

3RD QUARTER REPORT

KHYBER TOBACCO
COMPANY LIMITED



Pursuance of
Belief

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CORPORATE INFORMATION

Board of Directors

Mr. Waseem Ur Rehman	Chief Executive / Executive Director
Mr. Pir Waris Shah	Non-Executive Director
Mr. Pir Farhan Shah	Executive Director
Mr. Rahat Ullah	Chairman
Mr. Shafiq Afzal Khan	Non-Executive Director
Mr. Hazrat Bilal	Non-Executive Director
Mr. Khalil Ur Rehman	Non-Executive Director

Audit Committee

Mr. Shafiq Afzal Khan	Chairman
Mr. Rahat Ullah	Member
Mr. Khalil Ur Rehman	Member

Human Resource Committee

Mr. Pir Waris Shah	Chairman
Mr. Pir Farhan Shah	Member
Mr. Shafiq Afzal Khan	Member

Senior Management

Mr. Waseem Ur Rehman	Chief Executive
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Company Secretary

Mr. Pir Farhan Shah

Bankers

National Bank of Pakistan
MCB Bank Limited
Askari Bank Limited
Habib Bank Limited
Samba Bank Limited

External Auditors

Deloitte Yousaf Adil & Co.
Chartered Accountants
Telephone: +92-937-844668,844639

Internal Auditors

Shahid Ahmad & Co.
Chartered Accountants

Share Registrar

CDC Share
Registrar Services Limited
CDC House, 99-B, Block B
S.M.C.H.S., Main Shahreh e Faisal
Karachi

Registered Office

Khyber Tobacco Company Limited
Nowshera Road, Mardan
Fax: +92-937-843329

DIRECTORS' REVIEW

Director's Review

On behalf of the Board of Directors we are pleased to present the condensed Interim Financial Statements (unaudited) for the nine months period ended 31 March 2020.

FINANCIAL RESULTS

Financial Highlights	Jul-Mar 2020	Jul-Mar 2019	Percentage (%)
	Rs. in Millions		
Turnover – gross	2,455	1397	76%
Turnover – net	1,241	588	111%
Cost of sales	971	527	84%
Gross profit/(loss)	269	60	346%
Profit/(loss) before taxation	76	(104)	173%
Profit/(loss) for the period	19	(72)	125%
Earnings per share - basic and diluted	4	(15)	126%

The above results indicate an overall increase in revenue of 76% as compared to the corresponding period of the last year. The gross profit has increased by 346% i.e. from Rs. 60 million to a profit of Rs. 269 million as compared to last year and profit before taxation has increased by 173% i.e. from Rs. (104) million loss to profit before taxation of Rs. 76 million as compared to last year. The improvement in profitability is mainly attributable export sale of tobacco and increase in cigarette sale. The situation has improved the EPS and the Profit per share is Rs. 4 as compared to loss per share of Rs. (15) as reported in the corresponding period.

FUTURE OUTLOOK

The Company's budget for 2020 aimed to achieve good top line growth but have a more accelerated growth in net profit. As part of the strategy, the Company is looking at both local and foreign market to increase the future revenue. The Company is confident that we can take these markets to the next level with experience. As the technology is continuously evolving, the Company is also continuously upgrading their skills and is aligned with the technological enhancements and rapid changes in the industry.

The company has stayed true to its goal and has delivered the results accordingly. With about 21% of its revenues being in export, the company has become more competitive with the recent devaluation and expects to further strengthen its engagement in the international markets. The Company has developed accelerated assets, products and solutions that will improve the sales pipeline and bring more sale closures for future.

ACKNOWLEDGEMENT

The Board takes this opportunity to thank the Company's valued customers, bankers and other stakeholders for their corporation and support. The Board greatly appreciates hard work and dedication of all employees of the.

20 May 2020

On behalf of the Board



Chief Executive



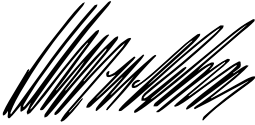
Director

مزید مستحکم کر رہی ہے۔ کمپنی نے تیز رفتاری سے اثاثہ جات، مصنوعات اور حل مرتب کئے ہیں جس کی وجہ سے سیلز میں بہتری آئے گی اور مستقبل میں سیلز میں اضافہ ہوگا۔

اعتراف

بورڈ اس موقع کا فائدہ اٹھاتے ہوئے اپنے معزز صارفین، بینکرز اور دیگر سٹیک ہولڈرز کے بھرپور تعاون اور مدد کے لئے شکریہ ادا کرتی ہے۔ بورڈ کمپنی کے تمام ملازمین کی انتھک محنت اور جذبہ کو بھی سراہتا ہے۔

20 May 2020



Chief Executive



Director

بورڈ آف ڈائریکٹرز کی جانب سے ہم 31 مارچ 2020ء کو اختتام پذیر نو ماہی کے لئے محمد عبوری (غیر پڑتال شدہ) مالیاتی اسٹیٹمنٹس ازراہ مسرت پیش کرتے ہیں۔

(ملین روپوں میں)

مالیاتی نتائج

مالیاتی تفصیلات	جولائی-مارچ 2020ء	جولائی-مارچ 2019ء	فی صد
ٹرن اور مجموعی	2,455	1397	76%
ٹرن اور خالص	1,241	588	111%
فروخت پر لاگت	971	527	84%
مجموعی نفع / (نقصان)	296	60	346%
نفع / (نقصان) بمعہ ٹیکسیشن	76	(104)	173%
دوری نفع / (نقصان)	19	(72)	125%
فی حصص آمدنی - بنیادی اور ڈائی لیوٹڈ	4	(15)	126%

مذکورہ بالا نتائج گزشتہ برس کی اس مدت کے مقابلہ میں ریونیو میں 76 فی صد سالانہ اضافہ ظاہر کرتے ہیں۔ مجموعی منافع میں 346 فی صد اضافہ ہوا یعنی گزشتہ برس میں 60 ملین روپے سے 269 ملین روپے اضافہ۔ گزشتہ برس میں (104) ملین روپے خسارہ کے مقابلہ میں اس مدت کے دوران 76 ملین روپے نفع بمعہ ٹیکسیشن ظاہر ہوتا ہے جو گزشتہ برس کے مقابلہ میں 173 فی صد زائد ہے۔ منافع میں بہتری تمباکو کی برآمد اور سگریٹ کی فروخت میں اضافہ سے منسوب کی جاتی ہے۔ اس وجہ سے EPS میں بہتری آئی اور نفع فی حصص گزشتہ برس کی اسی مدت میں (15) روپے سے 4 روپے فی حصص ہو گیا۔

مستقبل کا منظر نامہ

سال 2020ء کے لئے کمپنی کے بجٹ میں اعلیٰ سطحی نمو کے علاوہ تیز رفتار نفع کو حاصل کرنے کا ہدف رکھا گیا ہے۔ حکمت عملی کے پیش نظر کمپنی مستقبل کی آمدنی میں اضافہ کے لئے ملکی اور غیر ملکی منڈیوں پر نظر رکھے ہوئے ہے۔ کمپنی پر امید ہے کہ تجربہ کے ساتھ ہم ان منڈیوں میں اگلے مرحلے تک رسائی حاصل کر لیں گے۔ ٹیکنالوجی میں مسلسل جدت کے ساتھ کمپنی اپنی صلاحیتوں میں بھی متواتر تبدیلی لارہی ہے۔ اور صنعت میں تکنیکی جدت اور تیز رفتار تبدیلیوں سے لیس ہے۔

کمپنی اپنے اہداف سے مکمل طور پر باخبر ہے اور ان کے مطابق نتائج دینے کے لئے پر امید ہے۔ کمپنی کی تقریباً 21 فی صد آمدنی برآمدات سے ہے۔ قدر میں حالیہ کمی کے ساتھ کمپنی مزید مقابلہ کے لئے تیار ہے اور بین الاقوامی منڈیوں میں اپنی پوزیشن

FINANCIAL STATEMENTS

CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)


AS AT MARCH 31, 2020

	Unaudited 31 March 2020	Audited 30 June 2019
Rupees		
SHARE CAPITAL AND RESERVES		
Share capital	48,073,640	48,073,640
Unappropriated profit	983,636,441	927,091,669
Revenue reserves	3,312,465	3,312,465
Revaluation surplus on property, plant and equipment - net of tax	246,662,113	284,514,803
Total equity	1,281,684,659	1,262,992,577
NON-CURRENT LIABILITIES		
Employee benefits	24,674,436	23,434,868
Deferred tax liability	156,369,818	107,875,977
Non-current liabilities	181,044,254	131,310,845
CURRENT LIABILITIES		
Trade and other payables	861,215,287	440,373,858
Unclaimed dividend	31,025,828	31,888,217
Loan From Director	140,000,000	-
Current liabilities	1,032,241,115	472,262,075
Total equity and liabilities	2,494,970,027	1,866,565,497

CONTINGENCIES AND COMMITMENTS

The annexed notes 1 to 9 form an integral part of these financial information

		Unaudited	Audited
		31 March	30 June
		2020	2019
	Note	Rupees	
NON-CURRENT ASSETS			
Property, plant and equipment	5	843,614,992	610,790,354
Intangible assets		7,901,568	6,212,042
Long term deposits		4,647,411	4,647,411
Non-current assets		856,163,971	621,649,807
CURRENT ASSETS			
Stock in trade		838,883,600	604,935,796
Trade debts		164,325,481	244,380,881
Advances and prepayments		41,899,622	10,034,396
Advance income tax		35,098,704	38,257,454
Advance duty and sales tax		115,240,091	69,385,879
Cash and bank balances		443,358,558	277,921,285
Current assets		1,638,806,056	1,244,915,690
Total assets		2,494,970,027	1,866,565,497



Chief Executive



Director

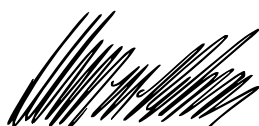


Director

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UNAUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2020

	Note	Three months ended		Nine months ended	
		31 March		31 March	
		2020	2019	2020	2019
		Rupees			
Turnover-net	6	423,394,076	293,836,459	1,240,633,195	588,115,559
Cost of sales	7	(380,795,771)	(214,343,943)	(971,260,341)	(527,551,188)
Gross profit		42,598,305	79,492,516	269,372,854	60,564,371
Administrative expenses		(38,055,236)	(37,201,695)	(110,051,035)	(103,320,863)
Other expenses		(2,386,886)	(2,932,873)	(6,103,128)	(25,596,535)
Selling and Distribution cost		(14,112,495)	(30,149,433)	(62,255,299)	(48,009,869)
Finance cost		(1,283,572)	(163,732)	(15,416,875)	(583,564)
Other operating income		34,911	1,369,771	683,221	12,508,293
Profit (Loss) before taxation		(13,204,974)	10,414,554	76,229,737	(104,438,167)
Taxation		(29,877,788)	(3,465,288)	(57,537,655)	32,022,497
Profit (Loss) for the period		(43,082,762)	6,949,266	18,692,082	(72,415,670)
Earnings (Loss) per share - basic and diluted		(8.96)	1.45	3.89	(15.06)

The annexed notes 1 to 9 form an integral part of these financial information



Chief Executive



Director



Director

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2020

	Three months ended		Nine months ended	
	31 March		31 March	
	2020	2019	2020	2019
	Rupees			
Profit / (loss) for the period	(43,082,762)	6,949,266	18,692,082	(72,415,670)
Other comprehensive income for the period	-	-	-	-
Total comprehensive income / (loss) for the period	(43,082,762)	6,949,266	18,692,082	(72,415,670)

The annexed notes 1 to 9 form an integral part of these financial information



Chief Executive




Director



Director

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2020

	Capital Reserves				Total
	Share capital	General reserve	Revaluation surplus	Reserves for issuance of bonus shares	
	Rupees				
Balance at 01 July 2018	48,073,640	3,312,465	325,910,651	-	966,611,939
Total comprehensive income/(loss) for the period					1,343,908,695
Profit/(loss) for the period	-	-	-	-	(72,415,670)
Other comprehensive income for the period-net	-	-	-	-	-
Transfer from surplus on revaluation of property, plant and equipment - net of tax	-	-	(36,937,532)	36,937,532	-
Reduction in deferred tax Liability due change in tax rate.	-	-	(36,937,532)	(35,478,138)	(72,415,670)
Transactions with owners, recorded directly in equity					-
Increase in paid up Capital	-	-	-	-	-
Final dividend 2018 @ Rs. 8.31 per share	-	-	-	(39,949,195)	(39,949,195)
Transactions with owners, recorded directly in equity					(39,949,195)
Balance at 31 March 2019	48,073,640	3,312,465	288,973,119	-	1,231,543,830
Balance at 01 July 2019	48,073,640	3,312,465	284,514,803	-	927,091,669
Total comprehensive income/(loss) for the period					18,692,082
Profit/(loss) for the period	-	-	-	-	18,692,082
Other comprehensive income for the period	-	-	-	-	-
Transfer from surplus on revaluation of property, plant and equipment - net of tax	-	-	(37,852,690)	-	37,852,690
Total comprehensive income/(loss) for the period					18,692,082
Transactions with owners, recorded directly in equity					-
Final dividend 2019	-	-	-	-	-
Transactions with owners, recorded directly in equity					-
Balance at 31 March 2020	48,073,640	3,312,465	246,662,113	983,636,441	1,281,684,659



Chief Executive



Director




Director

CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)

FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2020

	Nine month ended 31 March	
	2020 Rupees	2019 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(loss) before taxation	76,229,737	(104,438,167)
Adjustments for:		
Depreciation	59,472,378	77,506,153
Amortization	-	750,246
Reversal of provision for doubtful debts	-	5,171,299
Provision for staff retirement benefits	3,670,932	-
Finance cost	15,416,875	583,564
	-	-
	78,560,185	84,011,262
	154,789,922	(20,426,905)
Working capital changes (Increase) / decrease in current assets		
Stock in trade	(233,947,804)	(108,044,510)
Trade debts - considered good	80,055,400	86,520,207
Advances and Prepayments	(31,865,226)	20,347,242
Advance duty and Taxes	3,158,750	-
Advance income tax	(45,854,213)	-
Trade and other payables	420,841,429	128,611,848
	192,388,336	127,434,787
Cash generated from operations	347,178,258	107,007,882
Gratuity paid	(2,431,364)	(5,068,414)
Income tax paid	(9,043,814)	16,935,336
Finance cost paid	(15,416,875)	(583,564)
WWF/WPPF	-	-
Dividend paid	(862,389)	(30,107,810)
	(27,754,442)	(18,824,452)
Net cash generated from operating activities	319,423,816	88,183,430
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(292,297,016)	(60,545,624)
Additions to Intangible Assets	(1,689,526)	(992,040)
Security deposits	-	(180,000)
Proceeds from sale of machinery	-	-
Net cash used in investing activities	(293,986,542)	(61,717,664)
CASH FLOWS FROM FINANCING ACTIVITIES		
Short term loan-Unsecured	140,000,000	-
Repayment of short term loan	-	-
	140,000,000	-
Net increase (decrease) in cash and cash equivalents	165,437,274	26,465,766
Effects of exchange rates on cash and cash equivalents	-	-
Cash and cash equivalents at beginning of the period	277,921,285	77,042,866
Cash and cash equivalents at end of the period	443,358,558	103,508,632

The annexed notes 1 to 9 form an integral part of these financial information



Chief Executive



Director



Director

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2020

1. THE COMPANY AND ITS OPERATIONS

Khyber Tobacco Company Limited ("the Company") is a public limited company incorporated in Pakistan on October 15, 1954 under the Companies Act, 1913 (now the Companies Act, 2017) and is listed on the Pakistan Stock Exchange Limited. The Company is engaged in the manufacture and sale of cigarettes and tobacco. The Company's registered office and production plant is situated at Nowshera Road, Mardan.

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

These financial Statements of the Company for the period ended 31 March 2020 have been prepared in accordance with approved accounting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprises of: International Financial Reporting Standards (IFRS), issued by International Accounting Standard Board (IASB) as notified under the companies Act 2017 and Provisions and directives issued under the companies Act 2017. Where provisions of and directives issued under the companies Act 2017 differ from the IFRS Standards, the provision of and directives issued under the Companies Act 2017 have been followed. Details of company's accounting policies are included in note 3.

These Financial Statements have been prepared under historical cost convention except for the Property, Plant and Equipment which measured at revalued cost. These Financial Statements are presented in Pak Rupees, which is the Company's functional currency. All amounts have been rounded to the nearest rupee, unless otherwise indicated.

3. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

The accounting policies, significant judgements, estimates and assumptions used by the management in preparation of these financial information are the same as those applied in preparation of audited annual financial statements for the year ended 30 June 2019.

4. CONTINGENCIES AND COMMITMENTS

Contingencies and Commitments are the same as disclosed in the annual financial statements for the year ended June 30, 2019

5. PROPERTY, PLANT AND EQUIPMENT

Break up of Property, Plant and Equipment is as follows:

	Unaudited 31 March	Audited 30 June
	Rupees	
Operating Fixed Assets	843,614,992	610,790,354
Intangible Assets	7,901,568	6,212,042
	851,516,560	617,002,396

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2020

	Three months ended		Nine months ended	
	31 March		31 March	
	2020	2019	2020	2019
6	TURNOVER - net			
	Rupees			
Gross turnover				
- Local	702,027,749	760,899,120	1,938,019,890	1,397,722,200
- Export	109,341,326	384,505	517,128,097	384,505
	811,369,075	761,283,625	2,455,147,987	1,398,106,705
Government levies				
- Excise duty	298,001,100	363,556,990	929,483,280	592,358,420
- Sales tax	80,604,599	86,856,680	254,527,912	158,018,030
	378,605,699	450,413,670	1,184,011,192	750,376,450
Discounts	9,369,300	17,033,496	30,503,600	59,614,696
	423,394,076	293,836,459	1,240,633,195	588,115,559
7	COST OF SALES			
Raw and packing material consumed	326,271,637	183,122,749	807,732,026	370,927,090
Salaries, wages and benefits	17,821,505	4,838,582	67,744,589	25,745,919
Fuel and power	7,609,534	3,608,264	34,311,624	24,573,715
Stores and spares consumed	5,101,763	5,330,192	17,453,600	30,099,989
Repair and maintenance	1,888,058	1,059,164	2,755,252	2,750,485
Royalty	780,720	1,210,560	2,716,560	2,382,040
Rent expense	-	-	-	-
Depreciation	24,005,026	33,396,190	55,309,311	63,730,552
Amortization	-	390,004	-	600,197
Insurance expense	-	515,070	846,712	1,209,018
Cigarette blend test	-	35,100	-	-
Other	-	-	-	424,860
	383,478,243	233,505,875	988,869,674	522,443,865
Opening work in process	6,697,623	3,503,387	310,361	8,648,674
Closing work in process	(8,257,813)	(8,645,508)	(8,257,813)	(8,645,508)
Cost of goods manufactured	381,918,053	228,363,754	980,922,222	522,447,030
Opening finished stock	17,213,171	14,666,476	8,673,572	13,470,844
Closing finished stock	(18,335,452)	(8,645,508)	(18,335,452)	(8,366,686)
	380,795,772	214,343,943	971,260,341	527,551,188
7.1	Raw and packing materials consumed			
Opening balance			595,951,863	720,902,571
Raw and packing material purchases			1,024,070,497	542,082,896
Closing balance			(812,290,334)	(595,951,863)
			807,732,026	667,033,604


NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2020

8 Date of authorisation for issue

This unaudited condensed interim financial statements was authorized for issue by the Board of Directors of the Company in their meeting held on 20 May 2020.

9 GENERAL

Figures have been rounded off to the nearest rupee unless stated otherwise.



Chief Executive



Director



Director

Khyber Tobacco Company Limited

Nowshera Road, Mardan

Tel: +92-937-844668, 844639

Fax: +92-937-843329