

1st Quarterly Report

30th Sep 2019 (Un - Audited)



TARIQ GLASS INDUSTRIES LTD.

An ISO 9001:2008 Certified Company

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Company Information

BOARD OF DIRECTORS

CHAIRMAN	MR. MANSOOR IRFANI	
MANAGING DIRECTOR / CEO	MR. OMER BAIG	
<hr/>		
DIRECTORS	MR. MOHAMMAD BAIG MR. SAAD IQBAL MS. RUBINA NAYYAR MR. TAJAMMAL HUSSAIN BOKHAREE MR. FAIZ MUHAMMAD	INDEPENDENT DIRECTOR INDEPENDENT DIRECTOR
<hr/>		
CHIEF FINANCIAL OFFICER	MR. WAQAR ULLAH	
COMPANY SECRETARY	MR. MOHSIN ALI	
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HUMAN RESOURCE & REMUNERATION COMMITTEE	MR. TAJAMMAL HUSSAIN BOKHAREE MR. OMER BAIG MR. MANSOOR IRFANI	CHAIRMAN MEMBER MEMBER
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AUDIT COMMITTEE	MR. TAJAMMAL HUSSAIN BOKHAREE MS. RUBINA NAYYAR MR. MANSOOR IRFANI	CHAIRMAN MEMBER MEMBER
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AUDITORS	KPMG TASEER HADI & CO. CHARTERED ACCOUNTANTS, LAHORE	
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LEGAL ADVISOR	KASURI AND ASSOCIATES, LAHORE	
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CORPORATE CONSULTANTS	MR. RASHID SADIQ M/S R.S. CORPORATE ADVISORY , LAHORE	
<hr/>		
TAX CONSULTANTS	YOUSAF ISLAM ASSOCIATES, LAHORE	
<hr/>		
BANKERS	NATIONAL BANK OF PAKISTAN HABIB BANK LTD UNITED BANK LTD THE BANK OF PUNJAB MCB BANK LIMITED THE BANK OF KHYBER ASKARI BANK LIMITED MEEZAN BANK LIMITED STANDARD CHARTERED BANK (PAK) LTD	BANK ALFALAH LTD FAYSAL BANK LTD MCB ISLAMIC BANK LTD BANKISLAMI PAKISTAN LTD BANK ALHABIB LTD SAMBA BANK LTD AL-BARAKA BANK (PAK) LTD ALLIED BANK LTD
<hr/>		
SHARES REGISTRAR	SHEMAS INTERNATIONAL (PVT) LTD. 533-Main Boulevard, Imperial Garden Block, Paragon City, Barki Road, Lahore. Ph: +92-42-37191262 E-mail: info@shemasinternational.com	
<hr/>		
REGISTERED OFFICE	128-J, MODEL TOWN LAHORE. UAN: 042-111-34-34-34 FAX: 042-35857692 – 35857693 E-mail: info@tariqglass.com WEB: www.tariqglass.com	
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Directors' Review

The Directors of Tariq Glass Industries Limited present before you their review report along with the financial statements for the first quarter ended September 30, 2019.

Financial and Operational Performance

The trend of massive slowdown in economic activities is continuing during the period under review. Overall, the industry has seen declining profitability and glass industry has been no exception, its performance too has declined due to dwindling local demand with rising cost of production. Facing monetary and fiscal challenges the government has slashed its developmental budget and curtailment is observed in commercial and construction outlay. Rising inflation, KIBOR and the exchange rate devaluation has affected the purchasing power of the common man. Since the purchasing power of the people has been stunted, we could not pass the effect of increase in cost of production on to the customers which, in turn, has affected profitability and liquidity of the Company.

The Company has registered net sales of Rs. 3,577 million with a net profit of Rs. 230 million for the period under report as compared to the corresponding period's figure of Rs. 3,280 million and Rs. 333 million respectively. The EPS for the period under review is Rs. 3.13 as against Rs. 4.53 of the same period of last year.

A brief summary of the financial results for the period under report is as under:

	(Million Rupees)	
	Three Months Ended September 30	
	FY2019-2020	FY2018-2019
Net Sales	3,577	3,280
Gross Profit	574	584
Operating Profit	443	466
Profit Before Tax	306	429
Profit After Tax	230	333
Earnings per share – Rupees	3.13	4.53

Future Outlook

The ever increasing price of the energy sector have resulted in increase in cost of power & fuel, directly affecting cost of production. The continuing slowdown in economy coupled with escalating tensions in political arena may create pressure on the sales of forthcoming quarters.

The winter season is approaching which is usually bearish from the sales perspective of Company's Tableware products. However, foreseeing the demand and supply situation, the Company has started channelizing a part of its production capacity for the manufacturing of glass bottles and glass containers as well.

In the short term, the ongoing regulatory squeeze, continuous fiscal consolidation, monetary tightening, FATF restrictive scenario and simmering political unrest will keep the demand slow. Owing to these factors the current trend is expected to persist and will create pressure on glass products' sales and prices. However, in the long run, we expect the demand to stabilize with the overall correction in the economy if government successfully manages to control the political unrest.

We hope that with the blessings of Allah Almighty, the economic activities will soon start to flourish and the Company will continue on the path in further improving its performance.

For and on behalf of the Board

Lahore, October 28, 2019

(Mansoor Irfani)
Chairman

(Omer Baig)
Managing Director / CEO

ڈائریکٹروں کا جائزہ

حاکم گلاس انڈسٹریز لمیٹڈ کے ڈائریکٹرز مالی سال 2019-2020 کی پہلی سہ ماہی کی مدت جو کہ 30 ستمبر 2019 کو اختتام پزیر ہوئی ہے سے متعلق عبوری جائزہ پیش کرتے ہیں۔

کاروباری اور مالیاتی کارکردگی سے متعلق نقطہ نظر:

مذکورہ مدت کے دوران معاشی سرگرمیوں میں بڑے پیمانے پر دست روی کارخانہ رہا۔ مجموعی طور پر صنعت بشمول گلاس انڈسٹری کے ماحول میں کی واقع ہوئی ہے جبکہ مقامی طلب میں کمی اور پیداواری لاگت میں اضافے کی وجوہات کی بناء پر اس کی کارکردگی بھی انحطاط پزیر رہی۔ حکومت کو محصولات اور مالی چیلنجز کا سامنا ہے جس بناء پر حکومت نے اپنے ترقیاتی بجٹ میں کمی کی ہے اور اس لیے تجارتی سرگرمیاں اور تعمیراتی منصوبے سزلی کا شکار ہیں۔ بڑھتے ہوئے افراتفرز KIBOR کی شرح اور روپے کی قدر میں کمی نے لوگوں کی قوت خرید کو متاثر کیا ہے۔ یہ ایسے عوامل ہیں جن کی وجہ سے صنعت کی مصنوعات کی فروختی متاثر ہوئی ہے۔ چونکہ لوگوں کی قوت خرید میں کمی واقع ہوئی ہے، لہذا ہم پیداواری لاگت میں اضافے کا بوجھ صارفین کو بطور منتقل کرنے سے قاصر رہے جس کے نتیجے میں کمپنی کی سیاتی حیثیت اور منافع متاثر ہوئے ہیں۔

کمپنی نے 3,577 ملین روپے کی خالص فروختی حاصل کی اور مجموعی منافع 230 ملین روپے رہا۔ جبکہ گزشتہ سال کی اسی مدت میں حاصل ہونے والی خالص فروختی 3,280 ملین روپے اور مجموعی منافع 333 ملین روپے تھا۔ مذکورہ مدت میں آمدنی فی شخص 3.13 روپے رہی جس کا اگر پچھلے سال کی اسی مدت سے موازنہ کیا جائے تو وہ 4.53 روپے فی شخص تھا۔

کمپنی کے مالی سال 2019-2020 کی پہلی سہ ماہی کی مدت جو کہ 30 ستمبر 2019 کو اختتام پزیر ہوئی اس میں مالیاتی کارکردگی کا ذیل میں خلاصہ پیش ہے۔

(رقم ملین روپوں میں)

سہ ماہی مئی 2019-2020	سہ ماہی مئی 2018-2019	خاص فروختی
3,577	3,280	مجموعی منافع
574	584	استعمالی منافع
443	466	ٹیکس کی ادائیگی سے پہلے کا منافع
306	429	ٹیکس کی ادائیگی کے بعد کا خالص منافع
230	333	آمدنی فی شخص (روپوں میں)
3.13	4.53	

مشغول کے حوالے سے نقطہ نظر:

توانائی کے شعبے کی بڑھتی ہوئی قیمتوں کی وجہ سے کمپنی کے بجلی اور ایندھن میں اخراجات میں خاطر خواہ اضافہ ہوا ہے جس سے براہ راست پیداواری لاگت اثر انداز ہو رہی ہے۔ آئندہ سہ ماہی میں سیاسی میدان میں بڑھتی ہوئی کشیدگی کی وجہ سے معاشی سرگرمیاں مزید دست روی کا شکار ہو سکتی ہیں۔ موسم سرما کا آغاز ہے جبکہ کمپنی کی پمپل و بیرونی مصنوعات کی فروختی موسم سرما میں عموماً دباؤ کا شکار رہتی ہے۔ تاہم طلب اور زرمدی صورت حال کے پیش نظر کمپنی نے اپنی پیداواری اور صلاحیتوں کو ٹیکوں اور گلاس کنٹینرز بنانے کے لئے بھی بروئے کار لانا شروع کر دیا ہے۔

تقلیل مدت میں اگر کاروباری حالات کا جائزہ دیا جائے تو منٹک میں، جاری ریلو لیبیری دباؤ، مسلسل مالی اصلاحات، سخت مانیٹری پالیسی، FATF اصلاحاتی پروگرام اور بڑھتے ہوئے سیاسی اضطراب کے نتیجے میں مصنوعات کی مجموعی طلب میں مزید کمی واقع ہو سکتی ہے۔ مزید برآں عوامل کی وجہ سے صنعت کی مصنوعات کی فروختی اور قیمتیں اثر انداز ہو سکتی ہیں۔ تاہم بطول العیاد میں ہم توقع کرتے ہیں کہ حکومت سیاسی محاذ پر حالات قابو رکھنے میں کامیاب ہوتی ہے جو معیشت میں مجموعی طور پر معاشی اصلاحات کے بار آور نتائج سائے آئیں گے جس سے مصنوعات کی طلب میں اضافہ آ سکتا ہے۔

ہم امید کرتے ہیں کہ اللہ تعالیٰ کے فضل و کرم سے معاشی سرگرمیوں میں بہتری آئے گی اور کمپنی اپنی کارکردگی میں مزید بہتری لائے گی۔

یورڈ آف ڈائریکٹرز کی جانب سے

منصور عرفانی

عمر بیگ

چیمبرمین

ٹیچنگ ڈائریکٹر / سی ای او

تاریخ: 28 اکتوبر 2019ء، لاہور

Condensed Interim Statement of Profit or Loss (Un-audited)

For the Quarter Ended 30 September 2019

	30 September 2019 Rupees	30 September 2018 Rupees
Sales - net	3,577,197,196	3,279,860,201
Cost of sales	(3,003,273,067)	(2,696,356,980)
Gross profit	573,924,129	583,503,221
Administrative expenses	(61,695,722)	(51,361,624)
Selling and distribution expenses	(63,461,422)	(60,709,518)
Other operating income	16,797,846	24,479,406
Other operating expenses	(22,694,420)	(30,395,807)
	(131,053,718)	(117,987,543)
Operating profit	442,870,411	465,515,678
Finance cost	(136,662,490)	(36,030,319)
Profit before taxation	306,207,921	429,485,359
Taxation	(76,592,742)	(96,366,807)
Profit after taxation	229,615,179	333,118,552
Earnings per share - basic & diluted	3.13	4.53

The annexed notes from 1 to 8 form an integral part of these financial statements.

October 28, 2019
Lahore

MANSOOR IRFANI
CHAIRMAN

OMER BAIG
MANAGING DIRECTOR / CEO

WAQAR ULLAH
CHIEF FINANCIAL OFFICER



Condensed Interim Statement of Comprehensive Income (Un-audited)

For the Quarter Ended 30 September 2019

	30 September 2019 Rupees	30 September 2018 Rupees
Profit after taxation	229,615,179	333,118,552
Other comprehensive income for the period	-	-
Total comprehensive income for the period	229,615,179	333,118,552

The annexed notes from 1 to 8 form an integral part of these financial statements.

October 28, 2019
Lahore

MANSOOR IRFANI
CHAIRMAN

OMER BAIG
MANAGING DIRECTOR / CEO

WAQAR ULLAH
CHIEF FINANCIAL OFFICER

Condensed Interim Cash Flow Statement (Un-audited)

For the Quarter Ended 30 September 2019

	30 September 2019 Rupees	30 September 2018 Rupees
Cash flow from operating activities		
Profit before taxation	306,207,921	429,485,359
Adjustments for :		
Depreciation	114,017,672	121,967,586
Amortization of intangibles	1,614,090	348,143
Gain on disposal of property, plant and equipment	-	(24,101,022)
Finance cost	136,662,490	36,030,319
Provision for Workers' Profit Participation Fund	23,971,974	22,994,058
Provision for Workers' Welfare Fund	6,249,303	7,401,748
	282,515,529	164,640,832
Operating profit before working capital changes	588,723,450	594,126,191
Changes in:		
Stores and spare parts	(66,559,071)	(99,173,251)
Advances, deposits, prepayments and other receivables	(191,582,186)	(173,361,412)
Stock in trade	(114,150,574)	(219,973,292)
Trade debts - considered good	(445,995,198)	(218,135,347)
Contract liability	4,525,141	-
Trade and other payables	33,099,990	(138,834,086)
	(780,661,898)	(849,477,388)
Cash used in operating activities	(191,938,448)	(255,351,197)
Finance cost paid	(67,484,256)	(33,783,263)
Income tax paid	(149,657,831)	(76,156,325)
	(217,142,087)	(109,939,588)
Net cash used in operating activities	(409,080,536)	(365,290,785)
Cash flow from investing activities		
Fixed capital expenditure	(956,906,978)	(114,703,981)
Proceeds from sales of property, plant and equipment	-	25,861,528
Long term deposits	631,307	(213,984)
Net cash flow used in investing activities	(956,275,671)	(89,056,437)
Cash flow from financing activities		
Net receipts from / (repayments of) long term finances - secured	635,115,200	(18,750,000)
Liabilities against assets subject to finance lease	(304,322)	(712,511)
(Repayments of) / net receipt from short term borrowings - secured	(77,106,306)	30,880,175
Dividend paid	(19,937)	-
Net cash generated from financing activities	557,684,635	11,417,664
Net decrease in cash and cash equivalents	(807,671,572)	(442,929,557)
Cash and cash equivalents at the beginning of the year	(1,868,531,970)	(622,613,503)
Cash and cash equivalents at the end of the period	(2,676,203,542)	(1,065,543,060)
Cash and cash equivalents comprise of the following:		
Cash and bank balances	121,096,886	97,313,894
Running finance	(2,797,300,428)	(1,162,856,954)
	(2,676,203,542)	(1,065,543,060)

The annexed notes from 1 to 8 form an integral part of these financial statements.

October 28, 2019
Lahore

MANSOOR IRFANI
CHAIRMAN

OMER BAIG
MANAGING DIRECTOR / CEO

WAQAR ULLAH
CHIEF FINANCIAL OFFICER



Condensed Interim Statement of Changes in Equity (Un-audited)

For the Quarter Ended 30 September 2019

	Share capital		Capital reserve		Sub-total	Revenue reserve	Total equity
	Share premium	Share revaluation of land	Surplus on revaluation of land	Unappropriated profit			
Balance as at 30 June 2018	734,580,000	410,116,932	766,482,138	1,176,599,070	3,361,590,726	5,272,769,796	
Effect of application of IFRS 9, net of tax	-	-	-	-	(16,896,876)	(16,896,876)	
Adjusted balance as at 1 July 2018	734,580,000	410,116,932	766,482,138	1,176,599,070	3,344,693,850	5,255,872,920	
Total comprehensive income	-	-	-	-	333,118,552	333,118,552	
Profit after tax for the period ended 30 September 2018	-	-	-	-	333,118,552	333,118,552	
Other comprehensive income for the period	-	-	-	-	333,118,552	333,118,552	
Balance as at 30 September 2018	734,580,000	410,116,932	766,482,138	1,176,599,070	3,677,812,402	5,588,991,472	
Total comprehensive income	-	-	-	-	990,559,850	990,559,850	
Profit after tax for the year ended 30 June 2019	-	-	-	-	990,559,850	990,559,850	
Other comprehensive income for the year	-	-	-	-	990,559,850	990,559,850	
Transactions with the owners of the Company	-	-	-	-	(440,747,997)	(440,747,997)	
Final dividend for the year ended 30 June 2018 at the rate of Rs 6 (60%) per ordinary share	-	-	-	-	(440,747,997)	(440,747,997)	
Balance as at 30 June 2019	734,580,000	410,116,932	766,482,138	1,176,599,070	4,227,624,255	6,138,803,325	
Total comprehensive income	-	-	-	-	229,615,179	229,615,179	
Profit after tax for the period ended 30 September 2019	-	-	-	-	229,615,179	229,615,179	
Other comprehensive income for the period	-	-	-	-	229,615,179	229,615,179	
Balance as at 30 September 2019	734,580,000	410,116,932	766,482,138	1,176,599,070	4,457,239,434	6,368,418,504	

Rupees--

October 28, 2019
Lahore

MANSOOR IRFANI
CHAIRMAN

OMER BANG
MANAGING DIRECTOR / CEO

WAQAR ULLAH
CHIEF FINANCIAL OFFICER

Notes to the Condensed Interim Financial Statements

For the Period Ended 30 September 2019

1. Statement of compliance

These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34 "Interim Financial Reporting" issued by International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provision of and directives issued under the Companies Act, 2017

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2. Basis of preparation

These condensed interim financial statements do not include all of the information required in the annual financial statements prepared in accordance with the approved accounting and reporting standards as applicable in Pakistan. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the last annual financial statements. These condensed interim financial statements should be read in conjunction with the Company's latest annual financial statements for the year ended June 30, 2019.

3. Critical accounting estimates and judgements

The preparation of these condensed interim financial statements in conformity with approved accounting standards require the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Estimates and judgements are continually evaluated and are based on historic experience, including expectations of future events that are believed to be reasonable under the circumstances.

Estimates and judgements made by the management in the preparation of these condensed interim financial statements are the same as those used in the preparation of annual audited financial statements of the Company for the year ended June 30, 2019.

4. Significant accounting policies

The accounting policies and the methods of computations adopted in the preparation of these condensed interim financial statements are consistent with those followed in the preparation of the annual audited financial statements for the year ended June 30, 2019. Certain standards, amendments and interpretations to IFRS effective during the period but considered not to be relevant or to have any significant effect on the company's operations and are, therefore, not detailed in these financial statements.

5. Contingencies and commitments

5.1 Contingencies

There has been no significant change in contingencies as reported in the annual audited financial statements of the Company for the year ended June 30, 2019.

5.2 Commitments

- Commitments under letter of credits for capital expenditure Rs. 1,232.94 million (June 30, 2019: Rs. 2,041 million).
- Commitments under letter of credits for other than capital expenditure Rs. 43.64 million (June 30, 2019: Rs. 128.5 million).
- The amount of future Ijarah rentals for Ijarah financing and the period in which these payments will become due are as follows:

	Un-audited 30 September 2019 Rupees	Audited 30 June 2019 Rupees
Not later than one year	38,404,334	41,564,510
Later than one year but not later than five years	18,996,146	22,655,757
	<u>57,400,480</u>	<u>64,220,267</u>
6. Property, plant and equipment		
Operating fixed assets (Note 6.1)	4,824,003,375	4,910,630,765
Capital work in progress	4,428,501,828	3,498,985,132
	<u>9,252,505,203</u>	<u>8,409,615,897</u>
6.1 Operating fixed assets		
Opening net book value	4,910,630,765	5,173,924,120
Additions during the period	27,390,282	240,276,995
	4,938,021,047	5,414,201,115
Disposals during the period	-	(4,325,723)
Depreciation for the period	(114,017,672)	(499,244,627)
	(114,017,672)	(503,570,350)
Closing net book value	<u>4,824,003,375</u>	<u>4,910,630,765</u>

7. Transactions with related parties

Related parties comprises of associated companies, staff retirement fund, directors, key management personnel and other companies where directors have significant influence. Balances with the related parties are shown in respective notes to the financial statements. Significant transactions with related parties other than those disclosed elsewhere in the financial statements are as follows:

Name	Relationship	Nature of transaction	Un-audited 30 September 2019	Un-audited 30 September 2018
Provident Fund	Employee benefit plan	Employer's contribution during the period	7,701,869	6,502,243
Omer Baig	Managing Director / CEO	Repayment of loan to director	-	864,621
Mohammad Baig	Director	Remuneration paid	4,500,000	4,500,000
Other Key Management Personnel	Key Management Personnel	Remuneration paid	1,500,000	1,500,000
		Remuneration paid	12,770,194	9,712,843

8. Date of authorization for issue of condensed interim financial statements

These condensed interim financial statements are authorized for issue by the Board of Directors on October 28, 2019.

October 28, 2019
Lahore

MANSOOR IRFANI
CHAIRMAN

OMER BAIG
MANAGING DIRECTOR / CEO

WAQAR ULLAH
CHIEF FINANCIAL OFFICER



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-  FAQs Answered

-  Stock trading simulator
(based on live feed from PSX)
-  Knowledge center
-  Risk profiler*
-  Financial calculator
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