



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

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Quarterly Report

for the Period Ended
31 March, 2021

Quarterly Report
for the Period Ended
31 MARCH, 2021

BUILDING A BETTER TOMORROW



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PUNJAB OIL MILLS LIMITED

COMPANY INFORMATION

BOARD OF DIRECTORS	Mr. Tahir Jahangir Mr. Usman Ilahi Malik Mr. Jilani Jahangir Ms. Mehrunisa Malik Mrs. Munizae Jahangir Mr. Furqan Anwar Batla Mr. Firasat Ali	Chairman/Non-Executive Director Managing Director/ Chief Executive Officer Executive Director Certified Non-Executive Director Non-Executive Director Non-Executive Director Certified Non-Executive Director Independent
AUDIT COMMITTEE	Mr. Firasat Ali Mr. Jilani Jahangir Mr. Furqan Anwar Batla	Chairman Member Member
HUMAN RESOURCE & REMUNERATION COMMITTEE	Mr. Firasat Ali Mr. Jilani Jahangir Mrs. Munizae Jahangir Mr. Furqan Anwar Batla Mr. Usman Ilahi Malik	Chairman Member Member Member Member
CHIEF FINANCIAL OFFICER	Mr. Muhammad Saeed Malik	
COMPANY SECRETARY	Mr. Muhammad Adeel Baig	
HEAD OF INTERNAL AUDIT	Mr. Zaka Ullah Malik	
AUDITORS	M/s Malik 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@gmail.com	



PUNJAB OIL MILLS LIMITED

DIRECTORS' REPORT

Operating Performance

Sales revenue for the 9 months under review showed an increase of 12% compared to the same period last year. This can be considered a continuation of the trend seen at the half-year mark. The increase in revenue being mainly attributable to higher selling prices, which were increased during the period due to the sharp increase in international and local edible oil rates.

However, the rise in input oil cost could not be fully covered by the selling price increase – price increases were limited keeping market trend and competition in mind – and consequently gross margins for the period under review fell to 13% from 15% recorded for the same period last year. This dip in profitability led to a 6% decrease in the gross profit for the 9 months under review.

Over-all the operating costs increased by 14%. Main contributors to this increase were marketing costs, followed by salaries and remuneration of staff and directors. Despite higher costs, the cost to sales ratio remained stagnant due to higher revenue, but the fall in profitability at the gross level caused the operating margin to decrease to 2% from 4% achieved same period last year. Consequently, the operating profit declined by 55% for the 9 months.

Other operating charges decreased by 46% from last year, mostly because heads based on operating profits decreased by the same amount. Finance charges also continued their falling trend due to lower interest rates for the period. Main reason for higher other income was inclusion of tolling revenue for the first time as well as booking of scrap sale this period.

With lower operating profits, the profit before tax decrease by 49% compared to same period last year. As the assessed tax at the normal tax rate came out lower than 1.5% turnover tax, the provision for tax was taken at the higher minimum tax value of PKR 65.9 million, representing 82% of the pre-tax profit. As a result, profit after tax fell by 76% for the period under review compared to same period last year, with the company posting a profit after tax of PKR 14.1 million for the 9 months.

Outlook for the Year

Going forward we are anticipating a continuing difficult business environment for the company. The concerning factors we had highlighted in our review for the 1st



PUNJAB OIL MILLS LIMITED

quarter and half-year have come into play, and we have seen our margins tighten considerably due to sharp rise in input costs.

The international oil markets also continue to be volatile and over-all have persisted with the bullish trend. As such we don't foresee a significant respite in the raw material cost increases in the near future. At the same time there is a drive, based more on political rather than economic grounds, from the government regarding prices of edible oil and banaspati. Together with lackluster demand from the market at such high price levels, and a competitive market place, we will find it difficult to pass on all the cost increase in our selling prices, and we don't foresee any recovery of margins going forward. However, in the longer term, as long as we keep up our marketing efforts, stability in the international markets and strength of company brands should enable improvement in margins from current levels.

Hence the current scenario has to be weighed against the need for the company to invest in its profitable brands in the face of tough competition. The management will need to carefully balance the need to trim costs, while remaining competitive in the marketplace by rationalizing its marketing spend.

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: 26 April, 2021

For & on behalf of the board

(USMAN ILAHI MALIK)
CHIEF EXECUTIVE OFFICER



PUNJAB OIL MILLS LIMITED

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED) AS AT 31 MARCH, 2021

EQUITY AND LIABILITIES	31-Mar. 21 Rupees Un-audited	30-Jun. 20 Rupees Audited
SHARE CAPITAL AND RESERVES		
Authorized share capital 10,000,000 (30 June 2020: 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	357,327,093	362,793,467
Revenue reserves	868,866,229	849,308,734
	<u>1,303,237,001</u>	<u>1,289,145,880</u>
NON CURRENT LIABILITIES		
Deferred liabilities	135,999,011	122,394,681
Long Term borrowing	13,851,566	20,322,143
	<u>149,850,577</u>	<u>142,716,824</u>
CURRENT LIABILITIES		
Trade and other payables	765,555,986	542,222,384
Short term borrowings	168,746,344	174,098,569
Current Portion of long Term Borrowing	21,475,196	6,774,048
Accrued mark up	1,590,298	2,502,408
Unclaimed dividend	8,789,596	8,879,070
Provision for taxation	187,584,591	250,835,217
	<u>1,153,742,011</u>	<u>985,311,696</u>
Contingencies and commitments	-	-
	<u>2,606,829,589</u>	<u>2,417,174,400</u>
ASSETS		
NON CURRENT ASSETS		
Tangible fixed assets:		
Property, plant and equipment	642,700,889	655,462,751
Capital work in progress	35,397,944	2,294,709
Intangible Assets	7,875,000	4,929,647
	<u>685,973,833</u>	<u>662,687,107</u>
Investment in Associate	-	-
Long term deposits	45,387,500	39,387,500
CURRENT ASSETS		
Stores, spare parts and loose tools	126,933,823	113,790,475
Stock in trade	421,607,885	404,004,070
Trade debts	969,134,191	815,614,848
Loans and advances	66,722,990	88,513,415
Trade deposits and short term prepayments	17,207,954	19,673,041
Other receivables	34,957,299	17,391,417
Advance Income Tax	160,948,276	223,152,466
Cash and bank balances	77,955,838	32,960,061
	<u>1,875,468,256</u>	<u>1,715,099,793</u>
	<u>2,606,829,589</u>	<u>2,417,174,400</u>

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

CHAIRMAN / DIRECTOR

CHIEF FINANCIAL OFFICER

CHIEF EXECUTIVE OFFICER



PUNJAB OIL MILLS LIMITED

CONDENSED INTERIM PROFIT OR LOSS ACCOUNT (UN-AUDITED) FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH, 2021

	Nine months period ended		Quarter Ended	
	31-Mar-21 Rupees	31-Mar-20 Rupees	31-Mar-21 Rupees	31-Mar-20 Rupees
Sales - net	4,377,791,352	3,907,187,774	1,655,879,598	1,472,010,664
Cost of sales	3,810,222,859	3,304,799,608	1,472,196,635	1,284,601,318
Gross profit	567,568,493	602,388,166	183,682,963	187,409,346
Operating Expenses				
Selling and distribution cost	316,434,749	283,952,517	109,356,449	111,682,846
Administrative expenses	172,542,277	145,266,807	52,635,249	47,713,565
	488,977,026	429,219,324	161,991,698	159,396,411
Operating profit	78,591,467	173,168,842	21,691,265	28,012,935
Finance cost	13,123,806	15,935,601	4,438,433	5,982,036
Other operating charges	6,724,590	12,403,856	1,685,068	2,082,280
	19,848,396	28,339,457	6,123,501	8,064,316
	58,743,071	144,829,385	15,567,764	19,948,619
Other income	21,214,906	10,998,405	3,731,767	4,819,580
Profit before taxation	79,957,977	155,827,790	19,299,531	24,768,199
Taxation	65,866,856	96,112,031	24,851,955	36,773,978
Profit after taxation	14,091,121	59,715,759	(5,552,424)	(12,005,779)
Earnings per share - Basic and diluted	2.61	11.08	(1.03)	(2.23)

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 AND QUARTER ENDED 31 MARCH, 2021

	Nine months period ended		Three months period ended	
	31-Mar. 21	31-Mar. 20	31-Mar. 21	31-Mar. 20
	Rupees	Rupees	Rupees	Rupees
Profit after taxation	14,091,121	59,715,759	(5,552,424)	(12,005,779)
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	<u>14,091,121</u>	<u>59,715,759</u>	<u>(5,552,424)</u>	<u>(12,005,779)</u>

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

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PUNJAB OIL MILLS LIMITED

CONDENSED INTERIM CASH FLOWS STATEMENT (UN-AUDITED) FOR THE NINE MONTHS PERIOD ENDED 31 MARCH, 2021

	31-Mar. 21 Rupees	31-Mar-2020 Rupees
CASH FLOW FROM OPERATING ACTIVITIES		
Profit for the period before taxation	79,957,977	155,827,790
Adjustments for following non-cash items:		
Workers' profit participation fund	4,313,289	8,398,284
Workers' welfare fund	1,719,822	3,351,553
Gain on disposal of property, plant and equipment	-	-
Provision for staff retirement benefits	14,617,078	9,526,052
Depreciation	30,159,250	29,510,799
Amortization	6,054,647	4,929,705
Finance cost	13,123,806	15,935,601
	<u>69,987,892</u>	<u>71,651,994</u>
Operating profit before working capital changes	149,945,869	227,479,784
(Increase)/decrease in current assets:		
Stores, spare parts and loose tools	(13,143,348)	9,527,833
Stock in trade	(17,603,815)	54,764,673
Trade debts	(153,519,343)	(148,252,778)
Loan and advances	21,790,425	(2,990,006)
Trade deposits and short term prepayments	2,465,087	(1,284,928)
Other receivables	(17,565,882)	(3,170,924)
	<u>(177,576,876)</u>	<u>(91,406,130)</u>
Increase/(decrease) in current liabilities:		
Trade and other payables	232,004,657	33,350,099
Cash generated from operations	<u>204,373,650</u>	<u>169,423,753</u>
Workers' profit participation fund paid /adjusted	(10,815,655)	(12,562,060)
Workers' Welfare Fund paid /adjusted	(4,387,196)	(4,864,914)
Staff retirement benefits paid	(1,012,748)	(663,516)
Finance cost paid	(13,761,231)	(14,433,360)
Income tax paid	(66,913,292)	(98,177,161)
Dividend paid	(89,474)	(21,913,420)
	<u>(96,979,596)</u>	<u>(152,614,431)</u>
Net cash used in operating activities	107,394,054	16,809,322
CASH FLOW FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(10,723,353)	(3,965,528)
Intangible Assets	(9,000,000)	-
Capital work in progress	(39,553,270)	(10,989,233)
Proceeds from disposal of property, plant and equipment	-	-
Long term deposits	(6,000,000)	(6,000,000)
Net cash used in investing activities	(65,276,623)	(20,954,761)
CASH FLOW FROM FINANCING ACTIVITIES		
Long term borrowings	8,230,571	-
Short term borrowings	(5,352,225)	(60,461,605)
Net cash flow from financing activities	2,878,346	(60,461,605)
Increase/(decrease) in cash and cash equivalents	44,995,777	56,316,166
Cash and cash equivalents at the beginning of the period	32,960,061	21,040,393
Cash and cash equivalents at the end of the period	77,955,838	77,356,559

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 CHANGES IN EQUITY (UN-AUDITED) FOR THE NINE MONTHS PERIOD ENDED 31 MARCH, 2021

	Ordinary Share capital	Capital reserves	Revaluation Surplus	Revenue Reserves		Total
				General reserves	Accumulated profit	
(Rupees)						
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.					59,715,759	59,715,759
plant and equipment on account of - 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)
					(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
Balance as at 01 July 2020	53,906,520	23,137,159	362,793,467	8,600,000	840,708,734	1,289,145,880
Profit for the nine months period ended 31 March 2021	-	-	-	-	14,091,121	14,091,121
Transfer from surplus on revaluation of property.					14,091,121	14,091,121
plant and equipment on account of - Incremental depreciation - net of tax	-	-	(5,466,374)	-	5,466,374	-
<i>Transaction with owners recorded directly in equity - Distributions</i>						
Balance as at 31 March 2021	53,906,520	23,137,159	357,327,093	8,600,000	860,266,229	1,303,237,001

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PUNJAB OIL MILLS LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE NINE MONTHS PERIOD ENDED 31 MARCH, 2021 (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 - '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, 2020.

This condensed interim financial information is being submitted to the shareholders as required by the listing regulation of Pakistan Stock Exchange (Guarantee) 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 June 30, 2020.

4 NON-ADJUSTING EVENTS AFTER THE BALANCE SHEET DATE

The Board of Directors in its meeting held on 26 April 2021, 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 26 April, 2021 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