



of Companies

HALF YEARLY ACCOUNTS
2022-2023
(UN - AUDITED)

UMER GROUP OF COMPANIES

BLESSED TEXTILES LIMITED



Vision

A leader company maintaining an excellent level of ethical and professional standards.



Mission Statement

To become an exceptional manufacturer of textile products global market.

Directors' Review

On behalf of the board of directors of Blessed Textiles Limited, I am pleased to present the unaudited condensed interim financial statements for the half year ended December 31, 2022.

Significant Financial Performance for the Half Year Ended December 31, 2022;

Profit after tax for the half year ended December 31, 2022 is PKR 521.595 million as compared to PKR 1,528.933 million in the corresponding period December 31, 2021.

Earnings per share for the half year ended December 31, 2022 is PKR 81.09(December 31, 2021: PKR 237.71).

Break-up value of the share as on December 31, 2022 is PKR 1,465.88 (June 30, 2022: PKR 1,401.83).

The current ratio as on December 31, 2022 is 1.79 (June 30, 2022:2.58).

Outlook of Textile Industry

The textiles exports contracted for the fifth month in a row and dipping by 15.42 per cent YoY basis to \$2.21 billion in January 2023. During July to January of 2022-23, exports were down by 7.16 percent at \$16.46 billion compared to \$17.74 billion the corresponding period last year. In case the textile exports remain on the downward trajectory, it will be difficult to achieve target export during the fiscal year which eventually aggravates the situation for the country which is already running out FCY reserves. The small factories completely halt their operations whereas large units have reduced their production between 30 to 50 percent owing to rising borrowing cost, unavailability of cotton, shortage of energy sources, volatility of exchange rate, delay in settlement of sales tax and income tax refunds and hurdles in opening of letter of credits.

The government is also considering for discontinuing power subsidy, withdrawing of duty drawbacks on local taxes and levies by the government and enhancing sales tax on raw materials for the export textile sector under the negotiations with IMF. If implemented this will have severe implication for the already struggling textile sector since the textile exports are major source of FCY inflow and employment in the country.

The global textile market is has become extremely massive where competition is usually between regional peers like India, Pakistan, Bangladesh and China. The government's decision for discontinuation of the Regionally Competitive Energy Tariff (RCET) for five export-oriented sectors is major blow for the national economy, potentially leading to reduced competitiveness and revenue losses for the affected industries. Unfortunately, both the current political and economic scenario of the country is an impediment for the growth of textile exports since the level playing field is not available to the textile sector with the regional competitors.

New Spinning Unit

Since the remaining machinery has reached the premises the revised timelines for completion of erecting work is March 2023 hence, the management is hopeful to commence the production by April 2023.

Acknowledgement

The Board highly appreciates the contribution of employees, bankers, corporate regulators, stakeholders and other government authorities for their continuous support.

On behalf of the Board



Muhammad Amin
(Chief Executive Officer)
Dated: 24th February, 2023



Mohammad Salim
(Director)

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of BLESSED TEXTILES LIMITED Report on review of Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **BLESSED TEXTILES LIMITED** [‘the Company’] as at **31 December 2022** and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, condensed interim statement of cash flows and notes to the condensed interim financial statements for the six-month period then ended (here-in-after referred to as the ‘interim financial statements’). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review. The figures for the three-month period ended **31 December 2022** of the condensed interim statement of profit or loss, condensed interim statement of comprehensive income have not been reviewed as we are required to review only cumulative figures for the six-month period ended on that date.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, “Review of Interim Financial Information performed by the Independent Auditor of the Entity.” A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the review resulting in this independent auditor's review report is **ALI RAZA JAFFERY**.


RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
Chartered Accountants

Lahore | 24 February 2023

UDIN: RR202210704D2d18fgGn



BLESSED TEXTILES LIMITED

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

	<i>Note</i>	31-Dec-22 <i>Rupees</i> [Un-audited]	30-Jun-22 <i>Rupees</i> [Audited]
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital		65,000,000	65,000,000
Issued share capital		64,320,000	64,320,000
General reserve		7,000,000,000	7,000,000,000
Loan from directors and sponsors	6	102,660,500	-
Retained earnings		2,261,569,911	1,952,231,183
TOTAL EQUITY		9,428,550,411	9,016,551,183
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term finances		3,827,112,098	3,061,920,470
Long term payables	7	507,627,068	416,759,648
Employees retirement benefits		203,039,865	185,493,380
Deferred taxation		222,777,079	222,777,079
Deferred grant		75,763,329	85,293,434
		4,836,319,439	3,972,244,011
CURRENT LIABILITIES			
Trade and other payables		1,033,765,408	1,230,672,526
Unclaimed dividend		8,674,473	7,809,531
Accrued interest/profit		163,770,365	60,290,812
Short term borrowings		7,307,176,203	2,559,054,165
Income tax payable		74,082,631	114,419,490
Current portion of non-current liabilities		330,888,111	364,483,938
		8,918,357,191	4,336,730,462
TOTAL LIABILITIES		13,754,676,630	8,308,974,473
CONTINGENCIES AND COMMITMENTS	8	-	-
TOTAL EQUITY AND LIABILITIES		23,183,227,041	17,325,525,656

The annexed notes from 1 to 20 form an integral part of these interim financial statements.



Director



Chief Financial Officer



Chief Executive

BLESSED TEXTILES LIMITED

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

	Note	31-Dec-22 Rupees [Un-audited]	30-Jun-22 Rupees [Audited]
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	9	7,130,594,050	6,104,324,714
Long term deposits		50,441,329	47,485,185
		7,181,035,379	6,151,809,899
CURRENT ASSETS			
Stores and spares		260,817,681	185,918,306
Stock in trade		7,365,062,707	5,537,502,379
Trade receivables		1,812,053,035	1,758,705,012
Short term Investments	10	4,857,343,854	-
Short term deposits		427,090,577	317,590,577
Advances and other receivables		253,140,455	279,570,138
Sales tax refundable/adjustable		865,351,728	516,419,271
Cash and bank balances		161,331,625	2,578,010,074
		16,002,191,662	11,173,715,757
TOTAL ASSETS		23,183,227,041	17,325,525,656

The annexed notes from 1 to 20 form an integral part of these interim financial statements.



Director



Chief Financial Officer



Chief Executive

BLESSED TEXTILES LIMITED

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS [UN-AUDITED] FOR THE SIX-MONTH PERIOD ENDED 31 DECEMBER 2022

	Note	Six-month period ended		Three-month period ended	
		31-Dec-22 Rupees	31-Dec-21 Rupees	31-Dec-22 Rupees	31-Dec-21 Rupees
Revenue from contracts with customers - net		10,750,854,976	10,566,902,883	5,336,880,212	5,779,795,394
Cost of sales		(9,613,711,958)	(8,359,917,800)	(4,797,562,710)	(4,559,918,389)
Gross profit		1,137,143,018	2,206,985,083	539,317,502	1,219,877,005
Selling and distribution expenses		(219,131,311)	(249,596,784)	(81,518,307)	(130,486,301)
Administrative expenses		(118,309,214)	(91,626,153)	(54,461,721)	(45,193,743)
Other expenses		(49,158,240)	(123,067,400)	(20,823,882)	(84,075,370)
		(386,598,765)	(464,290,337)	(156,803,910)	(259,755,414)
Impairment reversals for expected credit losses		94,367,492	11,184,679	-	-
		844,911,745	1,753,879,425	382,513,592	960,121,591
Other income		28,174,799	9,458,394	16,377,250	3,399,811
Operating profit		873,086,544	1,763,337,819	398,890,842	963,521,402
Finance cost		(191,455,508)	(98,052,953)	(123,856,835)	(72,561,930)
Profit before taxation		681,631,036	1,665,284,866	275,034,007	890,959,472
Provision for taxation	11	(160,036,308)	(136,352,246)	(80,207,859)	(74,926,824)
Profit after taxation		521,594,728	1,528,932,620	194,826,148	816,032,648
Earnings per share - basic and diluted		81.09	237.71	30.29	126.87

The annexed notes from 1 to 20 form an integral part of these interim financial statements.



Director



Chief Financial Officer



Chief Executive

BLESSED TEXTILES LIMITED

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME [UN-AUDITED] FOR THE SIX-MONTH PERIOD ENDED 31 DECEMBER 2022

	Six-month period ended		Three-month period ended	
	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>
Other comprehensive income	-	-	-	-
Profit after taxation	521,594,728	1,528,932,620	194,826,148	816,032,648
Total comprehensive income	521,594,728	1,528,932,620	194,826,148	816,032,648

The annexed notes from 1 to 20 form an integral part of these interim financial statements.



Director



Chief Financial Officer



Chief Executive

BLESSED TEXTILES LIMITED

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE SIX-MONTH PERIOD ENDED 31 DECEMBER 2022

	Share capital	Revenue reserves			
	Issued share capital	General reserve	Loan from directors and sponsors	Retained earnings	Total equity
	Rupees	Rupees	Rupees	Rupees	Rupees
As at 01 July 2021 - [Audited]	64,320,000	5,500,000,000	-	460,385,271	6,024,705,271
Comprehensive income					
Profit after taxation	-	-	-	1,528,932,620	1,528,932,620
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	-	1,528,932,620	1,528,932,620
Transaction with owners					
Final dividend @ 330% i.e. Rs. 33.00 per ordinary share	-	-	-	(212,256,000)	(212,256,000)
Other transactions	-	-	-	-	-
As at 31 December 2021 - [Un-audited]	64,320,000	5,500,000,000	-	1,777,061,891	7,341,381,891
As at 01 January 2022 - [Un-audited]	64,320,000	5,500,000,000	-	1,777,061,891	7,341,381,891
Comprehensive income					
Profit after taxation	-	-	-	1,677,768,434	1,677,768,434
Other comprehensive loss	-	-	-	(2,599,142)	(2,599,142)
Total comprehensive income	-	-	-	1,675,169,292	1,675,169,292
Transaction with owners	-	-	-	-	-
Other transactions					
Profit transferred to general reserve	-	1,500,000,000	-	(1,500,000,000)	-
As at 30 June 2022 - [Audited]	64,320,000	7,000,000,000	-	1,952,231,183	9,016,551,183
As at 01 July 2022 - [Audited]	64,320,000	7,000,000,000	-	1,952,231,183	9,016,551,183
Comprehensive income					
Profit after taxation	-	-	-	521,594,728	521,594,728
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	-	521,594,728	521,594,728
Transaction with owners					
Final dividend @ 330% i.e. Rs. 33.00 per ordinary share	-	-	-	(212,256,000)	(212,256,000)
Other transactions					
Loan from directors and sponsors	-	-	102,660,500	-	102,660,500
As at 31 December 2022 - [Un-audited]	64,320,000	7,000,000,000	102,660,500	2,261,569,911	9,428,550,411

The annexed notes from 1 to 20 form an integral part of these interim financial statements.



Director



Chief Financial Officer



Chief Executive

BLESSED TEXTILES LIMITED

CONDENSED INTERIM STATEMENT OF CASH FLOWS [UN-AUDITED] FOR THE SIX-MONTH PERIOD ENDED 31 DECEMBER 2022

	Note	Six-month period ended	
		31-Dec-22	31-Dec-21
		Rupees	Rupees
CASH FLOW FROM OPERATING ACTIVITIES			
Cash used in operations	12	(1,441,409,417)	(217,726,909)
Payments for:			
Employees retirement benefits		(14,253,515)	(27,016,737)
Interest/profit on borrowings		(39,430,192)	(80,854,531)
Income tax		(200,373,167)	(122,345,260)
Net cash used in operating activities		(1,695,466,291)	(447,943,437)
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(1,232,669,336)	(887,502,098)
Proceeds from disposal of property, plant and equipment		-	1,200,000
Purchase of short term investments		(4,850,000,000)	-
Net cash used in investing activities		(6,082,669,336)	(886,302,098)
CASH FLOW FROM FINANCING ACTIVITIES			
Long term finances obtained		926,426,225	372,974,735
Repayment of long term finances		(204,360,527)	(227,640,378)
Net increase in short term borrowings		4,748,122,038	1,229,548,740
Loan from directors and sponsors		102,660,500	-
Dividend paid		(211,391,058)	(210,817,011)
Net cash generated from financing activities		5,361,457,178	1,164,066,086
NET DECREASE IN CASH AND CASH EQUIVALENTS		(2,416,678,449)	(170,179,449)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		2,578,010,074	493,118,022
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		161,331,625	322,938,573

The annexed notes from 1 to 20 form an integral part of these interim financial statements.



Director



Chief Financial Officer



Chief Executive

BLESSED TEXTILES LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS [UN-AUDITED] FOR THE SIX-MONTH PERIOD ENDED 31 DECEMBER 2022

1 LEGAL STATUS AND OPERATIONS

Blessed Textiles Limited [‘the Company’] was incorporated in Pakistan as a Public Limited Company under the repealed Companies Ordinance, 1984 and is listed on Pakistan Stock Exchange Limited. The Company is primarily engaged in the manufacture and sale of yarn and woven fabric, however, it is also engaged in the generation of electricity for self consumption. The registered office of the Company is situated at Umer House, 23/1, Sector 23, S.M. Farooq Road, Korangi Industrial Area, Karachi. The manufacturing facility is located at 18 KM, Feroze Wattoan, Sheikhpura Road, District Sheikhpura in the province of Punjab.

2 BASIS OF PREPARATION

These interim financial statements are un-audited and have been presented in condensed form and do not include all the information as is required to be provided in a full set of annual financial statements. These interim financial statements should be read in conjunction with the audited financial statements of the Company for the year ended 30 June 2022.

These interim financial statements have been subjected to limited scope review by the auditors of the company, as required under section 237 of the Companies Act, 2017. The comparative condensed interim statement of financial position as at 30 June 2022 and the related notes to the interim financial statements are based on audited financial statements. The comparative condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of cash flows, condensed interim statement of changes in equity and related notes to the condensed interim financial statements for the six-month period ended 31 December 2021 are based on unaudited, reviewed interim financial statements. The condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the three-month period ended 31 December 2022 and 31 December 2021 are neither audited nor reviewed.

2.1 Statement of compliance

These 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 comprises of:

- International Accounting Standard 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 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.

2.2 Basis of measurement

These interim financial statements have been prepared on the historical cost basis except for the following items, which are measured on an alternative basis as at the reporting date.

Items	Measurement basis
Financial liabilities	Amortized cost
Financial assets	Fair value/amortized cost
Employee retirement benefits	Present value

2.3 Judgments, estimates and assumptions

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions and judgements are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which forms the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

2.4 Functional currency

These interim financial statements have been prepared in Pak Rupees which is the Company's functional currency. The amounts reported in these interim financial statements have been rounded to the nearest Rupees unless specified otherwise.

2.5 Date of authorisation for issue

These interim financial statements have been approved by the Board of Directors of the Company and authorized for issue on 24 February 2023.

BLESSED TEXTILES LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS [UN-AUDITED] FOR THE SIX-MONTH PERIOD ENDED 31 DECEMBER 2022

3 NEW AND REVISED STANDARDS, INTERPRETATIONS AND AMENDMENTS EFFECTIVE DURING THE PERIOD.

The following new and revised standards, interpretations and amendments are effective in the current period but are either not relevant to the Company or their application does not have any material impact on the interim financial statements of the Company other than presentation and disclosures, except as stated otherwise.

3.1 Reference to the Conceptual Framework (Amendments to IFRS 3 - Business Combinations)

The amendments update an outdated reference to the Conceptual Framework in IFRS 3 without significantly changing the requirements in the standard.

3.2 Property, Plant and Equipment - Proceeds before Intended Use (Amendments to IAS 16 - Property, Plant and Equipment)

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.

3.3 Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37 - Impairment of Assets)

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

3.4 Annual Improvements to IFRS Standards 2018–2020

The annual improvements have made amendments to the following standards:

- **IFRS 1 - First Time Adoption of International Financial Reporting Standards** - The amendment permits a subsidiary that applies paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRSs.
- **IFRS 9 - Financial Instruments** - The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.
- **IFRS 16 - Leases** - The amendment to Illustrative Example 13 accompanying IFRS 16 removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.
- **IAS 41 - Agriculture** - The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

4 NEW AND REVISED STANDARDS, INTERPRETATIONS AND AMENDMENTS NOT YET EFFECTIVE.

The following standards, interpretations and amendments are in issue which are not effective as at the reporting date and have not been early adopted by the Company.

	Effective date (annual periods beginning on or after)
Sale or contribution of assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 - Consolidated Financial Statements and IAS 28 - Investments in Associates and Joint Ventures).	Deferred Indefinitely
Disclosure of Accounting Policies (Amendments to IAS 1 - Presentation of Financial Statements and IFRS Practice Statement 2 - Making Materiality Judgements)	01 January 2023
Definition of Accounting Estimates (Amendments to IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors)	01 January 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12 - Income Taxes)	01 January 2023
Classification of Liabilities as Current or Non-Current (Amendments to IAS 1 - Presentation of Financial Statements).	01 January 2024
Lease Liability in a Sale and Leaseback (Amendments to IFRS 16 - Leases)	01 January 2024

BLESSED TEXTILES LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS [UN-AUDITED] FOR THE SIX-MONTH PERIOD ENDED 31 DECEMBER 2022

	Effective date (annual periods beginning on or after)
Non-current Liabilities with Covenants (Amendments to IAS 1 - Presentation of Financial Statements)	01 January 2024

Other than afore mentioned standards, interpretations and amendments, IASB has also issued the following standards which have not been notified by the Securities and Exchange Commission of Pakistan [‘SECP’]:

IFRS 1 - First Time Adoption of International Financial Reporting Standards
IFRS 17 - Insurance contracts

The Company intends to adopt these new and revised standards, interpretations and amendments on their effective dates, subject to, where required, notification by Securities and Exchange Commission of Pakistan under section 225 of the Companies Act, 2017 regarding their adoption. The management anticipates that the adoption of the above standards, amendments and interpretations in future periods, will not have a material impact on the Company’s financial statements other than in presentation/disclosures.

5 ACCOUNTING POLICIES AND METHODS OF COMPUTATION

The accounting policies and methods of computation adopted in the preparation of these interim financial statements are the same as those applied in the preparation of preceding annual financial statements of the Company for the year ended 30 June 2022.

6 LOAN FROM DIRECTORS AND SPONSORS

This represents loan obtained from directors and sponsors. These are unsecured, interest free and payable at the discretion of the Company. These loans are presented as equity as per "Technical Release 32 - Accounting for Directors' Loan" issued by The Institute of Chartered Accountants of Pakistan.

	31-Dec-22 <i>Rupees</i> [Un-audited]	30-Jun-22 <i>Rupees</i> [Audited]
7 LONG TERM PAYABLES		
Infrastructure Cess	401,693,587	305,653,487
Gas Infrastructure Development Cess	105,933,481	111,106,161
	507,627,068	416,759,648

8 CONTINGENCIES AND COMMITMENTS

8.1 Contingencies

8.1.1 Various banking companies have discounted receivables of the Company as detailed below:

	31-Dec-22 <i>Rupees</i> [Un-audited]	30-Jun-22 <i>Rupees</i> [Audited]
Bills discounted	1,115,578,000	2,041,000,000

8.1.2 There is no significant change in the status of remaining contingencies since 30 June 2022.

8.2 Commitments

	31-Dec-22 <i>Rupees</i> [Un-audited]	30-Jun-22 <i>Rupees</i> [Audited]
8.2.1 Commitments under irrevocable letters of credit:	8,607,379,108	3,408,148,278

BLESSED TEXTILES LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS [UN-AUDITED] FOR THE SIX-MONTH PERIOD ENDED 31 DECEMBER 2022

8.2.2 Commitments under ijarah contracts

The aggregated amount of ujarah payments for ijarah financing and the period in which these payments will become due are as follows:

	Note	31-Dec-22	30-Jun-22
		<i>Rupees</i>	<i>Rupees</i>
		[Un-audited]	[Audited]
- payments not later than one year		7,116,730	7,116,730
- payments later than one year		22,990,835	26,348,279
		30,107,565	33,465,009

9 PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets	9.1	3,625,782,833	3,830,370,203
Capital work in progress	9.2	3,504,811,217	2,273,954,511
		7,130,594,050	6,104,324,714

9.1 Operating fixed assets

Net book value at the beginning of the period/year		3,830,370,203	3,661,241,029
Additions during the period/year			
Freehold land		1,691,100	29,063,017
Factory buildings		-	3,277,599
Plant and machinery		-	501,156,351
Equipment and other assets		-	28,460,119
Electric installation		-	1,313,126
Vehicles		121,530	-
		1,812,630	563,270,212
Net book value of assets disposed during the period/year		-	(1,675,405)
Depreciation for the period/year		(206,400,000)	(392,465,633)
Net book value at the end of the period/year		3,625,782,833	3,830,370,203

9.2 Capital work in progress

As at the beginning of the period/year		2,273,954,511	217,100,528
Additions during the period/year		1,230,856,706	2,591,061,178
Transfers to operating fixed assets		-	(534,207,195)
As at end of the period/year		3,504,811,217	2,273,954,511

10 SHORT TERM INVESTMENTS

These represent investments in mutual funds. These, being held for trading, are required to be measured at fair value through profit or loss mandatorily. Accordingly, these have been classified as 'financial assets at fair value through profit or loss'. Particulars of investments are as follows:

	31-Dec-22	30-Jun-22
	<i>Rupees</i>	<i>Rupees</i>
	[Un-audited]	[Audited]
Investments in mutual funds		
Cost of investment	4,850,000,000	-
Changes in fair value	7,343,854	-
	4,857,343,854	-

BLESSED TEXTILES LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS [UN-AUDITED] FOR THE SIX-MONTH PERIOD ENDED 31 DECEMBER 2022

	Note	Six-month period ended		Three-month period ended	
		31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
		Rupees	Rupees	Rupees	Rupees
		[Un-audited]	[Un-audited]	[Un-audited]	[Un-audited]
11 PROVISION FOR TAXATION					
Current taxation					
- for current year	11.1	160,036,308	136,352,246	80,207,859	74,926,824
- for prior years		-	-	-	-
		160,036,308	136,352,246	80,207,859	74,926,824
Deferred taxation	11.2	-	-	-	-
		160,036,308	136,352,246	80,207,859	74,926,824

11.1 Provision for current tax has been in accordance with the requirements of section 113 and 169 of the Income Tax Ordinance, 2001.

11.2 No provision for deferred tax has been made as the impact of the same is considered immaterial.

	Six-month period ended	
	31-Dec-22	31-Dec-21
	Rupees	Rupees
	[Un-audited]	[Un-audited]
12 CASH USED IN OPERATIONS		
Profit before taxation	681,631,036	1,665,284,866
Adjustments for non-cash and other items		
Interest/profit on borrowings	142,909,743	98,052,953
Gain on disposal of property, plant and equipment	-	(719,738)
Changes in fair value of short term investments FVTPL	(7,343,854)	-
Impairment reversals for expected credit losses	(94,367,492)	-
Provision for employees retirement benefits	31,800,000	27,600,000
Depreciation	206,400,000	190,800,000
	279,398,397	315,733,215
Operating profit before changes in working capital	961,029,433	1,981,018,081
Changes in working capital		
Long term deposits	(2,956,144)	(1,453,000)
Stores and spares	(74,899,375)	(10,342,654)
Stock in trade	(1,827,560,328)	(1,390,579,379)
Trade receivables	41,019,469	(664,724,306)
Short term deposits	(109,500,000)	(42,500,000)
Advances and other receivables	26,429,683	(49,641,109)
Sales tax refundable	(133,605,458)	(208,313,254)
Trade and other payables	(412,234,117)	151,289,180
Long term payables	90,867,420	17,519,532
	(2,402,438,850)	(2,198,744,990)
Net cash used in operations	(1,441,409,417)	(217,726,909)

13 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties from the Company's perspective comprise associated companies, key management personnel and sponsors. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, and includes the Chief Executive and Directors of the Company. The details of Company's related parties, with whom the Company had transactions during the period or has balances outstanding as at the reporting date are as follows:

BLESSED TEXTILES LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS [UN-AUDITED] FOR THE SIX-MONTH PERIOD ENDED 31 DECEMBER 2022

Name of related party	Nature of relationship	Basis of relationship	Aggregate %age of shareholding in the Company
Faisal Spinning Mills Limited	Associated company	Common directorship	18.49%
Bhanero Textiles Mills Limited	Associated company	Common directorship	0.00%
Bhanero Energy Limited	Associated company	Common directorship	0.00%
Admiral (Private) Limited	Associated company	Common directorship	0.00%
Mohammad Amin	Key management personnel	Chief executive officer	4.39%
Adil Shakeel	Key management personnel	Director	4.12%
Mohammad Shaheen	Key management personnel	Director	1.07%
Hamza Shakeel	Sponsors	Shareholding	4.12%
Faisal Shakeel	Sponsors	Shareholding	4.12%
Nazli Begum	Sponsors	Shareholding	3.66%

Transactions with sponsors are limited to provision of long term loans to the Company. Transactions with key management personnel are limited to provision of long term loans to the Company and payment of short term employee benefits only. The Company in the normal course of business carries out various transactions with associated companies and continues to have a policy whereby all such transactions are carried out on commercial terms and conditions which are equivalent to those prevailing in an orderly transaction between market participants at the date of transaction.

Detail of transactions and balances with related parties is as follows:

		Six-month period ended	
		31-Dec-22	31-Dec-21
		<i>Rupees</i>	<i>Rupees</i>
		[Un-audited]	[Un-audited]
13.1	Transactions with related parties		
	Nature of relationship		
	Nature of transaction		
	Associated companies		
	Purchases	108,154,754	220,373,974
	Sales	2,571,375,557	1,236,856,441
	Service received	154,500	154,500
	Purchase of electricity	969,950	3,026,243
	Sponsors		
	Borrowings obtained	80,546,600	-
	Key management personnel		
	Borrowings obtained	22,113,900	-
	Short term employee benefits	15,600,000	15,600,000
		31-Dec-22	30-Jun-22
		<i>Rupees</i>	<i>Rupees</i>
		[Un-audited]	[Audited]
13.2	Balances with related parties		
	Nature of relationship		
	Nature of balance		
	Sponsors		
	Borrowings	80,546,600	-
	Key management personnel		
	Borrowings	22,113,900	-
14	FINANCIAL INSTRUMENTS		

The carrying amounts of the Company's financial instruments by class and category are as follows:

BLESSED TEXTILES LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS [UN-AUDITED] FOR THE SIX-MONTH PERIOD ENDED 31 DECEMBER 2022

	31-Dec-22	30-Jun-22
	<i>Rupees</i>	<i>Rupees</i>
	[Un-audited]	[Audited]
14.1 Financial assets		
<i>Financial assets at amortized cost</i>		
Long term deposits	50,441,329	47,485,185
Trade receivables	1,812,053,035	1,758,705,012
Advances to employees	12,721,528	11,457,948
Security deposits	427,090,577	317,590,577
Bank balances	161,331,625	2,578,010,074
	2,463,638,094	4,713,248,796
<i>Financial assets at amortized cost</i>		
Short term Investments	4,857,343,854	-
	7,320,981,948	4,713,248,796
14.2 Financial liabilities		
<i>Financial liabilities at amortized cost</i>		
Long term finances	4,158,000,209	3,407,093,079
Short term borrowings	7,307,176,203	2,559,054,165
Accrued interest	163,770,365	60,290,812
Trade creditors	452,234,133	490,914,257
Accrued liabilities	316,795,061	324,516,135
Unclaimed dividend	8,674,473	7,809,531
	12,406,650,444	6,849,677,979

15 FAIR VALUE MEASUREMENTS

The Company measures some of its assets at fair value. The fair value hierarchy of financial instruments measured at fair value and the information about how the fair values of these financial instruments are determined are as follows:

15.1 Financial instruments measured at fair value

15.1.1 Recurring fair value measurements

Nature of asset	Hierarchy	Valuation techniques/Key inputs	31-Dec-22	30-Jun-22
			<i>Rupees</i>	<i>Rupees</i>
			[Un-audited]	[Audited]
Investments				
Investments in mutual funds	Level 1	Quoted prices in an active market	4,857,343,854	-

15.1.2 Non-recurring fair value measurements

There are no non-recurring fair value measurements as at the reporting date.

15.2 Financial instruments not measured at fair value

The management considers the carrying amount of all financial instruments not measured at fair value to approximate their carrying values.

15.3 Assets and liabilities other than financial instruments.

None of the assets and liabilities other than financial instruments are measured at fair value.

16 SEGMENT REPORTING

Information reported to the Company's chief operating decision maker for the purpose of resource allocation and assessment of segment performance is focused on type of goods supplied. The Company's reportable segments are therefore as follows:

BLESSED TEXTILES LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS [UN-AUDITED] FOR THE SIX-MONTH PERIOD ENDED 31 DECEMBER 2022

Segment	Product
Spinning	Yarn
Weaving	Fabric

Information regarding Company's reportable segments is presented below.

	31-Dec-22 [Un-Audited]		
	Spinning Rupees	Weaving Rupees	Total Rupees
Revenue from external customers	8,565,003,786	2,185,851,190	10,750,854,976
Inter-segment transfers	157,534,114	-	157,534,114
Segment results	628,657,372	171,045,121	799,702,493

	31-Dec-21 [Un-Audited]		
	Spinning Rupees	Weaving Rupees	Total Rupees
Revenue from external customers	7,892,741,110	2,674,161,773	10,566,902,883
Inter-segment transfers	227,300,997	-	227,300,997
Segment results	1,414,053,395	451,708,751	1,865,762,146

	31-Dec-22 [Un-Audited]			Total Rupees
	Spinning Rupees	Weaving Rupees	Un-allocated Rupees	
Segment assets	20,580,028,640	2,552,757,072	50,441,329	23,183,227,041

	30-Jun-22 [Audited]			Total Rupees
	Spinning Rupees	Weaving Rupees	Un-allocated Rupees	
Segment assets	14,619,379,071	2,658,661,400	47,485,185	17,325,525,656

	31-Dec-22 [Un-Audited]			Total Rupees
	Spinning Rupees	Weaving Rupees	Un-allocated Rupees	
Segment liabilities	1,251,407,154	364,045,987	12,139,223,489	13,754,676,630

	30-Jun-22 [Audited]			Total Rupees
	Spinning Rupees	Weaving Rupees	Un-allocated Rupees	
Segment liabilities	1,113,369,136	474,497,317	6,721,108,020	8,308,974,473

16.1 Reconciliations of reportable segment information

16.1.1 Segment profit or loss

	31-Dec-22 [Un-Audited]		
	Spinning Rupees	Weaving Rupees	Total Rupees
Total for reportable segments	628,657,372	171,045,121	799,702,493
Unallocated items			
Other expenses			(49,158,240)
Impairment reversals for expected credit losses			94,367,492
Other income			28,174,799
Finance cost			(191,455,508)
Total for the Company [Profit before taxation]	628,657,372	171,045,121	681,631,036

BLESSED TEXTILES LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS [UN-AUDITED] FOR THE SIX-MONTH PERIOD ENDED 31 DECEMBER 2022

	31-Dec-21 [Un-Audited]		
	Spinning Rupees	Weaving Rupees	Total Rupees
Total for reportable segments	1,414,053,395	451,708,751	1,865,762,146
Unallocated items			
Other expenses			(123,067,400)
Impairment reversals for expected credit losses			11,184,679
Other income			9,458,394
Finance cost			(98,052,953)
Total for the Company [Profit before taxation]	1,414,053,395	451,708,751	1,665,284,866

17 RECLASSIFICATIONS

The following have been reclassified, where necessary, for better presentation of these financial statements:

Particulars	31-Dec-22	30-Jun-22
	Rupees	Rupees
	[Un-audited]	[Audited]
(i) LC Margin deposits	-	156,874,600
From: Short term deposits		
To: Advances and other receivables		

18 EVENTS AFTER THE REPORTING PERIOD

There are no significant events after the reporting period that may require adjustment of and/or disclosure in these interim financial statements.

19 RECOVERABLE AMOUNTS AND IMPAIRMENT

As at the reporting date, recoverable amounts of all assets/cash generating units are equal to or exceed their carrying amounts, unless stated otherwise in these interim financial statements.

20 GENERAL

20.1 There are no other significant activities since 30 June 2022 affecting the interim financial statements.

20.2 Corresponding figures have been re-arranged where necessary to facilitate comparison. However, there are no significant reclassifications during the period.



Director



Chief Financial Officer



Chief Executive