



SAIF GROUP



KOHAT TEXTILE MILLS LIMITED

FIRST QUARTERLY REPORT
(UN-AUDITED)
SEPTEMBER 30, 2021



ENTITY RATING OF KOHAT TEXTILE MILLS LIMITED

Long Term	A-
Short Term	A2

Stable outlook

CREDIT RATING AGENCY



The Pakistan Credit Rating Agency Limited

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COMPANY INFORMATION

BOARD OF DIRECTORS

Osman Saifullah Khan (Chairman)
Assad Saifullah Khan (Chief Executive Officer)
Hoor Yousafzai
Sardar Aminullah Khan
Abdul Rehman Qureshi
Rana Muhammad Shafi
Sohail H Hydari

AUDIT COMMITTEE

Abdul Rehman Qureshi (Chairman)
Sardar Aminullah Khan
Rana Muhammad Shafi

HR & REMUNERATION COMMITTEE

Abdul Rehman Qureshi (Chairman)
Assad Saifullah Khan
Hoor Yousafzai

CHIEF FINANCIAL OFFICER

Nouman Ahmad

COMPANY SECRETARY

Sajjad Hussain

HEAD OF INTERNAL AUDIT

Meesam Habib Butt

AUDITORS

Shinewing Hameed Chaudhri & Co.,
Chartered Accountants

LEGAL ADVISORS

Salahuddin Saif & Aslam
(Attorneys at Law)

BANKERS

Askari Bank Limited
Bank Alfalah Limited
Dubai Islamic Bank
First Habib Modaraba
Habib Metropolitan Bank
Meezan Bank Limited
National Bank of Pakistan
Soneri Bank Limited
The Bank of Punjab
The Bank of Khyber
United Bank Limited

HEAD OFFICE

4th Floor, Kashmir Commercial Complex,
Fazal-e-Haq Road, Blue Area
Islamabad

Phone : (051) 2604733-5

Fax : (051) 2604732

email : ktm@saifgroup.com

REGISTERED OFFICE

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Jamrud Road, Peshawar

Phone : (091) 5843870, 5702941

Fax : (091) 5840273

email : Peshawar@saifgroup.com

MILLS

Saifabad, Kohat

Phone : (0922) 862309,
862065, 862091

Fax : (0922) 862057-8

email : ktmkht@saifgroup.com

SHARE REGISTRAR

Hameed Majeed Associates (Pvt.) Ltd.,
HM House, 7-Bank Square, Lahore

Phone : (042)-37235081

(042)-37325082

Fax : (042)-37358817

email : info@hmaconsultants.com

WEB SITE

www.kohattextile.com

DIRECTORS' REPORT TO THE MEMBERS

Dear Members,

The Directors of your Company take pleasure in presenting the first quarterly financial statements of the Company for the period ended September 30, 2021.

Financial highlights

Turnover has improved from Rs.807 million to Rs.1,092 million, depicting an improvement of 35% over the last period. The company earned a net profit before tax of Rs.142 million during the period as compared to Rs.40 million in the same period last year. The increase in profit is mainly due to improved yarn market conditions, our shifts towards better product mix and timely capital expenditure in machinery.

Future outlook


The raw materials prices (especially man-made fibers) have substantially increased due to rebound in crude oil prices coupled with recent devaluation in PKR. Meanwhile, the local market have only partially absorbed these costs in the product pricing. The inflationary pressures (both on the operating and financing costs) are expected to dampen sector profitability. Moreover, in view of the impending LNG shortages, the outages/low pressure of gas is expected in the coming winter months.

The Management continues to strive for growth and better results. Our most recent capital expenditure will be completed in the coming quarters and will start generating returns soon after.

Acknowledgment

The Directors are grateful to the Company's members, financial institutions and customers for their co-operation and support. The Directors would also like to express their deep appreciation for the services, loyalty and efforts being continuously rendered by the employees of the Company.

For and on Behalf of the Board



ASSAD SAIFULLAH KHAN
Chief Executive Officer



RANA MUHAMMAD SHAFI
Director

Place: Islamabad

Dated: October 28, 2021

ڈائریکٹرز رپورٹ برائے حصص یافتگان

معزز حصص یافتگان

آپ کی کمپنی کے ڈائریکٹرز پہلی سہ ماہی اختتامی ستمبر 30، 2021 کی مالیاتی رپورٹ پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

مالیاتی جائزہ:

فروخت 807 ملین روپے سے بڑھ کر 1,092 ملین روپے ہو گئی جو کہ تقابلی عرصہ سے 35 فیصد اضافہ ظاہر کرتی ہے۔ کمپنی نے ٹیکس سے قبل 142 ملین روپے کا منافع کمایا جو کہ تقابلی عرصہ میں 40 ملین روپے تھا۔ اس اضافہ کی بنیادی وجوہات میں دھاگے کی قیمت میں اضافہ ہماری بہتر پروڈکٹس کی طرف تبدیلی اور مشینری میں بروقت سرمایہ کاری شامل ہیں۔

مستقبل کا نقطہ نظر:

خام مال کی قیمتوں میں (خاص طور پر مین میڈ فائبر) غیر معمولی اضافہ ہوا ہے جس کی وجہ کروڈ آئل کی قیمت میں اضافہ اور روپے کی قدر میں کمی ہے۔ تاہم دھاگے کی مقامی قیمتوں میں اس اضافے کا کچھ حصہ شامل ہو چکا ہے۔ افراط زر کا دباؤ (دونوں آپریٹنگ اور فنانسنگ کی لاگت پر) صنعت کے منافع کو کم کرے گا۔

مزید برآں ایل این جی کی آنے والی کمی، گیس کے دباؤ میں کمی / بندش بھی آنے والی سردیوں میں متوقع ہے۔ منجھت ترقی اور بہتر نتائج کے لیے کوشاں ہے۔ ہماری حالیہ سرمایہ کاری آنے والی سہ ماہیوں میں مکمل ہو جائے گی اور منافع دینا شروع کر دے گی۔

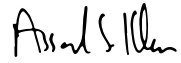
اظہاری تشکر

ڈائریکٹرز کمپنی کے حصص یافتگان، مالیاتی اداروں اور گاہکوں کے تعاون اور حمایت کے شکر گزار ہیں۔ ڈائریکٹرز ملازمین کی مستقبل طور پر دی جانے والی خدمات، وفاداری اور کاوشوں کی بھی خوب قدر دانی کرتے ہیں۔

منجانب بورڈ ہذا



رانا محمد شفیع
ڈائریکٹر



اسد سیف اللہ خان
چیف ایگزیکٹو آفیسر

مقام: اسلام آباد

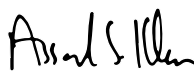
تاریخ: 28 اکتوبر 2021

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT SEPTEMBER 30, 2021

	Note	Un-audited September 30, 2021 (Rupees in thousand)	Audited June 30, 2021
Assets			
Non-Current Assets			
Property, plant and equipment	5	3,008,261	2,923,789
Long term investment		2,350	2,350
Long term loans		1,108	1,136
Long term deposits		5,041	5,041
		3,016,760	2,932,316
Current Assets			
Stores, spare parts and loose tools		41,946	40,609
Stock-in-trade		1,000,680	714,281
Trade debts		763,825	512,827
Loans and advances		7,836	3,500
Deposits, other receivables and prepayments		23,715	17,786
Sales tax refundable		60,703	4,788
Cash and bank balances		8,606	6,000
		1,907,311	1,299,791
		4,924,071	4,232,107
Equity and Liabilities			
Share Capital and Reserves			
Authorized capital			
22,000,000 ordinary shares of Rs.10 each issued, subscribed and paid-up capital		220,000	220,000
Revenue reserve		208,000	208,000
- Unappropriated profit		638,879	535,375
Capital reserve			
- Surplus on revaluation of Property, Plant and Equipment		1,202,229	1,205,627
Total shareholders' equity		2,049,108	1,949,002
Non-current Liabilities			
Loan from the Holding Company		80,000	80,000
Long term financing		650,343	596,282
Long term deposits		3,061	2,804
Lease liabilities		7,455	8,321
Deferred income - government grant		178	237
Deferred liability - staff retirement benefits		146,589	140,173
Deferred taxation - net		192,690	192,117
		1,080,316	1,019,934
Current Liabilities			
Trade and other payables		679,640	563,606
Contract liabilities		1,013	871
Accrued mark-up / profit		26,727	24,375
Short term borrowings		824,844	427,015
Current portion of non-current liabilities		233,625	245,280
Unpaid dividend		135	138
Unclaimed dividend		943	944
Taxation - net		27,720	942
		1,794,647	1,263,171
Contingencies and commitments	6	4,924,071	4,232,107

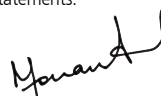
The annexed notes 1 to 10 form an integral part of these condensed interim financial statements.



ASSAD SAIFULLAH KHAN
Chief Executive Officer



RANA MUHAMMAD SHAFI
Director



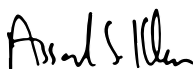
NOUMAN AHMAD
Chief Financial Officer

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS & OTHER COMPREHENSIVE INCOME(UN-AUDITED)

FOR THE QUARTER ENDED SEPTEMBER 30, 2021

	Quarter ended	
	Jul-Sep 2021	Jul-Sep 2020
	(Rupees in thousand)	
Sales - net	1,092,046	807,239
Cost of sales	(867,094)	(709,415)
Gross profit	224,952	97,824
Distribution cost	(10,715)	(8,259)
Administrative expenses	(29,969)	(21,447)
Other income	49	1,376
Other expenses	(8,662)	(3,182)
Profit from operations	175,655	66,312
Finance cost	(33,381)	(26,101)
Profit before taxation	142,274	40,211
Taxation	(42,168)	(29,921)
Profit after taxation	100,106	10,290
Other comprehensive income	-	-
Total comprehensive income	100,106	10,290
	---- Rupees ----	
Profit per share - basic and diluted	4.81	0.49

The annexed notes 1 to 10 form an integral part of these condensed interim financial statements.



ASSAD SAIFULLAH KHAN
Chief Executive Officer



RANA MUHAMMAD SHAFI
Director



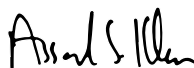
NOUMAN AHMAD
Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)

FOR THE QUARTER ENDED SEPTEMBER 30, 2021

	Three months ended	
	Sep 30, 2021	Sep 30, 2020
	(Rupees in thousand)	
Cash flows from operating activities		
Profit for the period - before taxation	142,274	40,211
Adjustments for non-cash and other charges:		
Depreciation	29,701	23,437
Amortisation	-	178
Staff retirement benefits - gratuity (net)	6,416	3,212
Gain on sale of operating fixed assets	(495)	-
Finance cost	33,381	26,101
Profit before working capital changes	211,277	93,139
Effect on cash flows due to working capital changes		
(Increase) / decrease in current assets:		
Stores, spare parts and loose tools	(1,337)	(2,198)
Stock-in-trade	(286,399)	(70,632)
Trade debts	(250,998)	208,337
Loans and advances	(4,336)	(25,083)
Deposits, other receivables and prepayments	(5,929)	(9,416)
Sales tax refundable	(55,915)	(20,703)
Increase / (decrease) in current liabilities:		
Trade and other payables	116,059	(118,101)
Contract liabilities	142	(3,757)
	(488,713)	(41,553)
Cash generated from operations	(277,436)	51,586
Income taxes paid	(14,839)	(7,026)
Long term loans - net	28	202
Net cash (used in) / generated from operating activities	(292,247)	44,762
Cash flows from investing activities		
Additions to property, plant and equipment	(113,737)	(138,359)
Net cash used in investing activities	(113,737)	(138,359)
Cash flows from financing activities		
Long term financing - obtained / (repaid)	42,406	189,953
Lease liabilities - net	(866)	(224)
Long term deposits	257	294
Short term borrowings - net	397,829	(54,885)
Finance cost paid	(31,029)	(45,584)
Dividend paid	(7)	(34)
Net cash generated from financing activities	408,590	89,520
Net increase / (decrease) in cash and cash equivalents	2,606	(4,077)
Cash and cash equivalents - at beginning of the period	6,000	12,997
Cash and cash equivalents - at end of the period	8,606	8,920

The annexed notes 1 to 10 form an integral part of these condensed interim financial statements.



ASSAD SAIFULLAH KHAN
Chief Executive Officer



RANA MUHAMMAD SHAFI
Director



NOUMAN AHMAD
Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)

FOR THE QUARTER ENDED SEPTEMBER 30, 2021

	Share capital	Revenue reserves	Capital reserve	Unrealised loss on financial assets at fair value through other comprehensive income	Total
	Unappropriated profit	Revaluation surplus on property, plant and equipment			
(Rupees in thousand)					
Balance as at July 01, 2020	208,000	218,816	1,224,529	(50)	1,651,295
Total comprehensive income for the three months ended September 30, 2020	-	10,290	-	-	10,290
Surplus on revaluation of property, plant and equipment for the three months realised during the period on account of incremental depreciation for the period (net of deferred taxation)	-	3,773	(3,773)	-	-
Balance as at September 30, 2020	208,000	232,879	1,220,756	(50)	1,661,585
Total Comprehensive income for the period					
Profit for the period	-	301,880	-	-	301,880
Other comprehensive loss	-	(14,363)	-	(100)	(14,463)
	-	287,517	-	(100)	287,417
Surplus on revaluation of property, plant and equipment realised during the period (net of deferred taxation) on account of:					
- on account of incremental depreciation	-	11,322	(11,322)	-	-
- upon sale of revalued asset	-	3,657	(3,657)	-	-
Balance as at July 01, 2021	208,000	535,375	1,205,777	(150)	1,949,002
Total comprehensive income for the three months ended September 30, 2021	-	100,106	-	-	100,106
Surplus on revaluation of property, plant and equipment for the three months realised during the period on account of incremental depreciation for the period (net of deferred taxation)	-	3,548	(3,548)	-	-
Balance as at September 30, 2021	208,000	639,029	1,202,229	(150)	2,049,108

The annexed notes 1 to 10 form an integral part of these condensed interim financial statements.



ASSAD SAIFULLAH KHAN
Chief Executive Officer



RANA MUHAMMAD SHAFI
Director



NOUMAN AHMAD
Chief Financial Officer

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2021

1. LEGAL STATUS AND NATURE OF BUSINESS

Kohat Textile Mills Limited (the Company) is a public limited Company incorporated in Pakistan during the year 1967 and its shares are quoted on Pakistan Stock Exchange Limited. The Company is principally engaged in manufacture and sale of yarn.

1.1 Geographical location and addresses of major business units including mills / plant of the Company are as under:

Kohat	Purpose
Saifabad	Mills / factory
 Peshawar	
APTMA House, Tehkal Payan, Jamrud Road	Registered office
 Islamabad	
4 th Floor, Kashmir Commercial Complex, Fazal-e-haq road, Blue Area	Head office
 Karachi	
Room # 03, 5 th Floor KDLB Building, 58- West Wharf Road,	Marketing & Sales office
 Faisalabad	
P-17, Near Allied Bank Ltd, Montgomery Bazar,	Marketing & Sales office

1.2 The Company is a Subsidiary Company of Saif Holding Limited (the Holding Company) as 77.98% (2020: 77.98%) of the Company's issued, subscribed and paid-up capital is held by the Holding Company.

2. BASIS OF PREPARATION

2.1 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

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE QUARTER ENDED SEPTEMBER 30, 2021

- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where 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.

2.2 These condensed interim financial statements does not include all the information and disclosures as required in an annual audited financial statements, and these should be read in conjunction with the Company's annual audited financial statements for the year ended June 30, 2021. These condensed interim financial statements are being submitted to the shareholders as required by the section 237 of the Companies Act, 2017.

3 ACCOUNTING POLICIES

All the accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are consistent with those applied in the preparation of audited annual financial statements for the year ended June 30, 2021.

4. ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of condensed interim financial statements require management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

Judgments and estimates made by the management in the preparation of these condensed interim financial statements are the same as those that were applied to the financial statements as at and for the year ended June 30, 2021.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE QUARTER ENDED SEPTEMBER 30, 2021

5. PROPERTY, PLANT AND EQUIPMENT	Un-audited September 30, 2021	Audited June 30, 2021
Note	(Rupees in thousand)	
Operating fixed assets - tangible	2,727,140	2,735,572
Right-of-use assets	14,997	14,998
Capital work-in-progress	214,472	138,224
Stores held for capital expenditure	51,652	34,995
	3,008,261	2,923,789
5.1 Operating fixed assets - tangible		
Book value at beginning of the period / year	2,735,572	2,295,191
Additions during the period / year	21,856	540,862
Disposals costing Rs.1.84 million (June 30, 2021: Rs.33.180 million)		
- at net book value	(587)	(9,266)
Depreciation charge for the period / year	(29,701)	(91,215)
Book value at end of the period / year	2,727,140	2,735,572
5.1.1 Additions during the period / year:		
Buildings on freehold land		
- factory	10,724	66,292
- non - factory	545	2,201
- residential	1,718	13,240
Plant & machinery	3,289	355,687
Gas fired power plant	-	12,565
Electric installations	-	85,254
Equipment & appliances	376	2,050
Fire extinguishing equipment	73	205
Furniture & fixtures	27	1,201
Vehicle	5,104	2,167
	21,856	540,862

6. CONTINGENCIES AND COMMITMENTS

6.1 There has been no significant change in the status of contingencies as disclosed in note 18.1 of the audited annual financial statements for the year ended June 30, 2021.

7. TRANSACTIONS WITH RELATED PARTIES

7.1 Significant transactions with related parties are as follows:

	Quarter ended September 30,	
	2021	2020
	(Rupees in thousand)	
i) The Holding Company		
- mark-up accrued on loan	1,646	2,227
ii) An Associated Company		
- sale of goods, store items and services	6,468	-
iii) Key management personnel		
- salary and other employment benefits	6,139	3,216

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2021

8. FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk.

There have been no significant changes in the risk management policies since the year ended June 30, 2021.

These condensed interim financial statements does not include all financial risk management information and disclosures as are required in the audited annual financial statements and should be read in conjunction with the Company's audited annual financial statements for the year ended June 30, 2021.

9. CORRESPONDING FIGURES

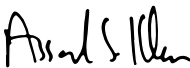
In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', the condensed interim statement of financial position has been compared with the balances of audited annual financial statements of the Company for the year ended June 30, 2021, whereas, the condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in equity have been compared with the balances of comparable period of condensed interim financial statements of the Company for the three months period ended September 30, 2020.

Corresponding figures have been re-arranged and re-classified, wherever necessary, for the purpose of comparison.

10. GENERAL

10.1 These condensed interim financial statements were approved by the Board of Directors and authorised for issue on October 28, 2021.

10.2 Figures have been rounded off to the nearest thousand of rupees unless otherwise stated.



ASSAD SAIFULLAH KHAN
Chief Executive Officer



RANA MUHAMMAD SHAFI
Director



NOUMAN AHMAD
Chief Financial Officer



Kohat Textile Mills Limited

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