



SAIF GROUP  
.....

## KOHAT TEXTILE MILLS LIMITED

THIRD QUARTERLY REPORT  
(UN-AUDITED)  
MARCH 31, 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

# Contents

|    |  |
|----|--|
| 02 | Corporate Information  |
| 03 | Directors' Review Report to the Members                                      |
| 05 | Condensed Interim Statement of Financial Position                            |
| 06 | Condensed Interim Statement of Profit or loss and 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                          |

# CORPORATE 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)  
Rana Muhammad Shafi  
Sardar Aminullah Khan

## 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  
Meezan Bank Limited  
National Bank of Pakistan  
Soneri Bank Limited  
The Bank of Punjab  
The Bank of Khyber  
United Bank Limited

## HEAD OFFICE

4<sup>th</sup> floor, Kashmir Commercial Complex,  
Fazal-e-Haq Road, Blue Area  
Islamabad  
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

## MILLS

Saifabad, Kohat  
Phone : (0922) 862309,  
862065, 862091  
Fax : (0922) 862057-58  
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](http://www.kohattextile.com)

# DIRECTORS' REVIEW REPORT TO THE MEMBERS

## Dear Members,

The Board of Directors of your Company is pleased to present the financial information of the Company for nine months ended on March 31, 2021.

## Performance review

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

- Turnover grew by 31% to Rs. 2.5 billion (2020:Rs. 1.9 billion).
- Gross profit increased to Rs.448 million-margin 18% (2020:Rs.231 million-margin 12%).
- EBITDA increased to Rs.401 million (2020:Rs. 211 million).
- Finance cost declined to Rs.74 million (2020:Rs.140 million).
- Profit before taxation increased to Rs.256 million (2020:Rs.8 million).
- Earnings per share increased to Rs.8.9 (2020:Rs.0.9).
- Plant capacity increased by 9% to 38,460 spindles & operated at FULL.
- Regular in debt servicing with ALL banks.

## Future outlook

The world is struggling to combat the third wave of coronavirus. With the availability and administration of COVID-19 vaccine, it is expected that economic activities will be restored to normal in the near future.

On the domestic front, the CCOE has approved the proposal for discontinuation of natural gas supply to captive power plants of the export-oriented industry. This decision, if implemented, will adversely affect the production costs of industrial units. In view of such frequent policy changes, we have been continuously adjusting our energy mix with increasing reliance on solar energy. We believe our investments in solar will lower our energy costs. On account of the recent decision by ECC of removal of regulatory duty on import of cotton yarn, the Company may face competition selling these yarns in the local market; however, the Company believes that it has built a strong customer base through its improved product quality and sales services over the period of five decades. These strong factors will help the Company to remain competitive in such a dynamic market.

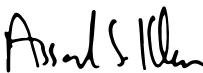
The Management of the Company has always made strong efforts to sustain cost through maximum capacity utilization, cost rationalization, investment in automated & energy-efficient machines and effective procurement strategy etc. We are optimistic to witness reasonable profitability in the last quarter of the current financial year as well.

## Acknowledgement

The Directors of the Company would like to thank all stakeholders for their continuous cooperation and support during the period.

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 and hope that they will continue to do so in the future.

For and on Behalf of the Board



**ASSAD SAIFULLAH KHAN**  
Chief Executive Officer



**RANA MUHAMMAD SHAFI**  
Director

Place : Islamabad  
Dated : April 29, 2021

# ڈائریکٹرز کی جائزہ رپورٹ برائے تحصیل یافتگان

## معروضی مضمون

آپ کی کمپنی کے بورڈ آف ڈائریکٹرز کو نو ماہی اختتامی مارچ 2021-31 کی مالیاتی رپورٹ پیش کرتے ہوئے خوش محسوس ہو رہی ہے۔  
کارکردگی کا جائزہ  
زیر جائزہ مدت کے دوران آپ کی کمپنی نے ذیل نتائج حاصل کیے:-

- فروخت 31 فیصد اضافے کے ساتھ 2.5 ملین روپے تک جا پہنچی (2020 میں 1.9 ملین روپے)
- مجموعی منافع بڑھ کر 448 ملین روپے تک جا پہنچا جو کہ 18 فیصد ہے (2020 میں 231 ملین روپے جو کہ 12 فیصد تھا)
- EBITDA بڑھ کر 401 ملین روپے تک جا پہنچا (2020 میں 211 ملین روپے)
- قرضے کی لاگت کم ہو کر 74 ملین روپے (2020 میں 140 ملین روپے)
- ٹیکس سے پہلے کا منافع 256 ملین روپے تک بڑھ گیا (2020 میں 8 ملین روپے)
- فی حصص منافع بڑھ کر 8.9 روپے ہو گیا (2020 میں 0.9 روپے)
- پائنت کی استطاعت 9 فیصد اضافے کے ساتھ 38,460 ہینڈلز تک بڑھ گئی اور پلانٹ مکمل استطاعت پر چلا۔
- قرضے کی ادائیگی میں تمام بینکوں میں باقاعدگی رہی۔

## مستقبل کا نظریہ

دنیا کو روٹاؤنڈائزس کی تیسری لہر سے مقابلے کی کوشش کر رہی ہے۔ کووڈ-19 کی ویکسین کی فراہمی اور انتظام کے ساتھ، یہ امید کی جاسکتی ہے کہ معاشی سرگرمیاں مستقبل قریب میں باقاعدگی سے بحال ہو جائیں گی۔

مقامی سطح پر، سی ای او ای نے ایک سپورٹ اور ریڈ صنعت کو بجلی پیدا کرنے کے لیے گیس کی فراہمی معطل کرنے کا فیصلہ کیا ہے۔ یہ تجویز اگر لاگو ہو گئی تو صنعتی پائپس کی پیداوار کی لاگت میں منفی اثر مرتب کرنے لگی۔ پالیسی میں بار بار تبدیلی کے مد نظر، ہم اپنی توانائی کے مرکب کو بدلتے رہتے ہیں اور توشی توانائی پر زیادہ انحصار کر رہے ہیں۔ ہم امید کرتے ہیں کہ کشش توانائی میں سرمایہ کاری ہماری توانائی کی لاگت میں کمی لائے گی۔ ای سی سی کی جانب سے کاشن کے دھاگے کی امپورٹ پر موجود ریگولٹری ڈیوٹی ہٹائے جانے پر، کمپنی کو مقامی مارکیٹ میں دھاگہ فروخت کرنے میں مشکل درپیش آسکتی ہے۔

تاہم ہم یہ یقین رکھتے ہیں کہ کمپنی نے پروڈکٹ کے بہتر معیار اور فروخت کی خدمات کے ذریعے سے گاہکوں کی ایک مضبوط بنیاد قائم کی ہے۔ یہ مضبوط عوامل کمپنی کو ای متحرک مارکیٹ میں کھینچو رہنے میں مدد کرتے ہیں۔

کمپنی کی مینجمنٹ نے ہمیشہ لاگت کو محدود کرنے کیلئے استطاعت کا مکمل استعمال خود کار اور توانائی کے موثر استعمال والی مشینیں اور موثر خرید کی حکمت عملی کی بھرپور کوششیں کی ہیں۔ ہم پر امید ہیں کہ موجودہ سال کے آخری سہ ماہی میں بھی ایک مناسب منافع دیکھنے کو ملے گا۔

## اظہار تشکر

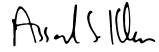
کمپنی کے ڈائریکٹرز تمام افسرین اور اداران کی اس مدت کے دوران مستقل تعاون اور حمایت کی شکر گزار ہے۔

ڈائریکٹرز نماز میں کی خدمات، وفاداری اور کادھوں کی جو مستقبل طور پر دی جاتی ہیں خوب قدر دانی کرتی ہے اور امید کرتی ہے کہ یہ مستقبل میں بھی جاری رہیں گی۔

منجانب بورڈ ہذا



رانا محمد نaveed  
ڈائریکٹر



اسد سیف اللہ خان  
چیف ایگزیکٹو آفیسر

مقام: اسلام آباد

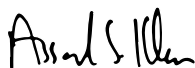
تاریخ: 29 اپریل 2021

# CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2021

|  |      | Un-audited<br>March 31,<br>2021 | Audited<br>June 30,<br>2020 |
|--|------|---------------------------------|-----------------------------|
|  | Note | (Rupees in thousand)            |                             |
| <b>Assets</b>  |      |                                 |                             |
| <b>Non-Current Assets</b>                                    |      |                                 |                             |
| Property, plant and equipment                                | 4    | 2,766,074                       | 2,477,022                   |
| Intangible assets  |      | 295                             | 649                         |
| Long term investment   |      | 2,350                           | 2,450                       |
| Long term loans  |      | 1,222                           | 1,527                       |
| Long term deposits   |      | 4,139                           | 1,816                       |
|  |      | <u>2,774,080</u>                | <u>2,483,464</u>            |
| <b>Current Assets</b>  |      |                                 |                             |
| Stores, spare parts and loose tools                          |      | 38,583                          | 34,544                      |
| Stock-in-trade   |      | 612,048                         | 398,667                     |
| Trade debts  |      | 344,703                         | 610,367                     |
| Loans and advances   |      | 4,345                           | 11,031                      |
| Deposits, other receivables and prepayments                  |      | 16,657                          | 14,726                      |
| Taxation - net   |      | 29,958                          | 46,323                      |
| Sales tax refundable   |      | 20,703                          | -                           |
| Cash and bank balances                                       |      | 9,622                           | 12,997                      |
|  |      | <u>1,076,619</u>                | <u>1,128,655</u>            |
|  |      | <u>3,850,699</u>                | <u>3,612,119</u>            |
| <b>Equity and Liabilities</b>                                |      |                                 |                             |
| <b>Share Capital and Reserves</b>                            |      |                                 |                             |
| 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                                      |      | 418,207                         | 218,766                     |
| Capital reserve  |      |                                 |                             |
| - Surplus on revaluation of Property,<br>Plant and Equipment |      | 1,209,503                       | 1,224,529                   |
|  |      | <u>1,835,710</u>                | <u>1,651,295</u>            |
| <b>Non-Current Liabilities</b>                               |      |                                 |                             |
| Loan from the Holding Company                                |      | 100,000                         | 100,000                     |
| Long term financing  |      | 515,268                         | 442,192                     |
| Long term deposits   |      | 3,477                           | 2,280                       |
| Lease liabilities  |      | 6,599                           | 9,081                       |
| Deferred Income - government grant                           |      | 237                             | 1,996                       |
| Deferred liability - staff retirement benefits               |      | 121,890                         | 111,585                     |
| Deferred taxation - net                                      |      | 151,167                         | 117,790                     |
|  |      | <u>898,638</u>                  | <u>784,924</u>              |
| <b>Current Liabilities</b>                                   |      |                                 |                             |
| Trade and other payables                                     |      | 372,680                         | 411,343                     |
| Contract liabilities   |      | 3,713                           | 7,377                       |
| Accrued mark-up / profit                                     |      | 23,066                          | 44,292                      |
| Short term borrowings  |      | 504,673                         | 649,517                     |
| Current portion of non-current liabilities                   |      | 211,129                         | 62,242                      |
| Unpaid dividend  |      | 138                             | 166                         |
| Unclaimed dividend   |      | 952                             | 963                         |
|  |      | <u>1,116,351</u>                | <u>1,175,900</u>            |
| <b>Contingencies and commitments</b>                         | 5    | <u>3,850,699</u>                | <u>3,612,119</u>            |

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 AND NINE MONTHS PERIOD ENDED MARCH 31, 2021

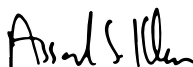
|                                   | Quarter ended        |                   | Nine months period ended |                   |
|-----------------------------------|----------------------|-------------------|--------------------------|-------------------|
|                                   | March 31,<br>2021    | March 31,<br>2020 | March 31,<br>2021        | March 31,<br>2020 |
|                                   | (Rupees in thousand) |                   |                          |                   |
| Sales - net                       | 906,479              | 630,861           | 2,553,326                | 1,942,958         |
| Cost of sales                     | (700,572)            | (549,615)         | (2,105,073)              | (1,711,591)       |
| <b>Gross profit</b>               | <b>205,907</b>       | <b>81,246</b>     | <b>448,253</b>           | <b>231,367</b>    |
| Distribution cost                 | (8,536)              | (8,204)           | (24,913)                 | (20,111)          |
| Administrative expenses           | (29,080)             | (20,276)          | (73,212)                 | (61,277)          |
| Other expenses                    | (11,718)             | (900)             | (21,062)                 | (2,864)           |
| Other income                      | 55                   | -                 | 714                      | 1,210             |
| <b>Profit from operations</b>     | <b>156,628</b>       | <b>51,866</b>     | <b>329,780</b>           | <b>148,325</b>    |
| Finance cost                      | (24,874)             | (46,997)          | (73,777)                 | (140,169)         |
| <b>Profit before taxation</b>     | <b>131,754</b>       | <b>4,869</b>      | <b>256,003</b>           | <b>8,156</b>      |
| Taxation                          | (17,847)             | 12,943            | (71,488)                 | 11,450            |
| <b>Profit after taxation</b>      | <b>113,907</b>       | <b>17,812</b>     | <b>184,515</b>           | <b>19,606</b>     |
| Other comprehensive income        | -                    | -                 | (100)                    | -                 |
| <b>Total comprehensive income</b> | <b>113,907</b>       | <b>17,812</b>     | <b>184,415</b>           | <b>19,606</b>     |

----- Rupees -----

## Earnings per share

|                     |      |      |      |      |
|---------------------|------|------|------|------|
| - basic and diluted | 5.48 | 0.86 | 8.87 | 0.94 |
|---------------------|------|------|------|------|

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 NINE MONTHS PERIOD ENDED MARCH 31, 2021

|   | Nine months period ended |                   |
|---|--------------------------|-------------------|
|   | March 31,<br>2021        | March 31,<br>2020 |
|   | (Rupees in thousand)     |                   |
| <b>Cash flows from operating activities</b>                     |                          |                   |
| Profit for the period - before taxation                         | 256,003                  | 8,156             |
| Adjustments for non-cash charges and other items:               |                          |                   |
| Depreciation  | 71,203                   | 61,957            |
| Amortisation  | 354                      | 530               |
| Staff retirement benefits - gratuity (net)                      | 10,305                   | 21,519            |
| loss / (gain) on sale of operating fixed assets                 | 3,287                    | (7)               |
| Finance cost  | 73,777                   | 140,169           |
| <b>Profit before working capital changes</b>                    | <b>414,929</b>           | <b>232,324</b>    |
| <b>Effect on cash flows due to working capital changes</b>      |                          |                   |
| (Increase) / decrease in current assets:                        |                          |                   |
| Stores, spare parts and loose tools                             | (4,039)                  | (1,833)           |
| Stock-in-trade  | (213,381)                | 8,807             |
| Trade debts   | 265,664                  | (187,017)         |
| Loans and advances  | 6,686                    | (6,357)           |
| Deposits, other receivables and prepayments                     | (1,931)                  | (1,144)           |
| Sales tax refundable  | (20,703)                 | 18,522            |
| Decrease in current liabilities:                                |                          |                   |
| Trade and other payables  | (38,663)                 | (112,575)         |
| Contract liabilities  | (3,664)                  | (1,676)           |
|   | (10,031)                 | (283,273)         |
| <b>Cash generated / (used in) operating activities</b>          | <b>404,898</b>           | <b>(50,949)</b>   |
| Income taxes paid   | (21,745)                 | (7,535)           |
| Long term loans - net   | 305                      | (201)             |
| <b>Net cash generated / (used in) operating activities</b>      | <b>383,458</b>           | <b>(58,685)</b>   |
| <b>Cash flow from investing activities</b>                      |                          |                   |
| Additions in property, plant and equipment                      | (368,342)                | (67,417)          |
| Sale proceeds of operating fixed assets                         | 4,800                    | 629               |
| <b>Net cash used in investing activities</b>                    | <b>(363,542)</b>         | <b>(66,788)</b>   |
| <b>Cash flows from financing activities</b>                     |                          |                   |
| Long term financing - obtained                                  | 269,398                  | 102,199           |
| - repaid  | (49,195)                 | (59,374)          |
| Lease liabilities   | (4,805)                  | 3,786             |
| Long term deposits  | 1,197                    | 86                |
| Short term borrowings - net                                     | (144,844)                | 217,988           |
| Dividend paid   | (39)                     | (20,791)          |
| Finance cost paid   | (95,003)                 | (118,954)         |
| <b>Net cash (used in) / generated from financing activities</b> | <b>(23,291)</b>          | <b>124,940</b>    |
| <b>Net decrease in cash and cash equivalents</b>                | <b>(3,375)</b>           | <b>(533)</b>      |
| <b>Cash and cash equivalents - at beginning of the period</b>   | <b>12,997</b>            | <b>7,305</b>      |
| <b>Cash and cash equivalents - at end of the period</b>         | <b>9,622</b>             | <b>6,772</b>      |

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



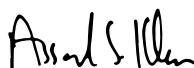
NOUMAN AHMAD  
Chief Financial Officer

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

FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2021

|  | Share capital  | Revenue reserves<br>Unappropriated profit | Capital reserve<br>Revaluation surplus on property, plant and equipment | Total            |
|--|----------------|---|---|------------------|
| (Rupees in thousand)   |                |   |   |                  |
| <b>Balance as at July 01, 2019 (audited)</b>   | <b>208,000</b> | <b>259,507</b>                            | <b>1,240,388</b>  | <b>1,707,895</b> |
| <b>Transaction with owners</b>   |                |   |   |                  |
| Cash dividend for the year ended June 30, 2019 at the rate of Re.1 per share   | -              | (20,800)                                  | -   | (20,800)         |
| <b>Total comprehensive income for the Nine months period ended March 31, 2020</b>  | -              | 19,606                                    | -   | 19,606           |
| Surplus on revaluation of property, plant and equipment for the nine months realised during the period on account of incremental depreciation (net of deferred taxation) | -              | 11,894                                    | (11,894)  | -                |
| <b>Balance as at March 31, 2020 (un-audited)</b>   | <b>208,000</b> | <b>270,207</b>                            | <b>1,228,494</b>  | <b>1,706,701</b> |
| <b>Balance as at July 01, 2020 (audited)</b>   | <b>208,000</b> | <b>218,766</b>                            | <b>1,224,529</b>  | <b>1,651,295</b> |
| <b>Transaction with owners</b>   |                |   |   |                  |
| <b>Total comprehensive income for the Nine months period ended March 31, 2021</b>  | -              | 184,415                                   | -   | 184,415          |
| Surplus on revaluation of property, plant and equipment for the nine months realised during the period on account of incremental depreciation (net of deferred taxation) | -              | 15,026                                    | (15,026)  | -                |
| <b>Balance as at March 31, 2021 (un-audited)</b>   | <b>208,000</b> | <b>418,207</b>                            | <b>1,209,503</b>  | <b>1,835,710</b> |

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 NINE MONTHS PERIOD ENDED MARCH 31, 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:

| <b>Kohat</b>  | <b>Purpose</b>           |
|---|--------------------------|
| Saifabad  | Mills / factory          |
| <b>Peshawar</b>   |                          |
| APTMA House, Tehkal Payan, Jamrud Road                  | Registered office        |
| <b>Islamabad</b>  |                          |
| 4th floor, Kashmir Commercial Complex, Fazal-e-Haq Road | Head office              |
| <b>Karachi</b>  |                          |
| Room # 03, 5th Floor KDLB, Building 58-West Wharf Road, | Marketing / Sales office |
| <b>Faisalabad</b>                                       |                          |
| 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 AND SIGNIFICANT ACCOUNTING POLICIES

### 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, 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.

#### 2.1.2 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, 2020. These condensed interim financial statements are being submitted to the shareholders as required by the section 237 of the Companies Act, 2017.

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

FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2021

## 2.2 Standards, amendments to published standards, interpretations and guidelines that are effective in the current period

Certain standards, amendments and interpretations to IFRSs are effective for accounting periods beginning on July 01, 2020 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.

## 2.3 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, 2020 and as disclosed in half yearly financial statements for the period ended December 31, 2020.

## 3. 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, 2020.

## 4. PROPERTY, PLANT AND EQUIPMENT

|  |       | Un-audited<br>March 31,<br>2021<br>(Rupees in thousand) | Audited<br>June 30,<br>2020 |
|--|-------|---|-----------------------------|
|  | Note  |   |                             |
| Operating fixed assets - tangible  | 4.1   | 2,657,473   | 2,295,191                   |
| Capital work-in-progress   |       | 48,138  | 151,292                     |
| Right-of-use assets  | 4.2   | 13,341  | 13,341                      |
| Stores held for capital expenditure                                      |       | 47,122  | 17,198                      |
|  |       | <b>2,766,074</b>  | <b>2,477,022</b>            |
| <b>4.1 Operating fixed assets - tangible</b>                             |       |   |                             |
| Book value at beginning of the period / year                             |       | 2,295,191   | 2,305,073                   |
| Additions during the period / year                                       | 4.1.1 | 441,572   | 87,462                      |
| Disposals costing Rs.29.401 million<br>(June 30, 2020: Rs.4.845 million) |       |   |                             |
| - at net book value  |       | (8,087)   | (2,525)                     |
| Transition effect on initial application of IFRS 16                      | 4.2   | -   | (14,994)                    |
| Depreciation charge for the period / year                                |       | (71,203)  | (79,825)                    |
| Book value at end of the period / year                                   |       | <b>2,657,473</b>  | <b>2,295,191</b>            |

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

FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2021

## 4.1.1 Additions during the period / year:

(including transfer from right-of-use assets):

Buildings on freehold land

- factory

- non - factory

- residential

Plant & machinery

Gas fired power plant

Electric installations

Equipment & appliances

Fire extinguishing equipment

Furniture & fixtures

Vehicles

Un-audited  
March 31,  
2021

Audited  
June 30,  
2020

(Rupees in thousand)

56,364

7,398

2,574

827

6,059

2,125

332,328

52,802

12,565

18,794

29,306

307

1,372

2,231

-

69

869

463

135

2,446

411,572

87,462

## 4.2 Right-of-Use Assets

Opening balance

13,341

-

Transition effect on initial application

-

14,994

Recognition due to adoption of IFRS 16

2,690

4,229

Reassessment due to mark-up rate change

(495)

-

Depreciation for the period

(2,195)

(3,980)

Transferred to own assets

-

(1,902)

Closing balance

13,341

13,341

## 5. CONTINGENCIES AND COMMITMENTS

### 5.1 Contingencies

5.1.1 There has been no significant change in the status of contingencies as disclosed in note 7 of the interim financial statements for the period ended December 31, 2020.

### 5.2 Commitments

Commitments against irrevocable letters of credit outstanding at the period-end were Rs.Nil million (June 30, 2020: Rs.113.034 million).

## 6. TRANSACTIONS WITH RELATED PARTIES

### 6.1 Significant transactions with related parties are as follows:

Un-audited

Nine months period ended

March 31,  
2021

March 31,  
2020

(Rupees in thousand)

#### i) Holding Company

- dividend paid

-

13,787

- mark-up charged on loan

6,231

11,662

- shared expenses

249

194

#### ii) Associated Companies

- sale of goods & services

56,406

-

#### iii) Key management personnel

34,462

26,639

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

FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2021

|   | Un-audited<br>March 31,<br>2021 | Audited<br>June 30,<br>2020 |
|---|---------------------------------|-----------------------------|
|   | (Rupees in thousand)            |                             |
| <b>6.2 Period / year end balances are as follows:</b> |                                 |                             |
| Loan from the Holding Company                         | 100,000                         | 100,000                     |
| Trade and other payables                              | -                               | 171                         |
| Accrued mark-up / profit                              | 1,988                           | 3,145                       |

## 7. 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 has been no change in the Company's sensitivity to these risks since June 30, 2020, 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.

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, 2020.

## 8. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Fair value is the price that would be received upon sale of an asset or paid upon transfer of a liability in an orderly transaction between market participants at the measurement date. Underlying the definition of fair value is the presumption that the Company is a going concern and there is no intention or requirement to curtail materially the scale of its operation or to undertake a transaction on adverse terms.

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 values.

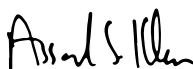
## 9. CORRESPONDING FIGURES

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, 2020, 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 nine months period ended March 31, 2020.

## 10. GENERAL

10.1 These condensed interim financial statements were approved by the Board of Directors and authorised for issue on April 29, 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**

4<sup>th</sup> Floor, Kashmir Commercial Complex,  
Fazal-e-Haq Road Blue Area, Islamabad (Pakistan)  
Tel: +92-51-5700824-8, Fax: +92-51-5700829  
[www.kohattextile.com](http://www.kohattextile.com)

Scan QR code to access  
financial reports online

