Limited	Associated company	Short term borrowing obtained	135,000,000	90,000,000
		Short term borrowing repaid	135,000,000	90,000,000
		Markup paid on short term borrowings	156,729	116,863
		Interest expense on lease liabilities	894,328	437,556
		Rent and other expenses	4,316,016	2,005,672
		Payments made	160,250	1,161,898
ICC (Pvt) Limited	Associated company	Short term borrowing repaid	3,000,000	-
		Markup on short term borrowings	7,620,727	7,256,306
		Payment made on behalf of Company	379,953	356,500
		Payment received from the Company	560,158	350,662
Directors and close relatives	Associated persons	Short term borrowing obtained (Note 10.1)	239,298,000	182,242,000
		Short term borrowings repaid (Note 10.1)	192,300,000	91,160,421
		Markup on short term borrowing	2,612,996	2,291,916
		Markup on short term borrowing paid	678,796	1,138,254
Executive / Key Management personnel		Long Term Loan Recoverd	60,000	60,000
		Amount received against car lease	8,613,861	-

10.1 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 half year ended December 31, 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 half year, by rotating the said finance line. The maximum amount outstanding towards the said director during the half year ended December 31, 2023 was Rs. 50 million.



Outstanding Balance as at		(Un-audited) December 31, 2023 Rupees	(Audited) June 30, 2023 Rupees
Associated Engineers (Private) Limited	Sponsor Loan - interest Free Markup on long term financing	27,335,446 6,391,541	27,335,446 6,391,541
EMCO Industries Limited Provident Fund	Long term financing	29,129,818	37,129,818
The Imperial Electric Company (Private) Limited	Short term financing - interest Free Markup on long term financing Other payable	2,615,692 2,343,326 4,935,802	2,615,692 2,343,326 459,536
ICC (Pvt) Limited	Short term borrowing - interest bearing Markup on borrowing Advance given Other payable	60,750,000 25,288,140 175,158 -	63,750,000 17,667,413 - 5,047
Directors and close relatives thereof	Sponsors' loans Short term borrowing Markup on short term borrowing Other payable	115,708,828 84,037,267 1,934,200 3,848,000	115,708,828 37,039,268 - 3,848,000
Executive / Key Management personnel	Long Term Loan Receivable Other Payable	280,000 8,613,861	340,000 -

11 SEGMENT REPORTING

There is only one reportable segment of the Company.

12 FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in preceding audited financial statements for the year ended June 30, 2023.

13 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements (un-audited) are approved by the Board of Directors of the Company for issuance on Lahore February 22, 2024.

14 GENERAL

Corresponding figures are rearranged / reclassified for better presentation and comparison. No material re-arrangement / reclassification has been made in these financial statements except for the following:

Nature	From	To	December 31, 2022 Rupees
Cost of revenue	Raw and packing materials consumed (Note 9)	RTV coating related project expenses (Note 9)	9,096,945

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.

Lahore
February 22, 2024.


(Salem Rehman)
Chief Executive Officer


(Ahsan Sultail Mannan)
Director


(Riaz Ahmad)
Chief Financial Officer

BOOK POST
UNDER POSTAL CERTIFICATE



EMCO INDUSTRIES LIMITED

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