



SAIF GROUP



KOHAT TEXTILE MILLS LIMITED

FIRST QUARTERLY REPORT
(UN-AUDITED)
SEPTEMBER 30, 2022



ENTITY RATING OF KOHAT TEXTILE MILLS LIMITED

Long Term	A-
Short Term	A2

Stable outlook

CREDIT RATING AGENCY



The Pakistan Credit Rating Agency Limited

Contents

02	Company Information
03	Directors' Report to the Members
05	Condensed Interim Statement of Financial Position
06	Condensed Interim Statement of Profit or loss & other Comprehensive Income
07	Condensed Interim Statement of Cash Flows
08	Condensed Interim Statement of Changes in Equity
09	Notes to the Condensed Interim Financial Statements



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

Abid Hussain

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 / MODARABA

Askari Bank Limited
Bank Alfalah Limited
Bank Islami Pakistan Limited
Dubai Islamic Bank Limited
First Habib Modaraba
Habib Metropolitan Bank Limited
Meezan Bank Limited
National Bank of Pakistan
Pak China Investment Company Limited
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

APTMA House, Tehkal Payan,
Jamrud Road, Peshawar
Phone : (091) 5843870, 5702941
Fax : (091) 5840273
email : Peshawar@saifgroup.com

MILLS

Saifabad, Kohat
Phone : (0922) 862309, 862065
Fax : (0922) 862057
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 unaudited financial statements of the Company for the period ended September 30, 2022.

Financial highlights

During the period under review, your Company recorded turnover of Rs.1,141 million against Rs.1,092 million for the same period last year posting 5% growth. However, the suspension/low pressure of gas, PKR volatility, rising KIBOR rates coupled with reduction in global commodity prices dampened the profitability of the Company. The Company posted gross profit of Rs.181 million (vs Rs.224 million last year) and a pre-tax profit of Rs.27 million (vs Rs.142 million last year).


Future outlook

While there have been a few positives on the macro front i.e. FATF grey-list relief and rollover of some bilateral loans, the overall market conditions remain bearish. The major factors hampering textile sector profitability include swings in the local and international raw material prices, currency fluctuation, rising energy costs and higher borrowing costs. Meanwhile, recent floods will put pressure on country's fiscal and current account. Lastly, in view of the impending LNG shortages, serious gas outages are expected in the coming winter months which will impact production and costs.

Acknowledgement

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. We look forward to the same cooperation and dedication in the days ahead.

For and on Behalf of the Board



ASSAD SAIFULLAH KHAN
Chief Executive Officer



RANA MUHAMMAD SHAFI
Director

Place: Islamabad

Dated: October 28, 2022

ڈائریکٹرز رپورٹ برائے حصص یافتگان

معزز حصص یافتگان:

آپ کی کمپنی کے ڈائریکٹرز سبہ ماہی غیر آڈٹ شدہ مالیاتی رپورٹ اختتامی ستمبر 30، 2022 پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

مالیاتی جائزہ:

زیر جائزہ عرصہ کے دوران، آپ کی کمپنی نے 1,141 ملین کی فروخت کی جو کہ تقابلی عرصہ میں 1,092 ملین روپے تھی جو کہ 5 فی صد بڑھوتری ظاہر کرتی ہے۔ تاہم گیس کی بندش / پریشر میں کمی، روپے کی قدر میں اتار چڑھاؤ، KIBOR میں اضافہ اور اشیاء کی قیمت میں عالمی کمی نے منافع پر منفی اثرات مرتب کیے۔ کمپنی نے مجموعی منافع 181 ملین روپے کمایا (تقابلی عرصہ 227 ملین روپے) اور ٹیکس سے قبل منافع 27 ملین روپے کمایا (تقابلی عرصہ 142 ملین روپے)۔

مستقبل کا نقطہ نظر:

جبکہ کلی طور پر مثبت اثرات دیکھنے کو مل رہے ہیں جیسا کہ FATF کی گئے لسٹ سے اخراج، بین الاقوامی قرضوں میں مہلت، تاہم مجموعی طور پر منڈی میں مندی رہی۔ نیکسٹل سیکٹر کے منافع میں رکاوٹ کے باعث عوامل میں خام مال کی مقامی اور بین الاقوامی قیمتوں میں اتار چڑھاؤ، توانائی کی قیمت میں اضافہ اور قرضہ کی لاگت میں اضافہ شامل ہیں۔ تاہم حال میں آنے والے سیلاب سے ملک کے مالی اور کرنٹ اکاؤنٹ پر دباؤ رہے گا۔ آخر میں LNG کی مستقبل میں آنے والی قلت، سردیوں میں متوقع گیس کی فراہمی میں تعطل سے پیداوار اور لاگت پر اثر ہوگا۔

اظہار تشکر:

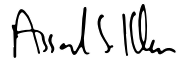
ڈائریکٹرز کمپنی کے حصص یافتگان، مالی اداروں اور گاہکوں کے تعاون اور معاونت کے شکر گزار ہیں۔ ڈائریکٹرز ملازمین کی مستقل خدمات، وفاداری اور کوششوں کی بھی قدر دانی کرتے ہیں۔ ہم مستقبل میں اسی تعاون اور لگن کی امید کرتے ہیں۔

مخائب بورڈ ہذا



رانامحمد شفیع

ڈائریکٹر



اسد سیف اللہ خان

چیف ایگزیکٹو آفیسر

مقام: اسلام آباد

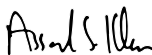
تاریخ: اکتوبر 28، 2022

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT SEPTEMBER 30, 2022

		Un-audited September 30, 2022	Audited June 30, 2022
(Rupees in thousand)			
Assets	Note		
Non-Current Assets			
Property, plant and equipment	5	5,035,602	4,985,146
Long term investment		2,375	2,375
Long term loans		1,932	1,022
Long term deposits		13,470	13,894
		5,053,379	5,002,437
Current Assets			
Stores, spare parts and loose tools		51,424	50,204
Stock-in-trade		1,533,998	1,156,684
Trade debts		1,147,455	1,055,353
Loans and advances		5,440	8,496
Deposits, other receivables and prepayments		15,374	15,477
Sales tax refundable		31,570	-
Cash at banks		6,698	4,176
		2,791,959	2,290,390
		7,845,338	7,292,827
Equity and Liabilities			
Share Capital and Reserves			
Authorized capital			
22,000,000 ordinary shares of Rs.10 each		220,000	220,000
Issued, subscribed and paid-up capital		208,000	208,000
Revenue reserve			
- Unappropriated profit		837,590	815,283
Capital reserve			
- Surplus on revaluation of Property, Plant and Equipment		2,597,576	2,601,724
Unrealised loss on financial assets at fair value through other comprehensive income		-	(125)
Total shareholders' equity		3,643,166	3,624,882
Non-current Liabilities			
Loan from the Holding Company		60,000	60,000
Long term financing		777,543	776,897
Long term deposits		4,310	3,756
Lease liabilities		3,993	4,426
Deferred income - government grant		35,555	35,792
Deferred liability - staff retirement benefits		177,493	169,826
Deferred taxation - net		294,099	299,374
		1,352,993	1,350,071
Current Liabilities			
Trade and other payables		787,742	772,402
Contract liabilities		1,153	850
Accrued mark-up / profit		91,112	62,560
Short term borrowings		1,699,537	1,203,169
Current portion of non-current liabilities		236,547	246,048
Unpaid dividend		209	209
Unclaimed dividend		939	939
Taxation - net		31,940	31,697
		2,849,179	2,317,874
Contingencies and commitments	6	7,845,338	7,292,827

The annexed notes 1 to 11 form an integral part of these condensed interim financial statements.



ASSAD SAIFULLAH KHAN
Chief Executive Officer



RANA MUHAMMAD SHAFI
Director



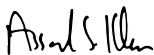
ABID HUSSAIN
Chief Financial Officer

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

FOR THE QUARTER ENDED SEPTEMBER 30, 2022

	Quarter ended	
	Jul-Sep 2022	Jul-Sep 2021
	(Rupees in thousand)	
Sales - net	1,141,375	1,092,046
Cost of sales	(959,910)	(867,094)
Gross profit	181,465	224,952
Distribution cost	(17,101)	(10,715)
Administrative expenses	(38,189)	(29,969)
Other income	1,003	49
Other expenses	(3,102)	(8,662)
Profit from operations	124,076	175,655
Finance cost	(96,791)	(33,381)
Profit before taxation	27,285	142,274
Taxation	(9,001)	(42,168)
Profit after taxation	18,284	100,106
Other comprehensive income	-	-
Total comprehensive income	18,284	100,106
	---- Rupees ----	
Profit per share		
- basic and diluted	0.88	4.81

The annexed notes 1 to 11 form an integral part of these condensed interim financial statements.



ASSAD SAIFULLAH KHAN
Chief Executive Officer



RANA MUHAMMAD SHAFI
Director



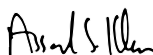
ABID HUSSAIN
Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)

FOR THE QUARTER ENDED SEPTEMBER 30, 2022

	Three months ended	
	Sep 30, 2022	Sep 30, 2021
	(Rupees in thousand)	
Cash flows from operating activities		
Profit for the period - before taxation	27,285	142,274
Adjustments for non-cash and other charges:		
Depreciation	40,249	29,701
Staff retirement benefits - gratuity (net)	7,667	6,416
Gain on sale of operating fixed assets	-	(495)
Finance cost	96,791	33,381
Profit before working capital changes	171,992	211,277
Effect on cash flows due to working capital changes		
(Increase) / decrease in current assets:		
Stores, spare parts and loose tools	(1,220)	(1,337)
Stock-in-trade	(377,314)	(286,399)
Trade debts	(92,102)	(250,998)
Loans and advances	3,056	(4,336)
Deposits and short term prepayments	103	(5,929)
Sales tax refundable	(31,570)	(55,915)
Increase in current liabilities:		
Trade and other payables	15,526	116,059
Contract liabilities	303	142
	(483,218)	(488,713)
Cash used in operating activities	(311,226)	(277,436)
Income taxes paid	(14,032)	(14,839)
Long term loans - net	(910)	28
Net cash used in operating activities	(326,168)	(292,247)
Cash flows from investing activities		
Additions to property, plant and equipment	(90,705)	(113,737)
Net cash used in investing activities	(90,705)	(113,737)
Cash flows from financing activities		
Long term financing - (repaid) / obtained	(8,855)	42,406
Lease liabilities - net	(433)	(866)
Long term deposits	554	257
Short term borrowings - net	496,368	397,829
Finance cost paid - net	(68,239)	(31,029)
Dividend paid	-	(7)
Net cash generated from financing activities	419,395	408,590
Net increase in cash and cash equivalents	2,522	2,606
Cash and cash equivalents - at beginning of the period	4,176	6,000
Cash and cash equivalents - at end of the period	6,698	8,606

The annexed notes 1 to 11 form an integral part of these condensed interim financial statements.



ASSAD SAIFULLAH KHAN
Chief Executive Officer



RANA MUHAMMAD SHAFI
Director



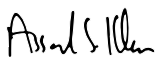
ABID HUSSAIN
Chief Financial Officer

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

FOR THE QUARTER ENDED SEPTEMBER 30, 2022

	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, 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
Transaction with owners					
Cash dividend for year ended June 30, 2021 at the rate of Re.1 per share	-	(20,800)	-	-	(20,800)
Total Comprehensive income / (loss) for the period					
Profit for the period	-	192,161	-	-	192,161
Other comprehensive loss	-	(14,663)	1,419,051	25	1,404,413
	-	177,498	1,419,051	25	1,596,574
Surplus on revaluation of property, plant and equipment realised during the period (net of deferred taxation) on account of:					
- on account of incremental depreciation	-	9,975	(9,975)	-	-
- upon sale of revalued asset	-	9,581	(9,581)	-	-
Balance as at July 01, 2022	208,000	815,283	2,601,724	(125)	3,624,882
Total comprehensive income for the three months ended September 30, 2022	-	18,284	-	-	18,284
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)	-	4,148	(4,148)	-	-
Balance as at September 30, 2022	208,000	837,715	2,597,576	(125)	3,643,166

The annexed notes 1 to 11 form an integral part of these condensed interim financial statements.



ASSAD SAIFULLAH KHAN
Chief Executive Officer



RANA MUHAMMAD SHAFI
Director



ABID HUSSAIN
Chief Financial Officer

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

FOR THE QUARTER ENDED SEPTEMBER 30, 2022

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. 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	
Plot No. 36, New Karachi Cooperative Housing Society Near Dolmen Mall Tariq 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% (2021: 77.98%) of the Company's issued, subscribed and paid-up capital is held by the Holding Company.

2. BASIS OF PREPARATION

2.1 Statement of compliance

2.1.1 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 (the Act);

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

FOR THE QUARTER ENDED SEPTEMBER 30, 2022

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

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

2.1.2 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, 2022. These condensed interim financial statements are being submitted to the shareholders as required by the section 237 of the Companies Act, 2017.

2.2 New standards, amendments to approved accounting standards and interpretations that are effective during the period

Certain standards, amendments and interpretations to IFRSs are effective for accounting periods beginning on July 01, 2022 but are considered not to be relevant or to have any significant effect on the Company's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these condensed financial statements.

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, 2022.

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, 2022.

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

FOR THE QUARTER ENDED SEPTEMBER 30, 2022

5. PROPERTY, PLANT AND EQUIPMENT

		Un-audited September 30, 2022	Audited June 30, 2022
	Note	(Rupees in thousand)	
Operating fixed assets - tangible	5.1	4,870,342	4,892,551
Right-of-use assets		8,719	9,270
Capital work-in-progress		123,973	46,883
Stores and spares held for capital expenditure		32,568	36,442
		5,035,602	4,985,146
5.1 Operating fixed assets - tangible			
Book value at beginning of the period / year		4,892,551	2,735,572
Additions during the period / year	5.1.1	18,040	866,158
Revaluation Surplus		-	1,452,628
Disposals costing Rs.Nil (June 30,2022 Rs.134.24 million) - at net book value		-	(51,097)
Depreciation charge for the period / year		(40,249)	(110,710)
Book value at end of the period / year		4,870,342	4,892,551
5.1.1 Additions during the period / year:			
Buildings on freehold land			
- factory		8,820	143,369
- non - factory		-	705
- residential		670	11,677
Plant & machinery		7,855	607,015
Gas fired power plant		-	25,109
Electric installations		-	49,455
Equipment & appliances		647	1,761
Fire extinguishing equipment		-	255
Furniture & fixtures		48	4,322
Vehicles		-	22,490
		18,040	866,158

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, 2022.

7. TRANSACTIONS WITH RELATED PARTIES

- 7.1 Significant transactions with related parties are as follows:

	Quarter ended September 30,	
	2022	2021
	(Rupees in thousand)	
i) The Holding Company		
- Mark-up accrued on loan	2,400	1,646
ii) An Associated Company		
- Sales of goods, store items and services	3,126	6,468
iii) Key management personnel		
- Salary and other employment benefits	9,509	6,139

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2022

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, 2022.

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, 2022.

9. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The carrying values of all financial assets and liabilities reflected in the financial statements are a reasonable approximation of their fair values.

Fair values categorised into different levels in a fair value hierarchy based on the inputs used in the valuation technique are as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities [Level 1].
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) [Level 2].
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) [Level 3].

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair value.

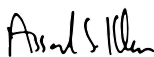
10. CORRESPONDING FIGURES

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, 2022, 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, 2021.

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

11. GENERAL

- 11.1 These condensed interim financial statements were approved by the Board of Directors and authorised for issue on October 28, 2022.
- 11.2 Figures have been rounded off to the nearest thousand of rupees unless otherwise stated.



ASSAD SAIFULLAH KHAN
Chief Executive Officer



RANA MUHAMMAD SHAFI
Director



ABID HUSSAIN
Chief Financial Officer



Kohat Textile Mills Limited

4th Floor, Kashmir Commercial Complex,
Fazal-e-Haq Road, Blue Area, Islamabad (Pakistan)
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www.kohattextile.com

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