

# *Quarterly Accounts*

for the quarter ended

September 30, 2017



**BALUCHISTAN GLASS LIMITED**

An ISO 9001:2008 Certified Company



## Corporate Information

### Board of Directors

Mr. Muhammad Tousif Paracha	CEO
Mr. Mian Nazir Ahmed Paracha	
Mr. Mustafa Tousif Ahmed Paracha	Chairman
Mrs. Tabsum Tousif Paracha	
Mr. Shaffi Uddin Paracha	
Mr. Muhammad Niaz Paracha	
Mr. Shamim Anwar	

### COMPANY SECRETARY

Mr. Sheikh Arif Moin-ul-Haq

### AUDIT COMMITTEE

Mr. Mian Nazir Ahmed Paracha	Chairman
Mr. Mustafa Tousif Ahmed Paracha	Member
Mr. Muhammad Niaz Paracha	Member
Mr. Shamim Anwar	Member

### HR & REMUNERATION COMMITTEE

Mr. Mustafa Tousif Ahmed Paracha	Chairman
Mr. Mian Nazir Ahmed Paracha	Member
Mr. Muhammad Niaz Paracha	Member

### BANKERS

The Bank of Punjab  
Bank Al Falah Limited  
Al Baraka Bank (Pakistan) Limited  
Faysal Bank Limited  
Meezan Bank Limited  
National Bank of Pakistan  
United Bank Limited  
Bank Islami Pakistan Limited  
JS Bank Limited  
MCB Bank Limited

### AUDITORS

PKF F.R.A.N.T.S.  
Chartered Accountants

### LEGAL ADVISOR

Masood Khan Ghory  
(Advocate & Legal Consultant)

### REGISTERED OFFICE

Plot no. 8, Sector M, H.I.T.E.,  
Hub, District Lasbella, Balochistan.  
Tel : 0853 - 363657

### HEAD OFFICE

12-KM, Sheikhpura Road,  
Kot Abdul Malik,  
Lahore.  
Ph. # 042-37164424-5  
37164071  
Web: [www.balochistanglass.com](http://www.balochistanglass.com)  
Email: [info@balochistanglass.com](mailto:info@balochistanglass.com)

### KARACHI OFFICE

Dime Centre, B.C. 4, 3rd Floor,  
Block 09, Clifton, Karachi.  
Ph. No. 021-35377977-80

### FACTORIES

#### UNIT-I

Plot no. 8, Sector M, H.I.T.E.,  
Hub, District Lasbella,  
Balochistan.

#### UNIT-II

29-KM, Sheikhpura Road,  
Sheikhpura.

#### UNIT-III

12-KM, Sheikhpura Road,  
Kot Abdul Malik,  
Lahore.

### SHARE REGISTRAR

Corplink (Pvt.) Limited  
Wings Arcade, 1-K, Commercial,  
Model Town, Lahore.

## Directors' Report

The Directors of your company are pleased to present the Condensed Interim Financial Information of your company for the quarter ended September 30, 2017.

### COMPANY PERFORMANCE

Analysis of key operating results for the current period in comparison with the previous period is given below:

	September 30, 2017	September 30, 2016
	(Rupees in thousands)	
Sales - Net	132,347	246,291
Gross (Loss)	(32,053)	(68,476)
Operating (Loss)	(41,664)	(81,048)
Depreciation for the period	27,402	30,543
(Loss) before Tax	(54,175)	(128,918)
(Loss) after Tax	(54,986)	(130,458)
Basic and diluted (Loss) per share	(0.32)	(0.76)

The Company has closed down its two major units (Unit I & II) because of various operational difficulties including constraints of restricted profit margin and increasing trend of energy cost in previous financial years. Closure of these units is also made with the view of BMR (Balancing, Modernization & Replacement), revise the operational structures, re-establish the marketing brands and other business strategies to reduce the operational losses in future.

The Company has also arranged and streamlined the operational activities at Unit I (Hub) and in the process of installation of imported Machineries, which would be completed in the current financial year. Furthermore, the Company has managed/projected the production facilities to re-operate Unit II, and established Letter of Credit for new Machineries. In addition to the above, the Board of Directors has also decided to raise equity against the sponsors' loan utilized/to be utilized for the purpose of necessary BMR and to meet operational requirements, by way of further issue of capital amounting to rupees 900 million, without right offer subject to approval of shareholders and the Securities and Exchange Commission of Pakistan.

Board of Directors appreciates the assistance and co-operation extended by our banks and financial institutions as well as efforts, dedication and commitment demonstrated by all the employees and contractors of the Company as well as support & cooperation extended by our distributors, dealers, suppliers and other stakeholders of the company.

For and on the behalf of Board of Directors'



**Muhammad Tousif Paracha**  
CEO

Lahore : 25<sup>th</sup> October, 2017

**Condensed Interim Balance Sheet****As At September 30, 2017 (un-audited)****EQUITY AND LIABILITIES****SHARE CAPITAL AND RESERVES**

	Notes	Un-audited Sep 30, 2017 (Rupees in thousands)	Audited June 30, 2017
Authorized capital 266,600,000 (June 30, 2017: 266,600,000)		2,666,000	2,666,000
Ordinary shares of Rs. 10 each		1,716,000	1,716,000
Issued, subscribed and paid-up capital		(514,800)	(514,800)
Discount on shares		(4,981,691)	(4,928,657)
Accumulated loss			
Subordinated loans - Unsecured		482,080	482,080
Loan from sponsors - Unsecured	4	3,211,791	3,143,201
Surplus on revaluation of property, plant and equipment		287,047	288,999
		200,427	186,823
<b>NON-CURRENT LIABILITIES</b>			
Long term loans	5	180,846	266,415
Deferred liabilities	6	239,405	238,503
		420,251	504,918
<b>CURRENT LIABILITIES</b>			
Trade and other payables		848,252	878,789
Markup accrued		143,255	133,688
Short term borrowings		370,675	367,721
Current maturity of non current liabilities		324,215	284,057
		1,686,397	1,664,255
<b>CONTINGENCIES AND COMMITMENTS</b>	7		
		<b>2,307,075</b>	<b>2,355,996</b>
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	8	1,241,168	1,268,570
Advance against purchase of plant and machinery		81,952	81,952
Long term investment	9	125,631	125,631
		1,448,751	1,476,153
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools		223,385	228,054
Stock in trade		131,342	163,374
Trade debts		130,072	127,292
Loans and advances		42,622	43,030
Trade deposits, prepayments and other receivable		57,301	56,942
Taxes recoverable		68,733	68,558
Cash and bank balances		204,869	192,593
		858,324	879,843
		<b>2,307,075</b>	<b>2,355,996</b>

The annexed notes 1 to 12 form an integral part of these condensed interim financial information.

Chief Executive

Director



## Condensed Interim Profit And Loss Account

For The Quarter Ended September 30, 2017 (un-audited)

	September 30, 2017	September 30, 2016
	(Rupees in thousands)	
Sales - Net	132,347	246,291
Cost of sales	164,400	314,767
Gross loss	(32,053)	(68,476)
Administrative and selling expenses	10,139	12,576
Other income	528	4
Operating loss	(41,664)	(81,048)
Financial charges	12,511	47,870
Loss before taxation	(54,175)	(128,918)
Taxation - Current	1,648	2,463
- Deferred	(837)	(923)
<b>Loss after taxation</b>	<b>(54,986)</b>	<b>(130,458)</b>
Loss per share - Basic and diluted (Rs.)	(0.32)	(0.76)

The annexed notes 1 to 12 form an integral part of these condensed interim financial information.

Chief Executive

Director



## Condensed Interim Statement Of Comprehensive Income

For The Quarter Ended September 30, 2017 (un-audited)

	September 30, 2017	September 30, 2016
	(Rupees in thousands)	
Loss for the period	(54,986)	(130,458)
Other comprehensive income:		
Items that will not be reclassified to profit and loss account:		
Incremental depreciation transferred from surplus on revaluation of property, plant and equipment	2,789	3,075
Related deferred tax	(837)	(923)
	1,952	2,152
Total comprehensive loss for the peirod	<u>(53,034)</u>	<u>(128,306)</u>

The annexed notes 1 to 12 form an integral part of these condensed interim financial information.

Chief Executive

Director

**Condensed Interim Cash Flow Statement**  
**For The Quarter Ended September 30, 2017 (un-audited)**

	September 30, 2017	September 30, 2016
	(Rupees in thousands)	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Loss before taxation	(54,175)	(128,918)
<b>Adjustments for non-cash charges and other items:</b>		
Depreciation	27,402	30,543
Provision for gratuity	-	1,901
Financial charges	12,511	47,870
<b>Operating loss before working capital changes</b>	<b>(14,262)</b>	<b>(48,604)</b>
<b>Working capital changes</b>		
<i>(Increase)/Decrease in current assets</i>		
Stores, spares and loose tools	4,669	9,028
Stock in trade	32,032	(11,163)
Trade debts	(2,780)	15,548
Loans and advances	408	3,175
Trade deposits, prepayments and other receivables	(359)	-
<i>Increase/(Decrease) in current liabilities</i>		
Trade and other payables	(31,292)	13,161
	2,678	29,749
<b>Cash used in operations</b>	<b>(11,584)</b>	<b>(18,855)</b>
<b>Payments for:</b>		
Financial charges	(1,005)	(12,214)
Taxes	(1,068)	(8,184)
Gratuity	(200)	(290)
<b>Net cash outflow from operating activities</b>	<b>A (13,857)</b>	<b>(39,543)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Fixed capital expenditures	-	(12,526)
<b>Net cash outflow from investing activities</b>	<b>B -</b>	<b>(12,526)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Loan from sponsors - Net	68,590	-
Long term loans - Net	(45,411)	34,936
Short term borrowings - Net	2,954	12,788
<b>Net cash inflow from financing activities</b>	<b>C 26,133</b>	<b>47,724</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>A+B+C 12,276</b>	<b>(4,345)</b>
<b>Cash and cash equivalents as at 1st July</b>	<b>192,593</b>	<b>19,806</b>
<b>Cash and cash equivalents as at 30th September</b>	<b>204,869</b>	<b>15,461</b>

The annexed notes 1 to 12 form an integral part of these condensed interim financial information.

Chief Executive

Director

**Condensed Interim Statement Of Changes In Equity****For The Quarter Ended September 30, 2017 (un-audited)**

	Issued, subscribed and paid-up capital	Discount on shares	Accumulated Loss	Total
(Rupees in thousand)				
<b>Balance as on July 01, 2016</b>	<b>1,716,000</b>	<b>(514,800)</b>	<b>(4,445,553)</b>	<b>(3,244,353)</b>
<b>Total comprehensive (loss) for the period</b>				
Loss after taxation	-	-	(130,458)	(130,458)
Other comprehensive income:				
Transfer from surplus on revaluation of property, plant and equipment - Net of deferred tax	-	-	2,152	2,152
Total comprehensive loss for the period	-	-	(128,306)	(128,306)
<b>Balance as on September 30, 2016</b>	<b>1,716,000</b>	<b>(514,800)</b>	<b>(4,573,859)</b>	<b>(3,372,659)</b>
<b>Balance as on July 01, 2017</b>	<b>1,716,000</b>	<b>(514,800)</b>	<b>(4,928,657)</b>	<b>(3,727,457)</b>
<b>Total comprehensive (loss) for the period</b>				
Loss after taxation	-	-	(54,986)	(54,986)
Other comprehensive income:				
Transfer from surplus on revaluation of property, plant and equipment - Net of deferred tax	-	-	1,952	1,952
Total comprehensive loss for the period	-	-	(53,034)	(53,034)
<b>Balance as on September 30, 2017</b>	<b>1,716,000</b>	<b>(514,800)</b>	<b>(4,981,691)</b>	<b>(3,780,491)</b>

The annexed notes 1 to 12 form an integral part of these condensed interim financial information.

Chief Executive

Director



## Notes To The Condensed Interim Financial Information

For The Quarter Ended September 30, 2017 (un-audited)

### 1. STATUS AND NATURE OF BUSINESS

The Company was incorporated in Pakistan as a public company in 1980 under the Companies Act, 1913 (now the Companies Ordinance, 1984). Its shares are listed on the Pakistan Stock Exchange. The Company is engaged in manufacturing and sale of glass containers, glass table wares and plastic shells. The registered office of the Company is situated at Hub, Balochistan whereas head office of the Company is situated at Kot Abdul Malik, Lahore.

### 2. BASIS OF PREPARATION

This condensed interim financial information for the quarter ended September 30, 2017 has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 - 'Interim Financial Reporting' and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed. This condensed interim financial information is unaudited and is being submitted to the shareholders as required under listing regulations of Pakistan Stock Exchange and section 245 of the Companies Ordinance, 1984. This condensed interim financial information does not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended June 30, 2017.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of this condensed interim financial information are consistent with those applied in the preparation of the annual financial statements of the Company for the year ended June 30, 2017. The financial risk management objectives and policies are consistent with those disclosed in the financial statements of the Company for the year ended June 30, 2017. Judgments and estimates made by management in the preparation of this condensed interim financial information are consistent with those applied in the preparation of the annual financial statements of the Company for the year ended June 30, 2017.

### 4. LOAN FROM SPONSORS - UNSECURED

		September 30, 2017	June 30, 2017
		(Rupees in thousands)	
<b>Long Term Loan - Reclassified</b>			
	Muhammad Tousif Paracha	2,118,882	2,050,292
	Tariq Siddiq Paracha	94,215	94,215
<b>Deferred Mark Up - Reclassified</b>			
	Muhammad Tousif Paracha	903,953	903,953
	Tariq Siddiq Paracha	94,741	94,741
		<b>3,211,791</b>	<b>3,143,201</b>

4.1 These represent the long term loans provided by the sponsoring directors of the Company, previously classified as long term loans under the mark up arrangement. Pursuant to the new arrangements between the Company and the sponsoring directors, these have become interest free and payable at the discretion of the Company. Therefore, these loans are not measured at amortized cost as per requirements of IAS-39, rather these are recorded as equity in accordance with the Technical Release -32 ("Accounting Director' Loan") issued by the Institute of Chartered Accountants of Pakistan.

4.2 These represent the amount of mark up charged, on long term loans from directors, till the year ended June 30, 2017, previously classified as deferred mark up (related parties). Pursuant to the new arrangements between the Company and the sponsoring directors, no mark up is to be charged on these loans in the subsequent periods and outstanding balances of mark up as at the reporting date have become payable at the discretion of the Company.



	September 30, 2017	June 30, 2017	
	(Rupees in thousands)		
<b>5. LONG TERM LOANS</b>			
Banks and financial institutions (Secured)	430,307	475,718	
Related party - Director (Un secured)	19,051	19,051	
	449,358	494,769	
Less: Current and overdue portion presented under current liabilities	(268,512)	(228,354)	
	<b>180,846</b>	<b>266,415</b>	
<b>6. DEFERRED LIABILITIES</b>			
Deferred taxation	37,591	38,428	
Employees retirements benefits	14,454	14,654	
Deferred mark up (related party)	24,706	24,227	
Deferred mark up (financial institution)	162,654	161,194	
	<b>239,405</b>	<b>238,503</b>	
6.1	Deferred tax asset arising due to assessed tax losses has not been recognised as the future taxable profits may not be available against which the said losses can be adjusted.		
<b>7. CONTINGENCIES AND COMMITMENTS</b>			
There is no significant change in contingencies and commitments since the date of the preceding published financial statements.			
<b>8. PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	8.1	1,238,885	1,266,287
Capital work in progress	8.2	2,283	2,283
		<b>1,241,168</b>	<b>1,268,570</b>
<b>8.1</b>	<b>Additions/Transfer &amp; (Deletions) during the period/year</b>		
		-	1,909
		-	7,657
		-	934
		-	106
		-	2,965
		-	<b>13,571</b>
<b>8.2</b>	<b>Capital work in progress - At cost</b>		
		2,283	2,283
		-	-
		-	-
	8.3	<b>2,283</b>	<b>2,283</b>
<b>8.3</b>	<b>Capital work in progress - Breakup</b>		
		<b>2,283</b>	<b>2,283</b>

## 9. LONG TERM INVESTMENT

The Company passed a special resolution in Annual General Meeting held on October 31, 2016 regarding making equity investment upto Rs. 150 million with in the period of 12 months by way of acquisition/allotment of 15 million ordinary shares of Paidar Hong Glass (Pvt.) Limited (investee company) which is a joint venture between the Company and Chinese investors. The Company holds the 49.99% shares in the investee company and possess the joint control with the Chinese investor. The Company has also resolved in the AGM to lease its surplus land measuring up to 20 Kanals for a period of 15 years to its investee company on mutually agreed terms and rentals. The investee company has yet to start its operations while it has established letter of credit for import of machinery against which partial shipment has also arrived.



## 10. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated companies, directors and key management personnel. Significant related party transactions made during the period are as follows: -

	Sep 30, 2017	Sep 30, 2016
	<u>(Rupees in thousands)</u>	
<b>Associated Entities</b>		
Short term loan received - net	-	9,632
Payment against supplies	-	4,479
Markup charged on loan	5,625	6,427
<b>Other Associates</b>		
Markup charged on loan	2,828	2,828
<b>Directors</b>		
Loan received - net	68,589	69,925
Markup charged on loan	479	32,548

## 11. CORRESPONDING FIGURES

11.1 Comparative figures have been rearranged and reclassified wherever required to facilitate better comparison while no major reclassification has been made in corresponding figures.

## 12. GENERAL

12.1 These condensed interim financial information is presented in rupees and figures have been rounded off to the nearest thousand rupees.

12.2 These condensed interim financial information is authorised for issue on **October 25, 2017** in accordance with the resolution of the Board of Directors of the Company.

Chief Executive

Director



Tel:+92-42-37923993-4, Fax:+92-42-37930616  
[www.balochistanglass.com](http://www.balochistanglass.com)