



SAIF GROUP

KOHAT TEXTILE MILLS LIMITED

FIRST QUARTERLY
REPORT
(UN-AUDITED)
SEPTEMBER 30, 2023



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

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

SR. DIRECTOR TECHNICAL

Badar Us Samee

GENERAL MANAGER MARKETING & SALES

Amir Badshah

COMPANY SECRETARY

Sajjad Hussain

AUDITORS

Shinewing Hameed Chaudhri & Co.,
Chartered Accountants

LEGAL ADVISORS

Salahuddin Saif & Aslam
(Attorneys at Law)

BANKERS

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

KPTMA 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, 2023.

Financial review

During the period under review, your Company has achieved the following:

- Sales improved by 43% to Rs.1.63 billion (2022: Rs.1.14 billion)
- Gross profit increased to Rs.309 million with a gross margin of 19% (2022: Rs.181 million-margin 16%)
- EBITDA increased to Rs.290 million (2022: Rs.172 million).
- Finance cost increased by Rs.55 million owing to higher benchmark rates.
- Profit before taxation increased to Rs.90 million (2022: Rs.27 million).
- The Plant operated at full capacity.
- Honored with the Best Corporate Reports 2022 award by the ICAP and ICMAP.

Future outlook

The major factors hampering the textile sector include currency fluctuation, rising energy costs, high Government taxation, and higher financing costs. Addressing these issues will necessitate cooperative and supportive policies from the Government.


In view of the impending LNG shortages, serious gas outages are expected in the coming winter months, which will impact production and costs.

The management of your Company remains optimistic about consistent profitability by focusing on cost rationalization, an effective raw material procurement strategy, and a flexible product sales mix to better respond to market conditions.

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 continuously rendered by the employees of the Company. We look forward to the same co-operation 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 30, 2023

ڈائریکٹرز رپورٹ برائے ممبران

معزز ممبران

آپ کی کمپنی کے ڈائریکٹرز پہلے سہ ماہی اختتامی ستمبر 2023، 30 کے غیر آڈٹ شدہ مالیاتی رپورٹ پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔
مالیاتی جائزہ

زیر جائزہ مدت کے دوران ذیل نتائج حاصل کیے:-

- ☆ فروخت 43 فیصد اضافے کے ساتھ 1.63 بلین روپے ہوئی (2022: 1.14 بلین روپے)
- ☆ مجموعی منافع بڑھ کر 309 ملین روپے ہوا جس کا مارجن 19% فیصد ہے (2022: 181 ملین روپے)
- ☆ EBITDA بڑھ کر 290 ملین روپے ہو گیا (2022: 172 ملین روپے)
- ☆ قرضے کی لاگت 55 ملین روپے سے بڑھ گئی جس کی وجہ شرح سود میں اضافہ ہے
- ☆ ٹیکس سے قبل کا منافع 90 ملین روپے تک بڑھ گیا (2022: 27 ملین روپے)
- ☆ پلانٹ مکمل استطاعت پر چلا
- ☆ ICAP اور ICMAP کی جانب سے 2022 کی بہترین کارپورٹ رپورٹ کے ایوارڈ سے نوازا گیا۔

مستقبل کا نقطہ نظر

ٹیکسٹائل صنعت کی کارکردگی پر اثر انداز ہونے والے عوامل میں کرنسی کی قدر میں اتار چڑھاؤ، توانائی کی لاگت میں اضافہ، حکومت کے ٹیکسوں میں اضافہ اور قرضے کی لاگت میں اضافہ ہے۔ ان مسائل کو حل کرنے کے لیے حکومت کی طرف سے تعاون اور معاون پولیسیوں کی ضرورت ہوگی۔
LNG کی فراہمی میں ممکنہ کمی اور گیس کی بندش آنے والے سردیوں میں متوقع ہیں جو کہ پیداوار اور لاگت کو متاثر کریں گی۔
آپ کی کمپنی کی انتظامیہ مستقل منافع کے متعلق پر امید ہے جو کہ لاگت میں کمی، بہترین خرید کی حکمت عملی اور پیداوار کی بہترین حکمت عملی جو کہ مارکیٹ کی حالت کے مطابق ہو، سے ہر عمل پیرا ہو کر کی جاسکتی ہے۔

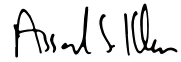
اظہار تشکر

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

منجانب بورڈ ہڈا



رانا محمد شفیع
ڈائریکٹر



اسد سیف اللہ خان
چیف ایگزیکٹو آفیسر

مقام: اسلام آباد

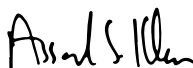
تاریخ: 30 اکتوبر 2023

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT SEPTEMBER 30, 2023

	Note	Un-audited September 30, 2023 (Rupees in thousand)	Audited June 30, 2023
Assets			
Non-Current Assets			
Property, plant and equipment	5	5,035,332	5,051,423
Long term investment		4,886	4,886
Long term loans		932	985
Long term deposits		15,652	15,263
		5,056,802	5,072,557
Current Assets			
Stores, spare parts and loose tools		57,744	57,182
Stock-in-trade		1,767,891	1,233,760
Trade debts		1,216,575	1,398,063
Loans and advances		4,110	5,550
Deposits, other receivables and prepayments		14,720	17,229
Sales tax refundable		27,906	-
Cash and bank balances		16,896	14,273
		3,105,842	2,726,057
		8,162,644	7,798,614
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		984,674	916,972
Capital reserve			
- Surplus on revaluation of Property, Plant and Equipment		2,580,055	2,584,203
Unrealised loss on financial assets at fair value through other comprehensive income		-	(114)
Total shareholders' equity		3,772,729	3,709,061
Non-current Liabilities			
Long term financing		586,667	648,155
Long term deposits		5,205	4,636
Deferred income - government grant		27,442	29,923
Deferred liability - staff retirement benefits		193,797	182,118
Deferred taxation - net		289,700	286,408
		1,102,811	1,151,240
Current Liabilities			
Trade and other payables		749,835	637,847
Contract liabilities		1,322	1,802
Accrued mark-up / profit		131,042	135,077
Short term borrowings		2,178,803	1,941,357
Current portion of non-current liabilities		220,303	218,124
Unpaid dividend		209	209
Unclaimed dividend		939	939
Taxation - net		4,651	2,958
		3,287,104	2,938,313
Contingencies and commitments	6		
		8,162,644	7,798,614

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

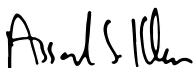


ABID HUSSAIN
Chief Financial Officer

**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS & OTHER
COMPREHENSIVE INCOME(UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2023**

	Quarter ended	
	Jul-Sep 2023	Jul-Sep 2022
	(Rupees in thousand)	
Sales - net	1,633,792	1,141,375
Cost of sales	(1,324,875)	(959,910)
Gross profit	308,917	181,465
Distribution cost	(20,891)	(17,101)
Administrative expenses	(40,590)	(38,189)
Other income	886	1,003
Other expenses	(5,990)	(3,102)
Profit from operations	242,332	124,076
Finance cost	(152,284)	(96,791)
Profit before taxation	90,048	27,285
Taxation	(26,380)	(9,001)
Profit after taxation	63,668	18,284
Other comprehensive income	-	-
Total comprehensive income	63,668	18,284
	---- Rupees ----	
Profit per share		
- basic and diluted	3.06	0.88

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



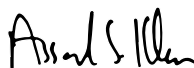
ABID HUSSAIN
Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)

FOR THE QUARTER ENDED SEPTEMBER 30, 2023

	Three months ended	
	Sep 30, 2023	Sep 30, 2022
	(Rupees in thousand)	
Cash flows from operating activities		
Profit for the period - before taxation	90,048	27,285
Adjustments for non-cash and other charges:		
Depreciation	38,965	40,249
Staff retirement benefits - gratuity (net)	11,679	7,667
Finance cost	149,414	96,791
Profit before working capital changes	290,106	171,992
Effect on cash flows due to working capital changes		
(Increase) / decrease in current assets:		
Stores, spare parts and loose tools	(562)	(1,220)
Stock-in-trade	(534,131)	(377,314)
Trade debts	181,488	(92,102)
Loans and advances	1,440	3,056
Deposits and short term prepayments	2,509	103
Sales tax refundable	(27,906)	(31,570)
Increase / (decrease) in current liabilities:		
Trade and other payables	112,174	15,526
Contract liabilities	(480)	303
	(265,468)	(483,218)
Cash generated from / (used in) operating activities	24,638	(311,226)
Income taxes paid	(21,583)	(14,032)
Long term loans - net	53	(910)
Net cash generated from / (used in) operating activities	3,108	(326,168)
Cash flows from investing activities		
Additions to property, plant and equipment	(22,874)	(90,705)
Net cash used in investing activities	(22,874)	(90,705)
Cash flows from financing activities		
Long term financing repaid	(60,142)	(8,855)
Lease liabilities - net	833	(433)
Long term deposits	569	554
Short term borrowings - net	237,446	496,368
Finance cost paid - net	(156,317)	(68,239)
Net cash generated from financing activities	22,389	419,395
Net increase in cash and cash equivalents	2,623	2,522
Cash and cash equivalents - at beginning of the period	14,273	4,176
Cash and cash equivalents - at end of the period	16,896	6,698

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



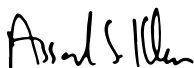
ABID HUSSAIN
Chief Financial Officer

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

FOR THE QUARTER ENDED SEPTEMBER 30, 2023

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, 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
Transaction with owners					
Total Comprehensive income for the period					
Profit for the period	-	66,870	-	-	66,870
Other comprehensive loss	-	(986)	-	11	(975)
	-	65,884	-	11	65,895
Surplus on revaluation of property, plant and equipment realised during the period (net of deferred taxation) on account of on account of incremental depreciation	-	13,373	(13,373)	-	-
Balance as at July 01, 2023	208,000	916,972	2,584,203	(114)	3,709,061
Total comprehensive income for the three months ended September 30, 2023	-	63,668	-	-	63,668
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, 2023	208,000	984,788	2,580,055	(114)	3,772,729

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, 2023

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	
KPTMA 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% (2022: 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, 2023

- 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 the provision of and directives issues under the Companies Act, 2017 differ with the requirements of IAS 34 or IFAS, the provisions of and directives issued under the Companies Act, 2017 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, 2023. 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, 2023 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, 2023.

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, 2023.

**NOTES TO THE CONDENSED INTERIM FINANCIAL
STATEMENTS (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2023**

5. PROPERTY, PLANT AND EQUIPMENT	Note	Un-audited September 30, 2023 (Rupees in thousand)	Audited June 30, 2023
Operating fixed assets - tangible	5.1	4,965,846	4,989,755
Right-of-use assets		6,196	6,196
Capital work-in-progress		11,294	3,360
Stores and spares held for capital expenditure		51,996	52,112
		5,035,332	5,051,423
5.1 Operating fixed assets - tangible			
Book value at beginning of the period / year		4,989,755	4,892,551
Additions during the period / year	5.1.1	15,056	255,935
Disposals costing Rs.Nil (June 30, 2023 Rs.8.71 million)			
- at net book value		-	(6,361)
Depreciation charge for the period / year		(38,965)	(152,370)
Book value at end of the period / year		4,965,846	4,989,755
5.1.1 Additions during the period / year:			
Buildings on freehold land			
- factory		-	66,717
- non - factory		-	1,540
- residential		-	4,010
Plant & machinery		11,416	92,814
Gas fired power plant		-	5,556
Electric installations		3,640	79,310
Equipment & appliances		-	5,730
Fire extinguishing equipment		-	210
Furniture & fixtures		-	48
		15,056	255,935
6. CONTINGENCIES AND COMMITMENTS			
6.1 CONTINGENCIES			
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, 2023.			
6.2 COMMITMENTS			
Commitments against irrevocable letters of credit outstanding at the year-end were for Rs.82.670 million (June 30, 2023: Rs.324.966 million).			

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2023

7. TRANSACTIONS WITH RELATED PARTIES

7.1 Significant transactions with related parties are as follows:

	Un-audited Quarter ended September 30,	
	2023	2022
	(Rupees in thousand)	
i) The Holding Company		
- mark-up accrued on loan	-	2,400
ii) Associated Companies		
- sales of goods, store items and services	-	3,126
- Donations	1,740	1,872
iii) Key management personnel		
- salary and other employment benefits	10,089	9,509

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, 2023.

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, 2023.

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].

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2023

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

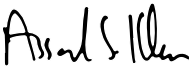
10. CORRESPONDING FIGURES

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, 2023, 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, 2022.

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 30, 2023.
- 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)
Tel: +92-51-2604733-5, Fax: +92-51-2604732
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