



PUNJAB OIL MILLS LIMITED
An ISO 9001, 14001, OHSAS 18001, FSSC 22000 & Halal Certified Company



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Premium Cooking Oil

Naturelle®
Olive Pomace Oil

Oliva | zathune™
Extra Virgin Olive Oil

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THE TRUE TASTE OF COFFEE
Premium Arabica Beans & Coffee

MANUFACTURERS OF

Contact Information

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PUNJAB OIL MILLS LIMITED
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Quarterly Report

For The Period Ended
31 March, 2020



BUILDING A BETTER TOMORROW



PUNJAB OIL MILLS LIMITED

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“SAY NO TO
CORRUPTION”



PUNJAB OIL MILLS LIMITED

COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Tahir Jahangir	Chairman/Director
Mr. Izzat Ithi Malik	Managing Director/Chief Executive Officer
Mr. Usman Ithi Malik	Executive Director
Mr. Jilani Jahangir	Non-Executive Director
Mr. Furqan Anwar Batla	Non-Executive Director
Mrs. Muniaze Jahangir	Non-Executive Director
Mr. Firasat Ali	Non-Executive Director

AUDIT COMMITTEE

Mr. Firasat Ali	Chairman
Mr. Furqan Anwar Batla	Member
Mr. Jilani Jahangir	Member

HUMAN RESOURCE & REMUNERATION COMMITTEE

Mr. Jilani Jahangir	Chairman
Mr. Usman Ithi Malik	Member
Mrs. Muniaze Jahangir	Member
Mr. Furqan Anwar Batla	Member
Mr. Firasat Ali	Member

CHIEF FINANCIAL OFFICER

Mr. Muhammad Saeed Malik

COMPANY SECRETARY

Mr. Adeel Baig

HEAD OF INTERNAL AUDIT

Mr. Zaka Ullah Malik

AUDITORS

M/s Malik Haroon Shahid Saifdar & Co.
Chartered Accountants

LEGAL ADVISORS

A.G.H.S Law Associates

BANKERS

JS Bank Limited
MCB Bank Limited
Habib Metropolitan Bank Limited
Faysal Bank Limited

REGISTERED OFFICE/WORKS

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

SHARE REGISTRAR OFFICE

M/s Corplink (Private) Limited
Wings Arcade, I-K, Commercial Model Town,
Lahore
Tel: 042-35916714, 35916719 Fax: 042-35869037
Email: corplink786@yahoo.com





Directors' Report

Operating Performance

Sales revenue for the 9 months under review showed a decrease of 2.1% compared to the same period last year. This can be considered a continuation of the trend seen at the half-year mark, where in the revenue decrease was 4.6%. Even though revenue has improved slightly comparing the last 2 quarters with last year, the 12% fall in revenue for the first quarter has kept top line growth in the negative for the 3 quarters combined.

Gross margins for the period under review improved to 15.4% from 14.3% recorded for same period last year. However, comparing the 3rd quarter to same quarter last year, we experienced a dip in gross margins; as a result of which profitability at the gross level has come down from the half-year mark. This was mainly on account of a sharp increase in international oil prices and then a sudden and unexpected fall in the same. The latter was the result of a general crash in most world commodity markets due to the COVID-19 pandemic. This unexpected market volatility caused a deterioration in our gross margins during the 3rd quarter. Nevertheless, we still managed to increase our gross profits by 6% due to better margins for the full 9 months combined.

Operating margins for the 9 months under review decreased to 4% from 6% achieved same period last year. This deterioration was largely owing to an over-all increase of 28% in our operating costs, with the selling and distribution costs going up by 35% and administrative costs increasing by 17%. There were two main reasons for these increases. First, we paid PKR 4.5mn to the CDA for renewal of our property lease which caused the rent, rates and taxes head to increase by 58.48% for the period under review. This and a 13% increase in payroll cost were major contributors to the rise in administration expenses. Second, we made higher provisioning for advertisement expenses for the period keeping in view the total estimated cost for the year and apportioning it across the year instead of only provisioning it in the months where advertisement actually takes place. Consequently, despite higher gross profits, the operating profit declined by 26% for the 9 months.

Other operating charges decreased by 26% from last year, mostly because heads based on operating profits decreased by the same amount. However, finance charges continued their upwards trend and increased by 41% for the period. This was mainly on account of mark-up on short term borrowings, that increased steeply



this period due to higher use of bank financing to meet the company's increased cash flow needs and higher interest rates. Combined with a 38% increase in other income, mainly due to higher profit on bank deposits, this led to a 27% decrease in profit before tax.

At the net level, due to 10% higher provisioning of tax, profit after tax fell by 53% for the period under review compared to same period last year, with the company posting a profit after tax of PKR 59.7 million for the 9 months.

Outlook for the Year

This fiscal year is proving to be extremely challenging in multiple and unprecedented ways. The year started with a totally changed sale tax regime that caused severe trade disruptions and we saw sharply reduced sales volumes for the first quarter. Just when the market was stabilizing by the half-year mark and both sales and margins were on a recovering trend, the world was plunged into an unchartered crisis in the 3rd quarter, with Pakistan being no exception. With the local and international economies forecasted to miss all growth targets and a global lockdown on most human activities, we see highly challenging times ahead. Even though being an essential food company we are exempted from this lock down and even saw a spike in consumer demand due to panic retail buying, a number of logistical and operational issues have cropped up over the last few weeks, hampering our ability to operate at optimum levels. These include HR management, supply chain shortages and volatile oils markets. At present the situation is still highly liquid with no clear direction as to how and when this crisis will abate.

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 3 months.

Last, but not the least, the management is grateful to the board for their continued support and invaluable guidance during these challenging times.

Islamabad:
Date: April 28, 2020

For & on behalf of the board


(IJAZ ILAHI MALIK)
CHIEF EXECUTIVE



PUNJAB OIL MILLS LIMITED



PUNJAB OIL MILLS LIMITED

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION FOR THE NINE MONTHS PERIOD ENDED 31 MARCH, 2020

	31-Mar-20 Rupees Un-audited	30-Jun-19 Rupees Audited
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Authorized share capital	100,000,000	100,000,000
Issued, subscribed and paid-up capital	53,906,520	53,906,520
5,390,652 (30 June 2019: 5,390,652) ordinary shares of Rs. 10/- each	23,137,159	23,137,159
Capital reserves	382,961,070	390,508,899
Surplus on revaluation of property, plant and equipment	820,641,321	774,940,341
Revenue reserves	1,280,646,070	1,242,492,919
NON CURRENT LIABILITIES		
Deferred liabilities	109,345,791	99,819,739
CURRENT LIABILITIES		
Trade and other payables	511,279,352	483,392,506
Short term borrowings	184,406,307	123,944,702
Accrued mark up	2,400,096	1,285,902
Unclaimed dividend	8,879,070	9,229,882
Provision for taxation	209,572,339	238,453,608
Contingencies and commitments	916,537,164	856,306,600
ASSETS	2,306,529,025	2,198,619,258
NON CURRENT ASSETS		
Tangible fixed assets:		
Property, plant and equipment	657,667,660	607,267,326
Capital work in progress	1,871,947	66,828,324
Intangible Assets	6,572,882	11,502,587
	666,112,489	685,598,237
Long term deposits	37,887,500	31,887,500
CURRENT ASSETS		
Stores, spare parts and loose tools	120,285,849	129,813,682
Stock in trade	274,624,181	329,388,854
Trade debts	850,535,698	702,282,920
Loans and advances	72,561,745	69,571,739
Trade deposits and short term prepayments	18,248,148	16,963,220
Other receivables	4,872,705	1,701,781
Tax refund due from government	184,044,151	210,370,932
Cash and bank balances	77,356,559	21,040,393
	1,602,529,036	1,481,133,521
	2,306,529,025	2,198,619,258

The annexed notes form an integral part of this condensed interim financial information.

CHAIRMAN / DIRECTOR

CHIEF FINANCIAL OFFICER

CHIEF EXECUTIVE OFFICER

CONDENSED INTERIM PROFIT OR LOSS ACCOUNT (UN-AUDITED) FOR THE NINE MONTHS PERIOD ENDED 31 MARCH, 2020

	Nine months period ended 31-Mar-20 Rupees	31-Mar-19 Rupees	Quarter Ended 31-Mar-20 Rupees	31-Mar-19 Rupees
Sales - net	3,907,187,774	3,989,619,427	1,472,010,664	1,438,206,870
Cost of sales	3,304,799,608	3,421,032,573	1,284,601,318	1,225,832,930
Gross profit	602,388,166	568,586,854	187,409,346	212,373,940
Operating Expenses				
Selling and distribution cost	283,952,517	210,492,499	111,682,846	81,135,413
Administrative expenses	145,266,807	124,436,378	47,713,565	42,924,739
Operating profit	429,219,324	334,928,877	159,396,411	124,060,152
Finance cost	15,935,601	11,286,912	5,982,036	3,941,361
Other operating charges	12,403,856	16,742,114	2,082,280	6,328,160
Other income	28,339,457	28,029,026	8,064,316	10,269,521
Profit before taxation	144,829,385	205,628,951	19,948,619	78,044,267
Taxation	10,998,405	7,945,286	4,819,580	2,995,535
Profit after taxation	155,827,790	213,574,237	24,768,199	81,039,802
Earnings per share - Basic and diluted	96,112,031	87,590,895	36,773,978	30,142,543
	59,715,750	125,983,342	(12,005,779)	50,897,250
	11.08	23.37	(2.23)	9.44

The annexed notes form an integral part of this condensed interim financial information.

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CHIEF EXECUTIVE OFFICER



PUNJAB OIL MILLS LIMITED

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE NINE MONTHS PERIOD ENDED 31 MARCH, 2020

	Nine months period ended		Three months period ended	
	31-Mar. 20	31-Mar. 19	31-Mar. 20	31-Mar. 19
	Ruppes	Ruppes	Ruppes	Ruppes
Profit after taxation	59,715,759	125,983,342	(12,005,779)	50,897,259
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	<u>59,715,759</u>	<u>125,983,342</u>	<u>(12,005,779)</u>	<u>50,897,259</u>

The annexed notes form an integral part of this condensed interim financial information.



PUNJAB OIL MILLS LIMITED

CONDENSED INTERIM CASH FLOWS STATEMENT (UN-AUDITED) FOR THE NINE MONTHS PERIOD ENDED 31 MARCH, 2020

	31-Mar. 20	31-Mar. 2019
	Ruppes	Ruppes
CASH FLOW FROM OPERATING ACTIVITIES		
Profit for the period before taxation	155,827,790	213,574,237
Adjustments for following non-cash items:		
Workers' profit participation fund	8,398,284	11,494,848
Workers' welfare fund	3,351,553	4,593,247
Gain on disposal of property, plant and equipment	-	(312,014)
Provision for staff retirement benefits	9,526,052	4,720,445
Depreciation	29,510,799	30,657,140
Amortization	4,929,705	-
Finance cost	15,935,601	11,286,912
	<u>71,651,994</u>	<u>62,440,578</u>
Operating profit before working capital changes	<u>227,479,784</u>	<u>276,014,815</u>
(Increase)/decrease in current assets:		
Stores, spare parts and loose tools	9,527,833	(8,384,528)
Stock in trade	54,764,673	(75,599,005)
Trade debts	(148,252,778)	(20,184,728)
Loan and advances	(2,990,006)	(50,991,460)
Trade deposits and short term prepayments	(1,284,928)	(605,802)
Other receivables	(3,170,924)	(983,700)
	<u>(91,406,130)</u>	<u>(156,749,223)</u>
Increase/(decrease) in current liabilities:		
Trade and other payables	33,350,099	(6,047,883)
Cash generated from operations	<u>169,423,753</u>	<u>113,217,709</u>
Workers' profit participation fund paid	(12,562,060)	(9,619,784)
Workers' Welfare Fund Paid	(4,864,914)	(3,748,438)
Staff retirement benefits paid	(663,516)	(4,603,994)
Finance cost paid	(14,433,360)	(10,669,980)
Income tax paid	(98,177,161)	(89,418,050)
Dividend paid	(21,913,420)	(6,511,334)
	<u>(152,614,431)</u>	<u>(124,571,580)</u>
Net cash used in operating activities	<u>16,809,322</u>	<u>(11,353,871)</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(3,965,528)	(6,483,952)
Intangible Assets	-	(13,145,822)
Capital work in progress	(10,989,233)	(21,720,244)
Proceeds from disposal of property, plant and equipment	-	895,000
Long term deposits	(6,000,000)	(4,000,000)
Net cash used in investing activities	<u>(20,954,761)</u>	<u>(44,455,018)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Short term borrowings	60,461,605	(55,624,081)
Net cash flow from financing activities	<u>60,461,605</u>	<u>(55,624,081)</u>
Increase/(decrease) in cash and cash equivalents	56,316,166	(184,808)
Cash and cash equivalents at the beginning of the period	21,040,393	34,019,993
Cash and cash equivalents at the end of the period	<u>77,356,559</u>	<u>33,835,185</u>

The annexed notes form an integral part of this condensed interim financial information.

CHAIRMAN / DIRECTOR

CHIEF FINANCIAL OFFICER

CHIEF EXECUTIVE OFFICER

CHAIRMAN / DIRECTOR

CHIEF FINANCIAL OFFICER

CHIEF EXECUTIVE OFFICER



PUNJAB OIL MILLS LIMITED

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE NINE MONTHS PERIOD ENDED 31 MARCH, 2020

	Ordinary Share capital	Capital reserves	Retainable Surplus	Revenue Reserves		Total
				General reserves	Accumulated profit	
Balance as at 01 July 2018	53,906,520	23,137,159	398,801,925	8,600,000	675,200,680	1,139,646,284
Profit for the nine months period ended 31 March 2019	-	-	-	-	125,083,342	125,083,342
Transfer from surplus on revaluation of property, plant and equipment on account of	-	-	-	-	125,083,342	125,083,342
- Incremental depreciation - net of tax	-	-	(9,273,418)	-	9,273,418	-
<i>Transaction with owners recorded directly in equity - Distributions</i>	-	-	-	-	-	-
12 % final dividend paid for the year 2018	-	-	-	-	(6,468,783)	(6,468,783)
Balance as at 31 March 2019	53,906,520	23,137,159	389,528,507	8,600,000	803,988,657	1,279,160,843
Balance as at 01 July 2019	53,906,520	23,137,159	390,508,899	8,600,000	766,340,341	1,242,492,919
Profit for the nine months period ended 31 March 2020	-	-	-	-	59,715,759	59,715,759
Transfer from surplus on revaluation of property, plant and equipment on account of	-	-	-	-	59,715,759	59,715,759
- Incremental depreciation - net of tax	-	-	(7,547,829)	-	7,547,829	-
<i>Transaction with owners recorded directly in equity - Distributions</i>	-	-	-	-	-	-
40 % final dividend paid for the year 2019	-	-	-	-	(21,562,608)	(21,562,608)
Balance as at 31 March 2019	53,906,520	23,137,159	382,961,070	8,600,000	812,041,321	1,280,646,070

The annexed notes form an integral part of this condensed interim financial information.

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PUNJAB OIL MILLS LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE NINE MONTHS PERIOD ENDED 31 MARCH, 2020

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, Specialty 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 - 'Interim Financial Reporting' and provisions of and directives issued under the Companies Act 2017. This condensed interim financial information does not include all of the information 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 June 30, 2019.

This condensed interim financial information is being submitted to the shareholders as required by the listing regulation of Pakistan Stock Exchanges 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 information are the same as those applied in the preparation of the financial statements for the preceding year ended June 30, 2019.

4 NON-ADJUSTING EVENTS AFTER THE BALANCE SHEET DATE

The Board of Directors in its meeting held on 28 April, 2020 declared the issuance of bonus share @ NIL and interim cash dividend @ NIL.

5 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issue on 28 April, 2020 by the board of directors of the Company.

6 GENERAL

Corresponding figures have been re-arranged, wherever necessary to the facilitation of comparison. Figures have been rounded off to the nearest of rupees.

CHAIRMAN / DIRECTOR

CHIEF FINANCIAL OFFICER

CHIEF EXECUTIVE OFFICER



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