



**Saif Group**



**FIRST QUARTERLY REPORT  
(UN-AUDITED)  
SEPTEMBER 30, 2018**



**KOHAT TEXTILE MILLS LIMITED**

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# CORPORATE INFORMATION

## BOARD OF DIRECTORS

Osman Saifullah Khan (Chairman)  
Assad Saifullah Khan (Chief Executive Officer)  
Hoor Yousafzai  
Jehangir Saifullah Khan  
Abdul Rehman Qureshi  
Rana Muhammad Shafi  
Zaheen Ud Din Qureshi

## AUDIT COMMITTEE

Abdul Rehman Qureshi (Chairman)  
Hoor Yousafzai  
Jehangir Saifullah Khan

## HR & REMUNERATION COMMITTEE

Abdul Rehman Qureshi (Chairman)  
Assad Saifullah Khan  
Hoor Yousafzai

## CHIEF FINANCIAL OFFICER

Nouman Ahmad

## COMPANY SECRETARY

Sabir Khan

## HEAD OF INTERNAL AUDIT

Meesam Habib Butt

## AUDITORS

Shinewing Hameed Chaudhri & Co.,  
Chartered Accountants

## LEGAL ADVISORS

Salahuddin Saif & Aslam  
(Attorney's at Law)

## BANKERS

Askari Bank Limited  
Dubai Islamic Bank  
Meezan Bank Limited  
National Bank of Pakistan  
Soneri Bank Limited  
The Bank of Punjab  
The Bank of Khyber  
United Bank Limited

## HEAD OFFICE

3rd Floor, City Center, Plot No. 40,  
Main Bank Road, Saddar,  
Rawalpindi  
Phone : (051) 5700824-8  
Fax : (051) 5700829  
email : ktm@saifgroup.com

## REGISTERED OFFICE

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

## SHARE REGISTRAR

Hameed Majeed Associates (Pvt.) Ltd.,  
HM House, 7-Bank Square, Lahore  
Phone : +92-42-37235081  
+92-42-37325082  
Fax : +92-42-37358817  
email : info@hmaconsultants.com

## MILLS SAIFABAD, KOHAT

Phone : (0922) 862309, 862065,  
862091  
Fax : (0922) 862057-58  
email : ktmkht@saifgroup.com

## WEB SITE

www.kohattextile.com

# DIRECTORS' REPORT TO MEMBERS

## Dear Members,

The Directors of your Company take pleasure in presenting before you the unaudited financial information of the Company for the first quarter ended September 30, 2018.

## Financial highlights

During the first quarter, your Company has managed to earn a gross profit of Rs.73.9 million on sales of Rs.595.6 million (Gross margin 12%) as compared to gross profit of Rs.38.7 million on sales of Rs.463.4 million (Gross margin 8%) in corresponding period last year. The increase in gross profit is mainly due to improved local yarn market conditions, our shift towards better product mix and timely capital expenditure in machinery.

The operating results of your Company showed substantial improvement over last period. Pretax profit of Rs.33.5 million against profit of Rs.2.8 million of last year whereas post tax profit of Rs.46.6 million as against profit of Rs.2.1 million of last year was reported.

## Future outlook

The prices of raw materials (especially man-made fibers) have further increased due to another round of PKR devaluation. Local markets have not fully absorbed increase in prices of raw materials as yet. Moreover, outages/low pressure of gas is expected in the winter months.

Your Company's strategy is to focus on improving efficiency through investment in automated and energy-efficient plant and equipment.

## Acknowledgement

The Board records its appreciation of the performance of the Company's workers, staff and executives. Also, the Board appreciates for the support of our bankers and our valued customers. We look forward to the same dedication and cooperation in the days ahead.

For and on Behalf of the Board



**ASSAD SAIFULLAH KHAN**  
Chief Executive Officer



**ZAHEEN UD DIN QURESHI**  
Director

Place: Islamabad

Dated: October 25, 2018

# ڈائریکٹر رپورٹ برائے شیئر ہولڈر

محترم شیئر ہولڈرز

آپ کی کمپنی کے ڈائریکٹرز کے لئے خوشی کا امر ہے کہ وہ حال کی پہلی سہ ماہی کی اختتامی مدت ستمبر 30، 2018 کے غیر آڈٹ شدہ مالیاتی معلومات پیش کر رہا ہے۔

مالیاتی جھلکیاں

سہ ماہی کے دوران آپ کی کمپنی نے 595.6 ملین روپے کی فروخت پر مجموعی منافع 73.9 ملین روپے (جو کہ 12 فیصد ہے) کمایا اور نقابلی سال میں 463.4 ملین روپے کی فروخت پر مجموعی منافع 38.7 ملین روپے (جو کہ 8 فیصد ہے) کمایا مجموعی منافع کی بنیاد پر وجوہات مقامی منڈی میں بہتری ہماری بہتر پروڈکٹس کی طرف تبدیلی اور صحیح وقت پر مشینری میں سرمایہ کاری ہے۔ آپ کی کمپنی کے آپریٹنگ نتائج نقابلی سہ ماہی کے مقابل بہت بہتر رہے ہیں۔ ٹیکس سے پہلے کی کمائی 33.5 ملین روپے رہی جو کہ نقابلی سال میں 2.8 ملین روپے رہی جب کہ ٹیکس کے بعد کی کمائی 46.6 ملین روپے رہی جو کہ نقابلی سال میں 2.1 ملین روپے تھی۔


مستقبل کا نقطہ نظر

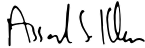
خام مال کی قیمتوں میں (بالخصوص مین میڈ فائبر) ڈالر کے مقابلے میں روپے کی قدر میں کمی کی وجہ سے مزید اضافہ ہو چکا ہے۔ مقامی منڈیوں میں خام مال کی قیمتوں میں اضافے کو مکمل طور پر جذب نہیں کیا۔ مزید براں سردیوں میں گیس میں کمی بھی متوقع ہے۔ آپ کی کمپنی کی حکمت عملی یہ ہے کہ کارکردگی کو خود کار اور توانائی کی افادیت والے پلانٹ اور مشینری میں سرمایہ کاری کو بڑھایا جائے۔

اظہار شکریہ

بورڈ کمپنی کے کارکنان، سٹاف اور ایگزیکٹوز کی کارکردگی کو خراج تحسین پیش کرتا ہے۔ مزید براں، بورڈ ہمارے مینکریز اور معزز صارفین کی معاونت کو بھی خراج تحسین پیش کرتا ہے۔ ہم آئندہ آنے والے دنوں میں اسی لگن اور تعاون کی امید کرتے ہیں۔

منجانب بورڈ ہڈا

  
ذین الدین قریشی  
ڈائریکٹر

  
اسد سیف اللہ خان  
چیف ایگزیکٹو آفیسر

مقام: اسلام آباد

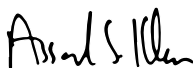
تاریخ: 25 اکتوبر، 2018

# CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT SEPTEMBER 30, 2018

		Un-audited September 30, 2018	Audited 30 June, 2018
	Note	(Rupees in thousand)	
<b>Equity and Liabilities</b>			
<b>Share Capital and Reserves</b>			
Authorised capital			
22,000,000 ordinary shares of Rs.10 each		220,000	220,000
Issued, subscribed and paid-up		208,000	208,000
<b>REVENUE RESERVE</b>			
- Unappropriated profit		231,948	181,864
<b>CAPITAL RESERVE</b>			
- Surplus on revaluation of Property, Plant and Equipment		434,764	438,263
<b>TOTAL SHAREHOLDERS' EQUITY</b>		874,712	828,127
<b>NON-CURRENT LIABILITIES</b>			
Loan from the Holding Company		100,000	100,000
Long term financing	5	190,883	198,749
Liabilities against assets subject to finance lease		3,161	3,379
Long term deposits		3,125	3,066
Deferred liability - Staff retirement benefits		112,108	108,126
Deferred taxation - net		125,321	138,369
		534,598	551,689
<b>CURRENT LIABILITIES</b>			
Trade and other payables		282,729	305,257
Accrued mark-up / profit		23,516	15,346
Short term borrowings		715,291	688,336
Current portion of non-current liabilities		67,971	63,456
Unclaimed dividend		3,709	3,734
		1,093,216	1,076,129
<b>CONTINGENCIES AND COMMITMENTS</b>	6	2,502,526	2,455,945
<b>ASSETS</b>			
<b>NON - CURRENT ASSETS</b>			
Property, plant and equipment	7	1,474,102	1,474,298
Intangible assets		1,884	2,061
Long term loans		1,388	2,051
Long term deposits		1,137	1,137
		1,478,511	1,479,547
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools		35,384	35,476
Stock-in-trade	8	558,440	482,571
Trade debts		305,091	335,508
Loans and advances		5,441	9,133
Deposits, other receivables and prepayments		15,023	17,351
Taxation - net		67,784	64,299
Sales tax refundable		29,588	22,994
Cash and bank balances		7,264	9,066
		1,024,015	976,398
		2,502,526	2,455,945

The annexed notes form an integral part of this condensed interim financial information.



**ASSAD SAIFULLAH KHAN**  
Chief Executive Officer



**ZAHEEN UD DIN QURESHI**  
Director



**NOUMAN AHMAD**  
Chief Financial Officer

# CONDENSED INTERIM STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME FOR THE QUARTER ENDED 30 SEPTEMBER, 2018 (UN-AUDITED)

	Jul- Sep 2018	Jul- Sep 2017
	(Rupees in thousand)	
Sales	595,551	463,384
Cost of sales	521,609	424,730
<b>Gross profit</b>	<b>73,942</b>	<b>38,654</b>
Distribution cost	3,917	4,499
Administrative expenses	15,573	15,962
Other Operating expenses	2,665	900
	22,155	21,361
<b>Profit from operations</b>	<b>51,787</b>	<b>17,293</b>
Finance cost	18,250	14,488
<b>Profit before taxation</b>	<b>33,537</b>	<b>2,805</b>
<b>Taxation</b>	<b>(13,048)</b>	<b>700</b>
<b>Profit after taxation</b>	<b>46,585</b>	<b>2,105</b>
Other comprehensive income	-	-
<b>Total comprehensive income</b>	<b>46,585</b>	<b>2,105</b>
	Rupees	
Earnings per share - basic and diluted	2.24	0.10

The annexed notes form an integral part of this condensed interim financial information.



**ASSAD SAIFULLAH KHAN**  
Chief Executive Officer



**ZAHEEN UD DIN QURESHI**  
Director



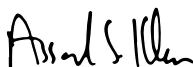
**NOUMAN AHMAD**  
Chief Financial Officer

# CONDENSED INTERIM STATEMENT OF CASH FLOWS

FOR THE QUARTER ENDED 30 SEPTEMBER, 2018 (UN-AUDITED)

	Jul-Sep., 2018	Jul-Sep., 2017
	(Rupees in thousand)	
<b>Cash flow from operating activities</b>		
Profit for the period - before taxation	33,537	2,805
Adjustments for non cash and other charges:		
Depreciation	16,033	20,831
Amortisation	176	176
Staff retirement benefits gratuity - (net)	3,982	1,997
Finance cost	18,250	14,488
<b>Profit before working capital changes</b>		
<b>Effect on cash flow due to working capital changes</b>	71,978	40,297
(Increase) / decrease in current assets:		
Stores, spare parts and loose tools	92	529
Stock-in-trade	(75,869)	101,475
Trade debts	30,417	10,540
Loans and advances	3,692	9,761
Deposits and short term prepayments	2,328	3,594
Sales tax refundable	(6,594)	7,929
<b>Decrease in trade and other payables</b>	(22,528)	(260,718)
	(68,462)	(126,890)
<b>Cash generated from operations</b>	3,516	(86,593)
Income Tax paid	(3,514)	(4,848)
Long term loans - net	663	161
<b>Net cash generated from / (used in) operating activities</b>	665	(91,280)
<b>Cash flow from investing activities</b>		
Additions to property, plant and equipment	(15,832)	4,776
<b>Net cash (used in) / generated from investing activities</b>	(15,832)	4,776
<b>Cash flow from financing activities</b>		
Long term financing -net	(3,351)	(16,411)
Liability against asset subject to finance lease	(218)	(103)
Long term deposits	59	157
Short term borrowings - net	26,955	115,810
Finance cost paid	(10,080)	(12,440)
<b>Net cash generated from financing activities</b>	13,365	87,013
<b>Net (decrease) / increase in cash and cash equivalents</b>	(1,802)	509
<b>Cash and cash equivalents - at beginning of the period</b>	9,066	4,839
<b>Cash and cash equivalents - at end of the period</b>	7,264	5,348

The annexed notes form an integral part of this condensed interim financial information.



**ASSAD SAIFULLAH KHAN**  
Chief Executive Officer



**ZAHEEN UD DIN QURESHI**  
Director



**NOUMAN AHMAD**  
Chief Financial Officer



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

## FOR THE QUARTER ENDED SEPTEMBER 30, 2018

	Share capital	Revenue reserves Un-Appropriated Profit	Capital reserve Revaluation surplus on Property, plant and equipment	Total
	(Rupees in thousand)			
<b>Balance as at 30 June, 2017 - restated</b>	<b>208,000</b>	<b>182,992</b>	<b>449,723</b>	<b>840,715</b>
Profit after taxation for the period ended 30 September, 2017	-	2,105	-	2,105
Surplus on revaluation of property, plant and equipment realised during the period (net of deferred taxation):				
- on account of incremental depreciation for the year	-	4,382	(4,382)	-
<b>Balance as at 30 September, 2017</b>	<b>208,000</b>	<b>189,479</b>	<b>445,341</b>	<b>842,820</b>
<b>Transactions with owners</b>				
Cash dividend for the year ended June 30, 2017 at the rate of Re.1 per share	-	(20,800)	-	(20,800)
Profit after taxation for the period	-	2,295	-	2,295
Surplus on revaluation of property, plant and equipment realised during the period (net of deferred taxation):				
- on account of incremental depreciation for the year	-	10,247	(10,247)	-
- upon sale of revalued assets	-	643	(643)	-
Deferred tax adjustment due to reduction in tax rate	-	-	3,812	3,812
<b>Balance as at 30 June, 2018</b>	<b>208,000</b>	<b>181,864</b>	<b>438,263</b>	<b>828,127</b>
Profit after taxation for the period from 01 July, 2018 to 30 September, 2018	-	46,585	-	46,585
Surplus on revaluation of property, plant and equipment realised during the period (net of deferred taxation):	-	3,499	(3,499)	-
<b>Balance as at 30 September, 2018</b>	<b>208,000</b>	<b>231,948</b>	<b>434,764</b>	<b>874,712</b>

The annexed notes form an integral part of this condensed interim financial information.



**ASSAD SAIFULLAH KHAN**  
Chief Executive Officer



**ZAHEEN UD DIN QURESHI**  
Director



**NOUMAN AHMAD**  
Chief Financial Officer

# **NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE QUARTER ENDED 30 SEPTEMBER, 2018**

## **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. The Company mills are located in Saifabad, Kohat and the registered office of the Company is located at APTMA House, Tehkal Payan, Jamrud Road, Peshawar.

The Company is a Subsidiary Company of Saif Holding Limited (the Holding Company) as 77.98% (2018: 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 the Internal Standards Board (IASB) as notified under the Companies Act, 2017; and

- Provisions of and directives issued under the Companies Act, 2017.

- 2.2 Where the 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.
- 2.3 This condensed interim financial information is being submitted to the shareholders as required by section 237 of the Companies Act, 2017.

## **3. ACCOUNTING POLICIES**

The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial information are consistent with those applied in the preparation of audited annual financial statements for the year ended June 30, 2018.

# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE QUARTER ENDED 30 SEPTEMBER, 2018

## 4. ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of condensed interim financial information requires 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. In preparing this condensed interim financial information, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those applied to the audited annual financial statements for the year ended June 30, 2018.

(Un-audited) September 30, 2018	(Audited) 30 June, 2018
(Rupees in thousand)	

## 5. LONG TERM FINANCING - Secured

### The Bank of Khyber

Demand finance

203,980	195,832
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### United Bank Limited

Demand finance

6,515	13,029
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### Askari Bank Limited

Diminishing Musharkah

47,500	52,500
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257,995	261,361
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Less : current portion grouped under  
current liabilities

67,112	62,612
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190,883	198,749
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## 6. CONTINGENCIES AND COMMITMENTS

There has been no significant change in the status of contingencies and commitments as reported in the preceding published annual financial statements of the Company for the year ended 30 June, 2018.

**NOTES TO AND FORMING PART OF THE CONDENSED  
INTERIM FINANCIAL INFORMATION (UN-AUDITED)  
FOR THE QUARTER ENDED 30 SEPTEMBER, 2018**

		Un-audited September 30, 2018 (Rupees in thousand)	Audited 30 June, 2018
<b>7. PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	7.1	<b>1,438,912</b>	1,227,789
Capital work-in-progress		-	202,928
Store held for capital expenditure		<b>35,189</b>	43,581
		<b>1,474,102</b>	1,474,298
<b>7.1 Operating fixed assets - tangible</b>			
Book Value at beginning of the period / year		<b>1,227,789</b>	1,232,881
<b>Additions during the period / year:</b>			
- Freehold Land		-	20,000
- Factory Building		<b>15,888</b>	1,967
- plant and machinery		<b>210,246</b>	28,955
- Electric installation		<b>191</b>	146
- equipment & appliances		<b>680</b>	4,403
- furniture & fixtures		<b>151</b>	2,196
- vehicles		-	2,879
		<b>227,156</b>	60,546
Book value of operating fixed assets disposed-off during the period / year		-	(3,166)
Depreciation charge for the period / year		<b>(16,033)</b>	(62,472)
Book Value at end of the period / year		<b>1,438,912</b>	1,227,789
<b>8. STOCK-IN-TRADE</b>			
Raw materials			
- at mills		<b>267,590</b>	312,985
- in-transit		<b>84,222</b>	103,919
		<b>351,812</b>	416,904
Work-in-process		<b>33,676</b>	34,162
Finished goods		<b>172,952</b>	31,505
		<b>558,440</b>	482,571

**NOTES TO AND FORMING PART OF THE CONDENSED  
INTERIM FINANCIAL INFORMATION (UN-AUDITED)  
FOR THE QUARTER ENDED 30 SEPTEMBER, 2018**

**9. TRANSACTIONS WITH RELATED PARTIES**

Aggregate significant transactions made during the period with the Holding Company and Associated Undertaking were as follows:

	Un-audited Three months period ended	
	<b>September 30, 2018</b>	September 30, 2017
	(Rupees in thousand)	
<b>i) Holding Company</b>		
- mark-up accrued on loans	1,958	1,825
<b>ii) Associated Companies</b>		
- sale of goods and services	-	6,266
<b>iii) Key management personnel</b>		
Salary and other employment benefits	2,217	2,152

**10. FINANCIAL 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 has been no change in the Company's sensitivity to these risks since 30 June, 2018, except for the change in exposure from liquidity risks due to increase in borrowings and general exposure due to fluctuations in foreign currency and interest rates. There have been no change in risk management objectives and policies of the Company during the period.

This condensed interim financial information 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 30 June, 2018.

# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE QUARTER ENDED 30 SEPTEMBER, 2018

## 11. CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard (IAS) 34 - 'Interim Financial Reporting', corresponding figures in the condensed interim statement of financial position comprise of balances as per the audited annual financial statements of the Company for year ended June 30, 2018 and the corresponding figures in 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 comprise of balances of comparable period as per the condensed interim financial information of the Company for the three months period ended September 30, 2017.

## 11. GENERAL

11.1 This condensed interim financial information was authorised for issue on October 25, 2018 by the Board of Directors of the Company.

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



ASSAD SAIFULLAH KHAN  
Chief Executive Officer



ZAHEEN UD DIN QURESHI  
Director



NOUMAN AHMAD  
Chief Financial Officer