

Rising through Adversity

UN-AUDITED ACCOUNTS
SEPTEMBER 30, 2021



KHYBER TOBACCO COMPANY LIMITED

Contents

02	Corporate Information
03	Directors' Review
05	Directors' Review in Urdu
06	Independent Auditor's Review Report
08	Condensed Interim Balance Sheet (Un-Audited)
10	Condensed Interim Profit and Loss Account (Un-Audited)
11	Condensed Interim Statement of Comprehensive Income (Un-Audited)
12	Condensed Interim Cash Flow Statement (Un-Audited)
13	Condensed Interim Changes in Equity (Un-Audited)
14	Notes to the Condensed Interim Financial Information

CORPORATE INFORMATION

Board of Directors

Mrs. Samera Irfan	Chief Executive/ Executive Director
Mr. Rahat Ullah	Chairman/Non-Executive Director
Mr. Pir Waris Shah	Non-Executive Director
Mr. Pir Farhan Shah	Executive Director
Mr. Zia Ur Rehman	Non-Executive Director
Mr. Hazrat Bilal	Non-Executive Director
Mr. Khalil Ur Rehman	Non-Executive Director

Audit Committee

Mr. Khalil Ur Rehman	Chairman
Mr. Zia Ur Rehman	Member
Mr. Rahat Ullah	Member
Mr. Pir Farhan Shah	Secretary

Human Resource Committee

Mr. Pir Waris Shah	Chairman
Mr. Pir Farhan Shah	Member
Mr. Zia Ur Rehman	Secretary

Senior Management

Mrs. Samera Irfan	Chief Executive
-------------------	-----------------

Company Secretary

Mr. Pir Farhan Shah

Bankers

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

Share Registrar

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

External Auditors

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

Registered Office

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

Internal Auditors

Shahid Ahmad & Co.
Chartered Accountants

Dear Members,

The Directors of the Company are pleased to present the condensed Interim Financial Information (unaudited) of the company for the First Quarter ended 30 September 2021.

Key financial indicators for the period under review are as below:

Financial Highlights	Jul-Sept 2021	Jul-Sept 2020
	Rs. in Millions	
Turnover – gross	741.35	799.59
Turnover – net	251.55	352.78
Cost of sales	222.01	254.71
Gross profit	29.54	98.07
Profit (Loss) before taxation	(50.01)	44.14
Profit (Loss) for the period	(94.41)	32.43

During the quarter under review, the tobacco industry continued to face challenges from the illicit sector. However, the operating environment remained challenging with significant pressure on cost due to accelerated devaluation of Rupee since 2020. Sales revenue net stood at Rs 251.55 Million as compared to Rs 352.78 Million in corresponding period of last years. Cost of sales decreased by 13% due to low Export sales of tobacco and the company has earned a gross profit of Rs. 29.54 Million as compared to 98.07 Million of corresponding period of last year.

Moreover, KTC's initiatives for on-spot detection of counterfeit products include sensitizing Law Enforcement Agencies, Retailers, and Consumers to identify genuine products in the market. Consistent enforcement efforts by the Government with dedicated human and financial resources is key to ensure a level playing field in the legitimate tobacco sector which will positively impact revenue collection.

The EPS of the Company both basic and diluted for the period under review comes to Rs. (19.64) as compared to Rs. 6.75 of corresponding period of last year.

FUTURE OUTLOOK

The management is certain that the situation will turn around in the near future. Local cigarette and tobacco sales have improved significantly prior to period end and I am confident that the results of the next quarter will show visible improvements.

ACKNOWLEDGEMENT

The board would like to thank and appreciate its employees, customers and strategic partners for their dedication, commitment and contribution in these challenging times. The board also extends its gratitude to our suppliers, banks and shareholders for their unwavering support and cooperation.

The composition of the Board is as follows:

Category	Names
Independent Directors	1) Mr. Rahat Ullah 2) Mr. Pir Wairs Shah 3) Mr. Khalil Ur Rehman
Executive Directors	1) Mr. Pir Farhan Shah 2) Ms. Samera Irfan
Non-executive Director	1) Mr. Hazrat Bilal 2) Mr. Zia Ur Rehman 3) Mr. Rahat Ullah 4) Mr. Pir Wairs Shah 5) Mr. Khalil Ur Rehman
Female Directors	1) Mrs. Samera Irfan

On behalf of the Board



Chief Executive



Director

29 October 2021

بورڈ کی ترکیب حسب ذیل ہے:

نام	درجہ
مسٹر راحت اللہ	(1)
مسٹر پیر وارث شاہ	(2)
مسٹر خلیل الرحمن	(3)
مسٹر پیر فرحان شاہ	(1)
مس سیمیر اعرفان	(2)
مسٹر حضرت بلال	(1)
مسٹر ضیا الرحمن	(2)
مسٹر راحت اللہ	(3)
مسٹر پیر وارث شاہ	(4)
مس سیمیر اعرفان	(1)

مختار بورد



سیمیر اعرفان
چیف ایگزیکٹو آفیسر



پیر فرحان شاہ
کمپنی سیکریٹری

29 اکتوبر 2021ء

معزز اراکین!

کمپنی کے ڈائریکٹرز 30 ستمبر 2021ء کو اختتام پذیر پہلی سہ ماہی کے لئے کمپنی کی محمد عبوری (غیر پڑتا ل شدہ) مالیاتی معلومات ازراہ مسرت پیش کرتے ہیں۔

زیر جائزہ مدت کے لئے اہم مالیاتی اشاریے حسب ذیل ہیں:

مالیاتی جھلکیاں	جولائی - ستمبر 2021ء	جولائی - ستمبر 2020ء
ملین روپوں میں		
ٹرن اوور - مجموعی	741.35	799.59
ٹرن اوور - خالص	251.55	352.78
سیلز پر لاگت	222.01	254.71
مجموعی منافع	29.54	98.07
نفع (نقصان) بمعدہ ٹیکسیشن	(50.01)	44.14
نفع (نقصان) علاوہ ٹیکسیشن	(94.41)	32.43

زیر جائزہ سہ ماہی کے دوران تمباکو کی صنعت کو غیر قانونی شعبہ سے شدید مشکلات کا سامنا کرنا پڑا۔ تاہم، سال 2020ء سے روپے کی قدر میں تیزی سے کمی کے باعث اخراجات پر شدید دباؤ کی وجہ سے کام کا ماحول شدید مشکلات سے دوچار رہا۔ گذشتہ برس کی اسی مدت میں خالص سیلز ریونیو 352.78 ملین روپے کے مقابلے میں 251.55 ملین روپے رہا۔ تمباکو کی برآمدات میں کمی کے باعث سیلز پر لاگت میں 13 فی صد تک کمی واقع ہوئی اور کمپنی نے گذشتہ برس کی اسی مدت میں 98.07 ملین روپے مجموعی منافع کے مقابلے میں 29.54 ملین روپے مجموعی منافع حاصل کیا۔

مزید برآں جعلی مصنوعات کی موقع پر نشاندہی کے لئے KTC نے قانون نافذ کرنے والے اداروں، ریٹیلرز اور صارفین کو اصلی مصنوعات کی شناخت میں بھرپور مدد کی ہے۔ مریوط انسانی و مالیاتی وسائل کو استعمال کرتے ہوئے نفاذ کی مسلسل حکومتی کاوشوں کے باعث تمباکو کی جائزہ صنعت کو نکھار لانے میں مساوی مواقع میسر آئیں گے اور آمدنی حاصل کرنے میں جس کے مثبت اثرات مرتب ہوں گے۔

زیر جائزہ مدت کے لئے کمپنی کی بنیادی وڈائیٹیبلٹی ٹھنسی (19.64) روپے رہی جو گذشتہ برس کی اسی مدت میں 6.75 روپے تھی۔ مستقبل کا منظر نامہ

انتظامیہ پر امن ہے کہ مستقبل قریب میں حالات یکسر بدل جائیں گے۔ سگریٹ اور تمباکو کی مقامی سطح پر فروخت سہ ماہی کے اختتام سے قبل نمایاں طور پر بہتر ہوئی ہے اور میں پر امید ہوں اگلی سہ ماہی کے نتائج نمایاں بہتری کا اشارہ دیں گے۔

اظہار تشکر

بورڈ اپنے ملازمین، صارفین اور سٹریٹجک شراکت داروں کے جذبہ، عزم اور اس مشکل وقت میں اپنے بہترین کردار پر شکر یہ ادا کرتا ہے۔ بورڈ اپنے سپلائرز، بینکوں، شیئرز ہولڈرز کی غیر متزلزل حمایت اور تعاون کے لئے بھی شکرگزار ہے۔

FINANCIAL STATEMENTS

CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)

AS AT 30 SEPTEMBER, 2021.

	Un-audited 30 September 2021 Rupees	Audited 30 June 2021 Rupees
SHARE CAPITAL AND RESERVES		
Authorised share capital 600,000,000 (30 June 2021: 600,000,000)	600,000,000	600,000,000
SHARE CAPITAL AND RESERVES		
Share Capital	48,073,640	48,073,640
Unappropriated Profit	887,848,524	967,360,313
Revenue Reserve	3,312,465	3,312,465
Revaluation surplus on property, plant and equipment - net of tax	197,311,447	212,209,916
	1,136,546,076	1,230,956,334
NON CURRENT LIABILITIES		
Employee benefits	46,865,286	43,642,581
Deferred tax liability - net	94,794,866	54,296,223
	141,660,152	97,938,804
CURRENT LIABILITIES		
Trade and other payables	1,454,948,170	1,020,730,718
Unclaimed dividend	16,310,032	16,407,772
Loan From Director	1,226,400,000	1,045,400,000
Provision for taxation	-	-
	2,697,658,202	2,082,538,490
	3,975,864,430	3,411,433,628

CONTINGENCIES AND COMMITMENTS

4

The annexed notes 1 to 7 form an integral part of this condensed interim financial information

		Un-audited 30 September 2021 Rupees	Audited 30 June 2021 Rupees
NON CURRENT ASSETS			
Property, plant and equipment	5	1,559,295,019	1,379,775,858
Long term deposits		4,767,411	4,767,411
		1,564,062,430	1,384,543,269
CURRENT ASSETS			
Stock in trade		1,560,944,819	999,308,866
Trade debts		116,059,146	177,744,981
Advances and prepayments		312,073,473	132,454,876
Advance duty and sales tax		14,130	-
Advance tax - net		131,828,964	132,207,496
Stores, Spare Parts and Loose Tools		4,576,845	26,881,360
Cash and bank balances		286,304,622	558,292,780
		2,411,802,000	2,026,890,359
		3,975,864,430	3,411,433,628



Chief Executive



Director



Director

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UNAUDITED)
FOR THE PERIOD ENDED 30 SEPTEMBER 2021

	Note	Three months ended	
		30 September	
		2021	2020
		Rupees	Rupees
Turnover - net	6	251,553,837	352,780,901
Cost of sales	7	(222,013,831)	(254,712,637)
Gross profit		29,540,006	98,068,264
Administrative expenses		(40,689,338)	(36,530,427)
Other operating expenses		(2,523,460)	(1,252,962)
Distribution cost		(16,592,026)	(11,077,776)
Finance cost		(25,528,824)	(5,068,375)
Other operating income		5,595,800	-
Profit (Loss) before taxation		(50,197,841)	44,138,724
Taxation		(44,212,417)	(11,699,016)
Profit (Loss) for the period		(94,410,258)	32,439,708
Earnings (Loss) per share - basic and diluted		(19.64)	6.75

The annexed notes 1 to 7 form an integral part of this condensed interim financial information



Chief Executive



Director



Director

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE PERIOD ENDED 30 SEPTEMBER 2021

	Three months ended	
	30 September	
	2021	2020
	Rupees	Rupees
Profit for the period	(94,410,258)	32,439,708
Other comprehensive income for the period		
Total comprehensive income for the period	(94,410,258)	32,439,708

The annexed notes 1 to 7 form an integral part of this condensed interim financial information



Chief Executive



Director



Director

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE PERIOD ENDED 30 SEPTEMBER 2021

	Share capital	Capital Reserve		Revenue reserves		Total
		Revaluation surplus on property, plant and equipment - net of tax	General reserve	General reserve	Unappropriated profit	
Balance at 01 July 2020	48,073,640	251,498,354	3,312,465	995,587,814	1,298,472,273	
Total comprehensive income for the period						
Profit for the period	-	-	-	32,439,708	32,439,708	
Transfer from surplus on revaluation of property, plant and equipment - net of tax	-	(9,308,814)	-	9,308,814	-	
Total comprehensive income for the period	-	(9,308,814)	-	41,748,522	32,439,708	
Balance at 30 September 2020	48,073,640	242,189,540	3,312,465	1,037,336,336	1,330,911,981	
Balance at 01 July 2021	48,073,640	212,209,916	3,312,465	967,360,313	1,230,956,334	
Total comprehensive income for the period						
Profit for the period	-	-	-	(94,410,258)	(94,410,258)	
Transfer from surplus on revaluation of property, plant and equipment - net of tax	-	(14,898,469)	-	14,898,469	-	
Total comprehensive income for the period	-	(14,898,469)	-	(79,511,789)	(94,410,258)	
Total transactions with owners, recorded directly in equity	-	-	-	-	-	
Balance at 30 September 2021	48,073,640	197,311,447	3,312,465	887,848,524	1,136,546,076	

The annexed notes 1 to 7 form an integral part of this condensed interim financial information



Chief Executive



Director



Director

CONDENSED INTERIM CASH FLOW STATEMENT [UNAUDITED]

FOR THE PERIOD ENDED 30 SEPTEMBER 2021

	Three months ended 30 September	
	2021 Rupees	2020 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	(50,197,841)	44,138,724
Adjustments for:		
Depreciation	29,534,390	19,438,711
Provision for staff retirement benefits	3,222,705	9,406,312
Finance cost	528,824	5,068,375
	33,285,919	33,913,398
	(16,911,923)	78,052,122
Changes in:		
Stock in trade	(561,635,953)	(486,814,280)
Stores, Spare Parts and Loose Tools	22,304,515	-
Trade debts - considered good	61,685,835	-
Advances and Prepayments	(179,618,597)	102,418,924
Advance duty and Taxes	378,532	112,180,463
Advance income tax	(14,130)	(99,362,728)
Trade and other payables	434,217,452	(40,991,398)
	(222,682,347)	(412,569,020)
Cash generated from operations	(239,594,269)	(334,516,898)
Income tax paid	(3,713,774)	(178,000)
Finance cost paid	(528,824)	(8,637,656)
Gratuity paid	-	-
Dividend paid	(97,740)	-
Net cash generated from operating activities	(243,934,607)	(343,332,553)
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(209,053,551)	-
	(209,053,551)	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Short term loan-Unsecured	181,000,000	-
Net cash used in investing activities	181,000,000	-
Net increase (decrease) in cash and cash equivalents	(271,988,158)	(343,332,553)
Cash and cash equivalents at beginning of the period	558,292,780	-
Cash and cash equivalents at end of the period	286,304,622	(343,332,554)

The annexed notes 1 to 7 form an integral part of this condensed interim financial information



Chief Executive



Director



Director

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE PERIOD ENDED 30 SEPTEMBER 2021

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 since repealed and replaced by the Companies Ordinance, 1984 and is listed on the Pakistan Stock Exchange formerly the Karachi and Lahore stock exchanges. The Company is engaged in the manufacture and sale of cigarettes and redrying of tobacco. The Company's registered office is situated at Nowshera Road, Mardan.

2 BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

This condensed interim financial information of the Company for the three months period ended 30 September 2021 has been prepared in accordance with approved accounting standards as applicable in Pakistan. The disclosures in this condensed interim financial information do not include those reported for full audited annual financial statements and should therefore be read in conjunction with the audited annual financial statements for the year ended 30 June 2021.

Comparative balance sheet is extracted from the audited annual financial statements as of 30 June 2021, whereas comparative profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity are stated from unaudited condensed interim financial information for the three months period ended 30 September 2020.

This condensed interim financial information is unaudited and is being submitted to the members as required under Section 237 of the Companies Act, 2017 and the Listing Regulations of the Pakistan Stock Exchange.

3 SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

The accounting policies, significant judgements, estimates and assumptions used by the management in preparation of this condensed interim financial information are the same as those applied in preparation of audited annual financial statements for the year ended 30 June 2021.

4 CONTINGENCIES AND COMMITMENTS

Contingencies and commitments are the same as disclosed in the annual financial statements for the year ended 30 June 2021.

5 PROPERTY, PLANT AND EQUIPMENT

Break up of property, plant and equipment is as follows:

	Un-audited 30 September 2021 Rupees	Audited 30 June 2020 Rupees
Property, plant and equipment	1,559,295,019	1,379,775,858
Long term deposits	4,647,411	4,767,411
	1,563,942,430	1,384,543,269

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE PERIOD ENDED 30 SEPTEMBER 2021

Three months ended 30 September

	2021	2020
	Rupees	Rupees
6 TURNOVER - net		
Gross turnover		
- Local	729,448,146	649,553,580
- Export	11,906,764	150,034,901
	741,354,910	799,588,481
Government levies		
Excise duty	370,209,130	341,550,000
Sales tax	108,881,443	94,379,580
	479,090,573	435,929,580
Discounts	10,710,500	10,878,000
	251,553,837	352,780,901
7 Cost of sales		
Raw and packing material consumed	154,995,687	189,828,733
Salaries, wages and benefits	34,769,707	29,071,729
Fuel and power	15,103,971	11,917,079
Stores and spares consumed	10,491,966	23,465,359
Repair and maintenance	996,092	752,292
Royalty	1,318,980	1,002,600
Rent	142,981	-
Depreciation	23,627,512	18,078,001
Amortization		462,302
Insurance expense	497,670	-
	241,944,566	274,578,096
Opening work in process	-	3,856,473
Closing work in process	(5,689,096)	(12,087,491)
Cost of goods manufactured	236,255,471	266,347,077
Cost of goods manufactured		
Closing finished stock	10,088,434	13,172,871
	(24,330,074)	(24,807,311)
	222,013,831	254,712,637

8 DATE OF AUTHORIZATION FOR ISSUE

This unaudited condensed interim financial information was authorized for issue by the Board of Directors of the Company in their meeting held on October 29, 2021.



Chief Executive



Director



Director

NOTES

Horizontal lines for writing notes.

Khyber Tobacco Company Limited
Nowshera Road, Mardan
Tel: +92-937-844668, 844639
Fax: +92-937-843329