



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

MANUFACTURERS OF



Contact Information

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PUNJAB OIL MILLS LIMITED

An ISO 9001, 14001, OHSAS 18001, FSSC 22000 & Halal Certified Company

First Quarterly Report

For The Period Ended
30 September, 2019



BUILDING A BETTER TOMORROW

**“SAY NO TO
CORRUPTION”**



PUNJAB OIL MILLS LIMITED

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PUNJAB OIL MILLS LIMITED

COMPANY INFORMATION

BOARD OF DIRECTORS	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 Non-Executive Director Independent Director Non-Executive Director (NIT Nominee)
AUDIT COMMITTEE	Syed Tahir Hussain Naqvi Mr. Furqan Anwar Batla Mr. Firasat Ali Mr. Jillani Jahangir	Chairman Member Member Member
HUMAN RESOURCE & REMUNERATION COMMITTEE	Mr. Jillani Jahangir Mr. Furqan Anwar Batla Syed Tahir Hussain Naqvi Mr. Izaz Ilahi Malik Mr. Firasat Ali	Chairman Member Member Member Member
CHIEF FINANCIAL OFFICER	Mr. Muhammad Saeed Malik	
COMPANY SECRETARY	Mr. Adeel Baig	
HEAD OF INTERNAL AUDIT	Mr. Zaka Ullah Malik	
AUDITORS	M/s Maqbool Haroon Shahid Safdar & 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, 1-K, Commercial Model Town, Lahore Tel: 042 -35916714, 35916719 Fax: 042 -35869037 Email. corplink786@yahoo.com	



PUNJAB OIL MILLS LIMITED

Directors' Report

Operating Performance

In the quarter under review (Q1 FY2020), the company's sales volume for the 3 months decreased by 11.3% compared to the same period last year. This was as expected and foretold in our Director's report for FY 2019 wherein we had mentioned that the switch over of the sales tax regime from fixed FED to the more traditional VAT mode with associated FBR drive to document the trader community by various means has led to severe disruption in market activity. Market inventory levels shrunk during the first half of Qtr 1 and sales volumes fell sharply in the first couple of months.

We achieved a gross margin of 16.4% for the period under review. This led to a 10% growth in gross profit for the quarter despite lower sales.

Over-all operating expenses increased by 6% for the period. Although this is in line with inflationary trends, the increase percentage from last year will likely increase in subsequent quarters as significant items such as salary increases have not yet been factored in. Similarly, our annual ATL advertising costs are also going to be mostly expensed during the latter quarters. With moderate increase in operating costs for the quarter under review, our operating margin was 5.9%, leading to a 16% increase in operating profit.

Finance costs also increase for the quarter due to higher interest rates while operating charges went up mainly due to higher provisioning for WPPF and WWF. Higher interest rates also increased our other income as we earned more return on our bank deposits.

As a result of better profitability, the company posted a profit after tax of PKR 24.7 million for the 3 months, a 41% increase from after-tax profit of PKR 17.5 million recorded same period last year.

However, it needs to be kept in mind that margins in same quarter of last year had been severely compromised due to rapid PKR devaluation, and any improvement in profitability from that time is more of a recovery toward previous levels.

We would also like to mention that as figures for previous periods are presented inclusive of sales tax and of current period exclusive of sales tax, any comparisons should be cognizant of this fact.



PUNJAB OIL MILLS LIMITED

Outlook for the Year

Going forward we are foreseeing a mixed business environment for the company. While we have seen our margins recovering during the previous quarters, we continue to be concerned with a few factors that will keep margins under pressure.

Although the PKR has been stable as of recent times, any further weakening is going to severely affect our margins. Interest rates have also increased, and not only is that going to raise our cost of capital significantly, but it is also leading to a slow-down of economic activity. As we are a marketer of premium products, we are going to face reduced profitability by resorting to more competitive prices in order to maintain our market share in tight economic times. Moreover, despite the economic slowdown, cost inflation is also increasing, further eroding our profit margins with limited capacity to immediately pass on cost increases to end prices.

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.

On the plus side the new refinery is now operational and should give us a more efficient cost structure going forward.

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.

Islamabad:
Date: October 28, 2019

For & on behalf of the board


(IZAZ ILAHI MALIK)
CHIEF EXECUTIVE



PUNJAB OIL MILLS LIMITED

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER, 2019 (UN-AUDITED)

	1st Quarter Ended 30-09-2019 Rupees (Un-Audited)	YEAR ENDED 30-06-2019 Rupees (Audited)
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Authorized share capital 10,000,000 (30 June 2019, 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	387,712,919	390,508,899
Revenue reserves	802,432,548	774,940,341
	1,267,189,146	1,242,492,919
NON CURRENT LIABILITIES		
Deferred liabilities	102,995,090	99,819,739
CURRENT LIABILITIES		
Trade and other payables	497,221,918	483,392,506
Short term borrowings	117,211,216	123,944,702
Accrued mark up	1,623,416	1,285,902
Unclaimed dividend	8,317,283	9,229,882
Provision for taxation	265,237,696	238,453,608
	889,611,529	856,306,600
Contingencies and commitments	-	-
	2,259,795,765	2,198,619,258
ASSETS		
NON CURRENT ASSETS		
Property, plant and equipment-tangible assets	601,317,222	607,267,326
Capital work in progress-tangible assets	73,866,677	66,828,324
Intangible assets	9,859,352	11,502,587
	685,043,251	685,598,237
Investment in associate	-	-
Long term deposits	32,887,500	31,887,500
CURRENT ASSETS		
Stores, spare parts and loose tools	130,282,147	129,813,682
Stock in trade	355,471,706	329,388,854
Trade debts	685,041,443	702,282,920
Loans and advances	78,205,709	69,571,739
Trade deposits and short term prepayments	13,904,089	16,963,220
Other receivables	4,020,301	1,701,781
Advance income tax	241,508,665	210,370,932
Cash and bank balances	33,430,954	21,040,393
	1,541,865,014	1,481,133,521
	2,259,795,765	2,198,619,258

The annexed notes form an integral part of these financial statements


CHAIRMAN / DIRECTOR


CHIEF FINANCIAL OFFICER


CHIEF EXECUTIVE OFFICER



PUNJAB OIL MILLS LIMITED

CONDENSED INTERIM PROFIT OR LOSS ACCOUNT (UN-AUDITED) FOR THE FIRST QUARTER ENDED 30 SEPTEMBER, 2019

	1st Quarter Ended 30.09.2019	1st Quarter Ended 30.09.2018
	Rupees	Rupees
Sales - net	968,314,979	1,101,077,985
Cost of sales	809,272,465	955,850,615
Gross profit	159,042,514	145,227,370
Operating Expenses		
Selling and distribution Cost	60,434,749	56,049,058
Administrative expenses	41,370,690	39,768,380
Operating profit	57,237,075	49,409,932
Finance cost	4,893,594	2,952,158
Other operating charges	4,136,041	3,566,263
	9,029,635	6,518,421
	48,207,440	42,891,511
Other operating income	3,272,875	1,562,806
Profit before taxation	51,480,315	44,454,317
Taxation	26,784,088	26,926,618
Profit after taxation	24,696,227	17,527,699
Earning per Share - basic and diluted	4.58	3.25

The Annexed notes form an integral part of these interim condensed financial information.

CHAIRMAN / DIRECTOR

CHIEF FINANCIAL OFFICER

CHIEF EXECUTIVE OFFICER



PUNJAB OIL MILLS LIMITED

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME(UN-AUDITED) FOR THE FIRST QUARTER ENDED 30 SEPTEMBER, 2019

	IST QUARTER ENDED 30.09.2019 RUPEES	IST QUARTER ENDED 30.09.2018 RUPEES
Profit after taxation	24,696,227	17,527,699
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>24,696,227</u>	<u>17,527,699</u>

The annexed notes form an integral part of these financial statements

CHAIRMAN / DIRECTOR

CHIEF FINANCIAL OFFICER

CHIEF EXECUTIVE OFFICER



PUNJAB OIL MILLS LIMITED

CONDENSED INTERIM CASH FLOWS STATEMENT (UN-AUDITED) FOR THE FIRST QUARTER ENDED 30 SEPTEMBER, 2019

	1ST QUARTER ENDED 30-09-2019 Rupees	1ST QUARTER ENDED 30-09-2018 Rupees
CASH FLOW FROM OPERATING ACTIVITIES		
Profit for the period before taxation	51,480,315	44,454,317
Adjustments for following items:		
Workers' profit participation fund	2,788,204	2,402,379
Workers' welfare fund	1,107,521	956,259
Gain on disposal of property, plant and equipment	-	-
Provision for staff retirement benefits	3,175,351	1,573,482
Depreciation	8,953,503	10,048,190
Amortization of Intangible assets	1,643,235	-
Finance cost	4,893,594	2,952,158
	22,561,408	17,932,468
Operating Profit before Working Capital Changes	74,041,723	62,386,785
(Increase)/Decrease in Current assets:		
Stores, spare parts and loose tools	(468,465)	8,499,696
Stock in trade	(26,082,852)	(100,996,985)
Trade debts	17,241,477	22,586,965
Loan and advances	(8,633,970)	(6,021,807)
Trade deposits and short term prepayments	3,059,131	765,338
Other receivables	(2,318,520)	(30,354)
	(17,203,199)	(75,197,147)
Increase / (Decrease) in Current Liabilities:		
Trade and other payables	9,545,640	23,585,784
Cash generated from operations	66,384,164	10,775,422
Workers' profit participation fund paid	-	-
Workers' welfare fund paid	-	-
Staff retirement benefits paid	-	-
Finance cost paid	(4,168,033)	(2,423,158)
Income tax paid	(31,137,733)	(31,863,728)
Dividend paid	(912,599)	(142,386)
	(36,218,365)	(34,429,272)
Net cash used in operating activities	30,165,799	(23,653,850)
CASH FLOW FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(3,003,399)	(4,405,324)
Proceeds from disposal of property, plant and equipment	-	-
Capital work in progress	(7,038,353)	-
Long term deposits	(1,000,000)	(1,500,000)
Net cash used in investing activities	(11,041,752)	(5,905,324)
CASH FLOW FROM FINANCING ACTIVITIES		
Short term borrowings	(6,733,486)	28,109,626
Net cash flow from financing activities	(6,733,486)	28,109,626
Net increase in cash and cash equivalents	12,390,561	(1,449,548)
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	33,430,954	32,570,445

The annexed notes form an integral part of these financial statements

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CHIEF EXECUTIVE OFFICER



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 ,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
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
Total Comprehensive Income for the period						
Profit for the period ended 30 September ,2019	-	-	-	-	24,696,227	24,696,227
Transfer from surplus on revaluation of property, plant and equipment	-	-	(2,795,980)	-	2,795,980	-
Balance as at 30 September ,2019	53,906,520	23,137,159	387,712,919	8,600,000	793,832,548	1,267,189,146

The annexed notes form an integral part of these financial statements

CHAIRMAN / DIRECTOR

CHIEF FINANCIAL OFFICER

CHIEF EXECUTIVE OFFICER



PUNJAB OIL MILLS LIMITED

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

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 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 30 June, 2019.

This condensed interim financial information 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 information are the same as those applied in the preparation of the financial statements for the preceding year ended 30 June, 2019.

4 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issue on 28 October, 2019 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.
- Comparative figures include sales tax as against current period figures which do not include sales tax due to change in sale tax regime applicable to the products of the company.

CHAIRMAN / DIRECTOR

CHIEF FINANCIAL OFFICER

CHIEF EXECUTIVE OFFICER



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