



QUARTERLY REPORT AND ACCOUNTS

MARCH 31, 2020
(UNAUDITED)

Pakistan PVC Limited

Registered Office
Shaffiabad, Gharo Dist, Thatta

PAKISTAN PVC LIMITED

DIRECTOR'S REPORT TO THE SHAREHOLDERS

On behalf of my colleagues on the Board, I present the unaudited accounts for the 3rd quarter ended March 31, 2020.

Sales during the year under review was decreased to Rs. 4.788 million as compared to Rs. 6.703 million of the same period last year and net loss during the year was Rs. 12.697 million as compared to a net loss of Rs. 12.862 million during the previous year. The lower production of PVC Pipes & Fittings at Islamabad is due to lockdown on account of Covid – 19 pandemic and shortage of funds.

The financial position of your company during the quarter ended March 31, 2020 further deteriorated due to high financial charges, idle cost and depreciation. As reported previously, Ghara Plant remains closed and there was no production during the period under review. The Management is hopeful that all the old issues can be settled amicably.

(ARIF SHAFFI)
Chief Executive

Islamabad: April 27, 2020

پاکستان پی وی سی لمیٹڈ
شینر ہولڈرز کے لیے ڈائریکٹرز کی رپورٹ

بورڈ میں شامل میرے ساتھیوں کی طرف سے، میں بغیر ترمیم کیے سہ ماہی اکاؤنٹس رپورٹ جو 31 مارچ 2020 کو ختم ہوا پیش کرتا ہوں۔ جاری سال میں فروخت میں اضافہ ہوا جو مبلغ 4.778 ملین روپے ہے جو پچھلے سال کی اسی سہ ماہی میں مبلغ 6.703 ملین روپے سے زیادہ ہے۔ اور جاری سال کا نقصان مبلغ 12.697 روپے سے کم ہے۔ اسلام آباد میں پیوپیسی پائپس اور فٹنگوں کی کم پیداوار کوویڈ - 19 وبائی امراض اور فنڈز کی قلت کے سبب ہے۔

31 مارچ 2020 کو ختم ہونے والے سال کی سہ ماہی میں آپ کی کمپنی کے مالی حیثیت میں بڑے مالی اخراجات، غیر پیداواری اخراجات اور پیداوار میں کمی کی وجہ واقع ہوئی جیسا کہ پہلے بھی بتایا گیا ہے گھارو پلانٹ ابھی تک بند ہے اور وہاں اس نظر عرصہ کے دوران کوئی پیداوار حاصل نہیں ہوئی۔ انتظامیہ پر امید ہے کہ پرانے مسائل جلد از جلد حل ہو جائیں گے۔

(عارف شفیع)
چیف ایگزیکٹو

مورخہ: 27 اپریل 2020

PAKISTAN PVC LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2020

	Note	Un-audited March 31, 2020	Audited June 30, 2019		Note	Un-audited March 31, 2020	Audited June 30, 2019
		-----Rupees-----				-----Rupees-----	
SHARE CAPITAL AND RESERVES				NON CURRENT ASSETS			
Authorized capital							
15,000,000 (June 30, 2019: 15,000,000) ordinary shares of Rs.10/- each		150,000,000	150,000,000	Property, plant and equipment	7	176,351,350	180,989,185
Issued, subscribed and paid up capital							
14,958,000 (June 30, 2019: 14,958,000) ordinary shares of Rs.10/- each		149,580,000	149,580,000	Long term investments		142,500	122,500
Accumulated loss		(499,889,216)	(491,138,135)			176,493,850	181,111,685
Surplus on revaluation of fixed assets		165,339,618	169,285,442				
		(184,969,599)	(172,272,693)				
CURRENT LIABILITIES				CURRENT ASSETS			
Trade and other payables		91,119,978	90,656,392	Stocks in trade		903,862	785,200
Unclaimed Dividend		45,980	45,980	Trade debts		754,630	1,045,312
Accrued mark up / interest		197,329,260	191,900,027	Loans and advances		148,210	1,123,023
Short term borrowings		41,144,979	40,321,661	Trade deposits and other receivables		100,000	100,000
Current portion of long term financing	5	32,991,000	32,991,000	Other receivables		552,793	789,559
Provision for taxation - net		3,222,417	3,395,411	Tax refunds due from Government		1,160,290	2,024,490
		365,853,615	359,310,472	Cash and bank balances		770,383	58,510
CONTINGENCIES AND COMMITMENTS						4,390,168	5,926,094
	6						
		180,884,018	187,037,779			180,884,017	187,037,779

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

ARIF SHAFFI
CHIEF EXECUTIVE

MUHAMMAD SHAFFI
DIRECTOR

ASIF SHAFFI
CHIEF FINANCIAL OFFICER

PAKISTAN PVC LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)
FOR THE THIRD QUARTER ENDED MARCH 31, 2020

		Quarter Ended		Third Quarter Ended	
		March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Note		-----Rupees-----			
Sales - net		1,342,058	2,049,407	4,788,464	6,702,598
Cost of sales	8	(5,180,398)	(6,164,568)	(17,011,376)	(18,380,212)
Gross loss		(3,838,340)	(4,115,161)	(12,222,912)	(11,677,614)
Other income		5,356,114	4,115,992	15,165,113	12,205,358
Distribution cost		(1,036,460)	(690,460)	(2,738,484)	(1,806,185)
Administrative expenses		(1,301,908)	(1,183,593)	(4,243,024)	(3,478,791)
Finance cost		(1,809,744)	(1,809,744)	(5,435,180)	(5,433,301)
Loss before taxation		(2,630,339)	(3,682,966)	(9,474,488)	(10,190,533)
Taxation		(1,149,422)	(908,909)	(3,222,417)	(2,671,573)
Loss for the period		(3,779,762)	(4,591,875)	(12,696,906)	(12,862,106)
Loss per share - basic and diluted		(0.25)	(0.31)	(0.85)	(0.86)

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ARIF SHAFFI
CHIEF EXECUTIVE

MUHAMMAD SHAFFI
DIRECTOR

ASIF SHAFFI
CHIEF FINANCIAL OFFICER

PAKISTAN PVC LIMITED
 CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
 FOR THE THIRD QUARTER ENDED MARCH 31, 2020

	Quarter Ended		Third Quarter Ended	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
	-----Rupees-----			
Loss for the period	(3,779,762)	(4,591,875)	(12,696,906)	(12,862,106)
Other comprehensive income for the period	-	-	-	-
Total comprehensive loss for the period	<u>(3,779,762)</u>	<u>(4,591,875)</u>	<u>(12,696,906)</u>	<u>(12,862,106)</u>

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

ARIF SHAFFI
 CHIEF EXECUTIVE

MUHAMMAD SHAFFI
 DIRECTOR

ASIF SHAFFI
 CHIEF FINANCIAL OFFICER

PAKISTAN PVC LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE THIRD QUARTER ENDED MARCH 31, 2020

	Issued, subscribed and paid up capital	Revenue Reserve Accumulated loss	Capital Reserve Revaluation Surplus	Total
Balance as at July 1, 2018	149,580,000	(479,504,747)	175,131,108	(154,793,640)
Loss for the year	-	(8,280,230)	-	(8,280,230)
Other Comprehensive income for the year	-	-	-	-
Transfer from revaluation surplus on account of incremental depreciation	-	2,922,833	(2,922,833)	-
Balance as at December 31, 2018	149,580,000	(484,862,145)	172,208,275	(163,073,870)
Balance as at July 1, 2019	149,580,000	(491,138,135)	169,285,442	(172,272,693)
Loss for the year	-	(12,696,906)	-	(12,696,906)
Other Comprehensive income for the year	-	-	-	-
Transfer from revaluation surplus on account of incremental depreciation	-	3,945,824	(3,945,824)	-
Balance as at March 31, 2020	149,580,000	(499,889,216)	165,339,617	(184,969,599)

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CHIEF EXECUTIVE

MUHAMMAD SHAFFI
DIRECTOR

ASIF SHAFFI
CHIEF FINANCIAL OFFICER

PAKISTAN PVC LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE THIRD QUARTER ENDED MARCH 31, 2020

	March 31, 2020	March 31, 2019
	-----Rupees-----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(9,474,488)	(10,200,532)
<i>Adjustments for :</i>		
Depreciation	4,637,835	5,168,956
Finance cost	5,435,180	5,433,301
Provision for staff retirement benefits - gratuity	1	(197,369)
Accrued Interest on investment	(20,000)	(17,500)
Rental income	(15,145,113)	(12,187,858)
	(5,092,096)	(1,800,470)
Operating cash flows before changes in working capital	(14,566,585)	(12,001,002)
(Increase) / decrease in current assets		
Stock in trade	(118,661)	(287,470)
Trade debts	290,683	(450,259)
Loans and advances	974,813	856,182
Tax refunds due from Government - sales tax	864,199	78,068
	2,011,034	196,521
Increase in current liabilities		
Trade and other payables	87,823	2,787,022
	2,098,857	2,983,543
Net cash used in operations	(12,467,728)	(9,017,459)
Income tax paid	(3,395,412)	(1,986,289)
Finance cost paid	(5,947)	(4,068)
	(3,401,358)	(1,990,357)
Net cash used in operating activities	(15,869,086)	(11,007,816)
CASH FLOWS FROM INVESTING ACTIVITIES		
Rent received	15,757,643	12,396,115
Addition in Property Plant & Equipment	-	(785,340)
Net cash generated from investing activities	15,757,643	11,610,775
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in short term borrowings	823,317	(513,123)
Net cash generated from financing activities	823,317	(513,123)
Net increase/(decrease) in cash and cash equivalents	711,874	89,834
Cash and cash equivalent at the beginning of the period	58,510	134,026
Cash and cash equivalent at the end of the period	770,383	223,860

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

ARIF SHAFFI
CHIEF EXECUTIVE

MUHAMMAD SHAFFI
DIRECTOR

ASIF SHAFFI
CHIEF FINANCIAL OFFICER

PAKISTAN PVC LIMITED
 SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
 FOR THE THIRD QUARTER ENDED MARCH 31, 2020

1 LEGAL STATUS AND OPERATIONS

- 1.1 Pakistan PVC Limited (the company) is incorporated in Pakistan on October 19, 1963 and is listed on the Pakistan stock exchange Limited. Its registered office is located at Shaffiabad, Ghara and District Thatta.
- 1.2 The company is engaged in production and sale of PVC resin, PVC pipes and fittings, PVC compound and Caustic soda. The company has ceased the production at Ghara since 1995. The production at Islamabad plant continues. The company has installed a water purification plant to process and sell mineral water in 2011.
- 1.3 The case for the revival of the company remained with the committee for revival of sick industrial unit setup by the finance division, Government of Pakistan with representation of the federation of Chamber of Commerce and Industries.
- 1.4 These financial statements are presented in Pak Rupees, which is the company's functional and presentation currency and figures are rounded to the nearest rupee.

2 BASIS OF PREPARATION

2.1 Statement of compliance

This condensed interim financial information of the Company for the third quarter ended March 31, 2020 is un-audited and has been prepared in accordance with the requirements of the International Accounting Standard 'IAS' 34 "Interim Financial Reporting" and provisions of and directives issued by the Securities and Exchange Commission of Pakistan under the Companies Act, 2017. This condensed interim financial information does not include all of the information and disclosures required for annual financial statements, and should be read in conjunction with the financial statements of the company for the year ended June 30, 2019.

These condensed interim financial statements comprise of condensed interim statement of financial position, condensed interim statement of profit or losses, condensed interim statement of comprehensive income, condensed interim statement of cash flow and condensed interim statement of changes in equity together with the notes for the third quarter ended March 31, 2020 which have been subject to a review but not audited. These condensed interim financial statements also include the condensed interim income statement for the quarter ended March 31, 2020.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except that certain fixed assets that have been stated at revalued amounts. The company has accumulated loss of Rupees 499.889 million (June 30, 2019: Rupees 491.138 million) as at March 31, 2020 against the issued subscribed and paid up capital of Rupees 149.580 (June 30, 2019: Rupees 149.580) million turning shareholders' equity to a negative balance of Rupees 189.970 million (June 30, 2019: 172.272 million). The current liabilities exceed the current assets by Rupees 361.463 million (June 30, 2019: 353.384 million). Further the company has not been able to obtain enough finance to revive its operations. These circumstances give rise to significant uncertainty as to the ability of the company to continue operations as going concern in the foreseeable future. However, these financial statements do not include any adjustment relating to the recoverability and classification of recorded assets and classification of liabilities that might be necessary should the company be unable to continue as a going concern.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of these interim 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, 2019, except of change referred to in note 4.

4 CHANGE IN ACCOUNTING STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS

There are certain amendments and an interpretation to approved accounting and reporting standards which are mandatory for the Company's annual accounting period which began on July 1, 2019. However, these do not have any significant impact on the Company's financial reporting and, therefore, have not been detailed in these condensed interim financial statements.

5 CURRENT PORTION OF LONG TERM FINANCING

The entire amount of the loan remains overdue and unpaid.

6 CONTINGENCIES AND COMMITMENTS

- 6.1 The Securities and Exchange Commission of Pakistan (SECP) had appointed an inspector to investigate into the affairs of the company under Section 265 of the repealed Companies Ordinance, 1984. The inspector has submitted report on his findings to the SECP. The outcome can not be anticipated at this stage.
- 6.2 Title of plot of land of the company situated at Islamabad is in dispute. The company has started negotiations with CDA. As a result company has committed to pay outstanding dues to CDA for the leasehold land. CDA has not confirmed the amount therefore the amount of the obligation can not be measured with sufficient reliability.

- 6.3 The Privatization Commission of Pakistan had filed a suit in honorable Islamabad High Court, C.O.S No 07/2002, against the company for recovery of amount repayable to the Privatization commission against principal amount of Government loan assumed at time of privatization of Rs. 32,971,000 along with the markup thereon amounting to Rs. 97,580,598 aggregating to Rs. 130,551,598. The outcome of the case is still undecided however, the legal opinion of the solicitors appointed by the company are of the view that even if the above suit is decided against the company it shall not involve the company into any financial loss.

7 PROPERTY, PLANT AND EQUIPMENT		Un-audited March 31, 2020	Audited June 30, 2019
Note		-----Rupees-----	
Operating assets	7.1	69,011,186	70,248,856
Non operating assets	7.2	107,340,164	110,740,329
		<u>176,351,350</u>	<u>180,989,185</u>
7.1 Operating assets			
Opening book value		70,248,856	71,318,176
Less: Depreciation charged during the period		(1,237,670)	(1,854,660)
Add: Addition During the Year		-	785,340
Add: Surplus/(Deficit)		-	-
		<u>(1,237,670)</u>	<u>(1,069,320)</u>
Closing book value		<u>69,011,186</u>	<u>70,248,856</u>
7.2 Non operating assets			
Opening book value		110,740,329	115,777,610
Less: Depreciation charged during the period		(3,400,165)	(5,037,281)
Add: Surplus/(Deficit)		-	-
		<u>(3,400,165)</u>	<u>(5,037,281)</u>
Closing book value		<u>107,340,164</u>	<u>110,740,329</u>
8 COST OF SALES			
Note		Third Quarter Ended	
		March 31, 2020	March 31, 2019
		-----Rupees-----	
Opening finished goods		688,248	672,677
Purchases of pipes and fittings		167,988	418,878
Cost of goods manufactured	8.1	16,822,372	11,654,450
		<u>17,678,608</u>	<u>12,746,005</u>
Closing finished goods		(667,231)	(520,361)
		<u>17,011,376</u>	<u>12,225,644</u>
8.1 Cost of Goods Manufactured			
Opening raw material		73,474	23,913
Purchase of raw material		2,849,975	2,855,464
Closing raw material		(86,224)	(210,521)
		<u>2,837,225</u>	<u>2,668,856</u>
Packing and raw material consumed		562,500	375,000
Director's remuneration		5,863,615	3,795,055
Salaries, wages and benefits		1,617,692	894,222
Fuel and power		81,630	36,247
Stores and spares		825,396	374,678
Repair and maintenance		69,926	45,336
Postage and telephone		96,500	95,600
Rent, rates and taxes		417,840	213,947
Traveling and conveyance		29,691	10,101
Entertainment		4,547,285	3,370,968
Depreciation		<u>16,949,301</u>	<u>11,880,010</u>
Opening work in process		23,478	29,698
Closing work in process		(150,407)	(255,258)
		<u>(126,929)</u>	<u>(225,560)</u>
		<u>16,822,372</u>	<u>11,654,450</u>

9 TRANSACTIONS WITH RELATED PARTIES

		Third Quarter Ended	
		March 31, 2020	March 31, 2019
		-----Rupees-----	
Relationship with the company	Nature of transaction		
Key management personnel	Salaries and other employee benefits	1,500,000	1,500,000

All transactions with related parties have been carried out on commercial terms and conditions.

10 CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', the condensed interim financial position and condensed interim statement of changes in equity have been compared with the balances of annual audited financial statements of preceding financial year, whereas, the condensed interim income statement, condensed interim statement of comprehensive income and condensed interim statement of cash flows have been compared with the balances of comparable period of immediately preceding financial year.

Comparative information has been rearranged and reclassified, wherever necessary, for the purpose of better presentation and comparison. However no major reclassification has been made during this period.

11 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements have been issued for authorization on April 27, 2020 by the board of directors of the company.

ARIF SHAFFI
CHIEF EXECUTIVE

MUHAMMAD SHAFFI
DIRECTOR

ASIF SHAFFI
CHIEF FINANCIAL OFFICER