



## Punjab Oil Mills Limited

An ISO 9001, 14001, FSSC 22000 & OHSAS 18001 CERTIFIED COMPANY



MANUFACTURERS OF



## Contact Information

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## Punjab Oil Mills Limited

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1st Quarterly Report for the Period Ended 30 Sep. 2018

# TOGETHER WE SUCCEED



## PUNJAB OIL MILLS LIMITED

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## PUNJAB OIL MILLS LIMITED

### COMPANY INFORMATION

<b>BOARD OF DIRECTORS</b>	Mr. Tahir Jahangir Mr. Izaz Ilahi Malik Mr. Usman Ilahi Malik Mr. Jillani Jahangir Mr. Furqan Anwar Batla Syed Tahir Hussain Naqvi Mr. Firasat Ali	Chairman/Director Managing Director/Chief Executive Officer Executive Director Non-Executive Director (Certified) Non-Executive Director (Certified) Non-Executive Director (Independent) Non-Executive Director (NIT Nominee)
<b>AUDIT COMMITTEE</b>	Syed Tahir Hussain Shah Mr. Furqan Anwar Batla Mr. Firasat Ali Mr. Usman Ilahi Malik	Chairman Member Member Member
<b>HUMAN RESOURCE &amp; REMUNERATION COMMITTEE</b>	Mr. Jillani Jahangir Mr. Furqan Anwar Batla Syed Tahir Hussain Shah Mr. Izaz Ilahi Malik Mr. Firasat Ali	Chairman Member Member Member Member
<b>CHIEF FINANCIAL OFFICER</b>	Mr. Muhammad Saeed Malik	
<b>COMPANY SECRETARY</b>	Mr. Usman Saleem	
<b>HEAD OF INTERNAL AUDIT</b>	Mr. Zaka Ullah Malik	
<b>AUDITORS</b>	M/s Maqbool Haroon Shahid Safdar & Co. Chartered Accountants	
<b>LEGAL ADVISORS</b>	A.G.H.S Law Associates	
<b>BANKERS</b>	JS. Bank Limited MCB Bank Limited Habib Metropolitan Bank Limited Faysal Bank Limited	
<b>REGISTERED OFFICE/WORKS</b>	Plot No. 26-28, Industrial Triangle, Kahuta Road, Islamabad Tel: 051 -4490017-20, Fax: 051-4490016 & 4492803 Email. corporate@punjaboilmills.com Website: www.punjaboilmills.com	
<b>SHARE REGISTRAR OFFICE</b>	M/s Corplink (Private) Limited Wings Arcade, 1-K, Commercial Model Town, Lahore Tel: 042 -35916714, 35916719 Fax: 042 -35869037 Email. corplink786@yahoo.com	



## **PUNJAB OIL MILLS LIMITED**

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### **Directors' Report**

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#### **Operating Performance**

Sales revenue for the 3 months under review increased by 7% compared to the same period last year. This was a combination of both higher prices and higher volumes for the period.

Although we experienced a reasonable growth in revenue, there was a contraction in our gross margins to 13.2% from 15.3% achieved same period last year. While the average selling price for our products grew by about 5%, the production cost per unit increased by 7% (led by higher raw material and packing costs) leading to reduction in profitability at the gross level.

The higher costs can be attributed to the devaluation of the Pak Rupee against the Dollar. Thereby, squeezing our margins in the short term, as the higher cost could not be passed on with immediate effect to the end consumer.

Last year, The Company had reversed a tax provision relating to prior year order u/s 122(4)122(5) for the tax year 2009 for the amount of PKR 3.85 million which had reduced the over-all tax provision for that period. With no similar provision being reversed this year, total taxation came out as 13.4% higher compared to same quarter last year despite lower profit before tax.

As a result the company posted a profit after tax of PKR 17.5 million for the 3 months, a 52% reduction from after-tax profit of PKR 36.5 million recorded same period last year.

#### **Outlook for the Year**

Going forward we are foreseeing a mixed business environment for the company. While we expect margins to recover during the next quarter as prices catch-up with the increasing costs, we continue to be concerned with a few factors that will keep margins under pressure. Due to the ongoing balance of payments scenario in the country, we expect a weak Rupee and general economic tightening. This is going to keep pushing our costs up and we will need to maintain a delicate balancing act to both keep expanding market share by aggressive selling as well as maintain our margins.



## PUNJAB OIL MILLS LIMITED

The bulk of our advertisement expense for the full year is also planned for the remaining three quarters, so our operating costs are going to be significantly higher during the upcoming period.

The company is also continuing ahead with modernization of its plant to improve product quality and reduce costs. While maintaining an adequate dividend payout, the company is using its own cash resources to finance these essential activities.

### Acknowledgements

We would like to take this opportunity to thank our customers, suppliers and bankers for their continued support and cooperation towards the progress of the company. We hope that this support would continue in the future as well.

We would also like to thank our dedicated and talented team of executives, staff and workers for the hard work put in during the period. We expect continued efforts from our employees to achieve even better results in the next three months.

And last, but not the least, the management is thankful to the board for its strong support and guidance in executing the vision and objectives set for the company.

Lahore:  
Date: 29 October, 2018

For & on behalf of the board

(TAHIR JAHANGIR)  
CHAIRMAN / DIRECTOR





# PUNJAB OIL MILLS LIMITED

## CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED) AS AT 30 SEPTEMBER 2018

	1st Quarter Ended 30-09-2018 Rupees (Un-Audited)	YEAR ENDED 30-06-2018 Rupees (Audited)
<b>EQUITY AND LIABILITIES</b>		
<b>SHARE CAPITAL AND RESERVES</b>		
Authorized share capital		
10,000,000 (2017: 10,000,000) ordinary shares of Rs. 10/- each	100,000,000	100,000,000
Issued, subscribed and paid-up capital	53,906,520	53,906,520
Capital reserves	23,137,159	23,137,159
Surplus on revaluation of property, plant and equipment- net of tax	395,710,786	398,801,925
Revenue reserves	704,419,518	683,800,680
	1,177,173,983	1,159,646,284
<b>NON CURRENT LIABILITIES</b>		
Deferred liabilities	94,611,774	93,038,292
<b>CURRENT LIABILITIES</b>		
Trade and other payables	497,864,362	470,685,311
Short term borrowings	114,423,934	86,314,308
Accrued mark up	620,695	326,325
Unclaimed dividend	7,656,914	7,799,300
Provision for taxation	255,445,278	228,518,660
	876,011,183	793,643,904
Contingencies and commitments	-	-
	<b>2,147,796,940</b>	<b>2,046,328,480</b>
<b>ASSETS</b>		
<b>NON CURRENT ASSETS</b>		
<b>Tangible fixed assets</b>		
Property, plant and equipment	635,553,497	641,196,364
Capital work in progress	3,254,724	3,254,724
	638,808,221	644,451,088
Investment in associate	-	-
Long term deposits	27,887,500	26,387,500
<b>CURRENT ASSETS</b>		
Stores, spare parts and loose tools	109,242,431	117,742,127
Stock in trade	433,406,987	332,410,002
Trade debts	617,080,534	639,667,499
Loans and advances	41,787,900	35,766,093
Trade deposits and short term prepayments	15,173,664	15,939,002
Other receivables	1,933,878	1,903,524
Advance income tax	229,905,380	198,041,652
Cash and bank balances	32,570,445	34,019,993
	1,481,101,219	1,375,489,892
	<b>2,147,796,940</b>	<b>2,046,328,480</b>

The annexed notes form an integral part of these interim condensed financial statements.

CHAIRMAN / DIRECTOR

CHIEF FINANCIAL OFFICER

EXECUTIVE DIRECTOR



# PUNJAB OIL MILLS LIMITED

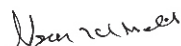
## CONDENSED INTERIM PROFIT OR LOSS ACCOUNT (UN-AUDITED) FOR THE FIRST QUARTER ENDED 30 SEPTEMBER, 2018

	1st Quarter Ended 30.09.2018	1st Quarter Ended 30.09.2017
	Rupees	Rupees
Sales - net	1,101,077,985	1,026,939,617
Cost of sales	955,850,615	870,295,620
<b>Gross profit</b>	<b>145,227,370</b>	<b>156,643,997</b>
<b>Operating Expenses</b>		
Selling and distribution Cost	56,049,058	59,768,362
Administrative expenses	39,768,380	32,796,584
	95,817,438	92,564,946
<b>Operating profit</b>	<b>49,409,932</b>	<b>64,079,051</b>
Finance cost	2,952,158	1,056,461
Other operating charges	3,566,263	4,740,656
	6,518,421	5,797,117
	42,891,511	58,281,934
Other operating income	1,562,806	1,942,620
Profit before taxation	44,454,317	60,224,554
Taxation	26,926,618	23,746,007
Profit after Taxation	17,527,699	36,478,547
Earning per Share -Basic and diluted	3.25	6.77

The annexed notes form an integral part of these interim condensed financial statements.

  
CHAIRMAN / DIRECTOR

  
CHIEF FINANCIAL OFFICER

  
EXECUTIVE DIRECTOR





## PUNJAB OIL MILLS LIMITED

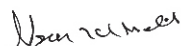
### CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME(UN-AUDITED) FOR THE FIRST QUARTER ENDED 30 SEPTEMBER, 2018

	IST QUARTER ENDED 30.09.2018 RUPEES	IST QUARTER ENDED 30.09.2017 RUPEES
Profit after Taxation	17,527,699	36,478,547
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>17,527,699</b>	<b>36,478,547</b>

The annexed notes form an integral part of these interim condensed financial statements.

  
CHAIRMAN / DIRECTOR

  
CHIEF FINANCIAL OFFICER

  
EXECUTIVE DIRECTOR



# PUNJAB OIL MILLS LIMITED

## CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED) FOR THE FIRST QUARTER ENDED 30 SEPTEMBER, 2018

	1ST QUARTER ENDED 30-09-2018 Rupees	1ST QUARTER ENDED 30-09-2017 Rupees
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit for the year before taxation	44,454,317	60,224,554
Adjustments for following items:		
Workers' profit participation fund	2,402,379	3,237,879
Workers' welfare fund	956,259	1,295,152
Gain on disposal of property, plant and equipment	-	(365,970)
Provision for staff retirement benefits	1,573,482	2,074,651
Depreciation	10,048,190	8,216,403
Finance cost	2,952,158	1,056,461
	<u>17,932,468</u>	<u>15,514,576</u>
<b>Operating Profit before Working Capital Changes</b>	<b>62,386,785</b>	<b>75,739,130</b>
<b>(Increase)/Decrease in Current Assets:</b>		
Stores, spare parts and loose tools	8,499,696	(15,575,039)
Stock in trade	(100,996,985)	(100,789,056)
Trade debts	22,586,965	105,292,064
Loan and advances	(6,021,807)	(3,286,289)
Trade deposits and short term prepayments	765,338	2,667,778
Other receivables	(30,354)	(282,501)
	<u>(75,197,147)</u>	<u>(11,973,043)</u>
<b>Increase / (Decrease) in Current Liabilities:</b>		
Trade and other payables	23,585,784	(3,701,618)
Cash generated from operations	10,775,422	60,064,469
Workers' profit participation fund paid	-	-
Workers' welfare fund paid	-	-
Staff retirement benefits paid	-	-
Finance cost paid	(2,423,158)	(1,063,010)
Income tax paid	(31,863,728)	(28,960,186)
Dividend paid	(142,386)	(71,843)
	<u>(34,429,272)</u>	<u>(30,095,039)</u>
<b>Net cash used in operating activities</b>	<b>(23,653,850)</b>	<b>29,969,430</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Fixed capital expenditure	(4,405,324)	(5,551,525)
Proceeds from disposal of property, plant and equipment	-	575,000
Capital work in progress	-	(6,495,762)
Long term deposits	(1,500,000)	(1,500,000)
<b>Net cash used in investing activities</b>	<b>(5,905,324)</b>	<b>(12,972,287)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Short term borrowings	28,109,626	(44,544,209)
<b>Net cash flow from financing activities</b>	<b>28,109,626</b>	<b>(44,544,209)</b>
Net increase in cash and cash equivalents	(1,449,548)	(27,547,066)
Cash and cash equivalents at the beginning of the period	34,019,993	49,957,631
<b>Cash and cash equivalents at the end of the period</b>	<b>32,570,445</b>	<b>22,410,565</b>

The annexed notes form an integral part of these interim condensed financial statements.

CHAIRMAN / DIRECTOR

CHIEF FINANCIAL OFFICER

EXECUTIVE DIRECTOR



# PUNJAB OIL MILLS LIMITED

## CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY(UN-AUDITED) FOR THE FIRST QUARTER ENDED 30 SEPTEMBER ,2018

	(RUPEES)					
	SHARE CAPITAL	CAPITAL RESERVES	REVALUATION SURPLUS	REVENUE RESERVES	ACCUMULATE D PROFIT	TOTAL
Balance as at 01 July ,2017	53,906,520	23,137,159	408,813,843	8,600,000	647,652,720	1,142,110,242
Total Comprehensive Income for the period						
Profit for the period ended 30 September ,2017	-	-	-	-	36,478,547	36,478,547
Transfer from surplus on revaluation of property, plant and equipment	-	-	(2,576,290)	-	2,576,290	-
Balance as at 30 September ,2017	53,906,520	23,137,159	406,237,553	8,600,000	686,707,557	1,178,588,789
Balance as at 01 July ,2018	53,906,520	23,137,159	398,801,925	8,600,000	675,200,680	1,159,646,284
Total Comprehensive Income for the period						
Profit for the period ended 30 September ,2018	-	-	-	-	17,527,699	17,527,699
Transfer from surplus on revaluation of property, plant and equipment	-	-	(3,091,139)	-	3,091,139	-
Balance as at 30 September , 2018	53,906,520	23,137,159	395,710,786	8,600,000	695,819,518	1,177,173,983

The annexed notes form an integral part of these interim condensed financial statements.

CHAIRMAN / DIRECTOR

CHIEF FINANCIAL OFFICER

EXECUTIVE DIRECTOR



## PUNJAB OIL MILLS LIMITED

### NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE FIRST QUARTER ENDED 30 SEPTEMBER, 2018

#### 1 LEGAL STATUS AND OPERATIONS

Punjab Oil Mills ('the company') was incorporated in Pakistan as a Public Limited Company. Its shares are quoted on Pakistan Stock Exchange Ltd. It is mainly engaged in the manufacturing and sale of Ghee, Cooking Oil, Speciality Fats, laundry Soap, Mushroom and coffee.

#### 2 BASIS OF PREPARATION

This condensed interim financial information is un-audited and has been prepared in accordance with the requirements of International Financial Reporting Standard (IFRS) IAS 34 as applicable in Pakistan. This condensed interim financial statements and disclosures required for full annual financial statements, and should be read in conjunction with the financial statements of the Company for the year ended 30 June, 2018.

This condensed interim financial statements is being submitted to the shareholders as required by the listing regulation of Pakistan Stock Exchange Limited and Section 237 of the Companies Act, 2017.

#### 3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and method of computation which have been used in the preparation of this condensed interim financial statements are the same as those applied in the preparation of the financial statements for the preceding year ended 30 June, 2018.

#### 4 DATE OF AUTHORIZATION FOR ISSUE

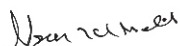
This condensed interim financial statements was authorized for issue on 29 October, 2018 by the board of directors of the Company.

#### 5 GENERAL

- Figures have been rounded off to the nearest of rupees, unless otherwise stated.
- Comparative figures have been rearranged and reclassified, where necessary, for the purpose of better presentation and comparisons.

  
CHAIRMAN / DIRECTOR

  
CHIEF FINANCIAL OFFICER

  
EXECUTIVE DIRECTOR