



of Companies

40th Annual Report 2019

UMER GROUP OF COMPANIES

BHANERO TEXTILE MILLS LIMITED

VISION

A premier quality company providing quality products and maintaining an excellent level of ethical and professional standards



MISSION STATEMENT

To become a leading manufacturer of textile products in the international and local market & to explore new era to achieve the highest level of success.



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CORPORATE INFORMATION

Board of Directors	Mr. Khurram Salim Mr. Bilal Sharif Mr. Muhammad Amin Mr. Adil Shakeel Mr. Muhammad Salim Mrs. Saba Yousaf Mr. Muhammad Shaheen Mr. Hamza Shakeel Mr. Iqbal Mehboob	Chief Executive / Director Non Executive Director Non Executive Director Non Executive Director Executive Director Non Executive Director Non Executive Director / Chairman Non Executive Director Independent Director
Chief Financial Officer	Asim Mirza, ACMA, CPA(Aust), MBA	
Company Secretary	Mr. Mohammad Ahmed (M.Econ)	
Audit Committee	Mr. Iqbal Mehboob Mr. Hamza Shakeel Mr. Bilal Sharif	Chairman Member Member
Human Resource and Remuneration Committee	Mr. Iqbal Mehboob Mr. Mohammad Amin Mr. Hamza Shakeel	Chairman Member Member
Auditors	M/s Mushatq and Company Chartered Accountants 407, Commerce Centre, Hasrat Mohani Road, Karachi	
Legal Advisor	Mr. Shahid Pervaiz Jami	
Bankers	Bank Alfalah Limited Dubai Islamic Bank Faysal Bank Ltd. Habib Bank Limited MCB Bank Limited Meezan Bank Limited Samba Bank Limited United Bank Limited Bank Islami Pakistan Ltd Habib Metropolitan Bank Ltd	
Share Registrar	Hameed Majeed Associated (Private) Limited 5th Floor Karachi Chamber, Karachi	
Registered Office	Umer House, 23/1, Sector 23, S. M. Farooq Road, Korangi Industrial Area, Karachi, Pakistan Tel : 021 35115177 - 80 ; Fax: 021 -35063002-3 Email: khioff@umergroup.com Website: http://www.umergroup.com	
Liaison / Correspondence office	9th Floor, City Towers, 6-K, Main Boulevard Gulberg - II, Lahore, Pakistan Tel : 042 111 130 130 ; Fax: 042 -35770015 Email: lhroff@umergroup.com Website: http://www.umergroup.com	
Mills At:	Unit I is situated at: Kotri Distric Dadu, Sindh. Tel : 0223 870013 Unit II and Unit III are situated at: Feroz Watwan, Sheikhpura, Punjab. Tel: 056 3731723	



BHANERO TEXTILE *of Companies* MILLS LIMITED

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the 40th Annual General Meeting of the members of **Bhanero Textile Mills Limited** will be held on Saturday 26th October 2019 at 09:30 AM, at the registered office of the company i.e. Umer House, 23/I, Sector 23, S. M. Farooq Road, Korangi Industrial Area, Karachi, to transact the following business:

Ordinary Business:

1. To confirm the minutes of the last Annual General Meeting held on 25th October 2018.
2. To receive, consider and adopt the audited financial statements of the company for the year ended 30th June, 2019 together with the Auditors' and Directors' Report thereon.
3. To approve the cash dividend @ 558.00% (i.e. PKR 55.80 per share) for the year ended 30th June, 2019, as recommended by the Board of Directors.
4. To appoint the auditors for the next term i.e. year 2019-2020 and fix their remuneration. The retiring auditor M/S Mushtaq and Company, Chartered Accountants, being eligible, offer themselves for reappointment.
5. To transact any other business with the permission of the chairman.

Special Business:

6. To approve the enhancement in remuneration of the Chief Executive Officer and Executive Director of the company.
7. The board of directors accorded their approval for circulation of annual audited financial statements together with auditors report, directors' report, chairman's review report to every member of the company and every person who is entitled to receive notice of general meeting through electronically under provisions of section 223(6) of the Companies Act, 2017"Act".

Statement under section 134(3) of the Companies Act, 2017 regarding Special Business

The statement sets out the material facts concerning the special business given in agenda item (6) of the notice intended to be transacted at the annual general meeting.

The shareholders approval is sought for enhancement in remuneration of the Chief Executive Officer and Executive Director of the company. The existing remuneration of the both CEO and executive director is PKR 650,000/- per month.

For this purpose, following ordinary resolution is proposed to be passed with or without modification by the shareholders at the annual general meeting of the company scheduled for 26th October, 2019.

"Resolved That, the company hereby approves the monthly remuneration of Mr. Khurram Salim the Chief Executive Officer, a sum not exceeding PKR 800,000/- and Mr. Muhammad Salim the executive director a sum not exceeding PKR 1,000,000/- .

The statement sets out the material facts concerning the special business given in agenda item (7) of the notice intended to be transacted at the annual general meeting.

The directors of the company accorded their approval for circulation of annual audited financial statements along with auditors report, directors' report, chairman's review report through electronically (CD,DVD,USB) at their registered address under provisions of section 223(6) of the Companies Act, 2017.

Accordingly, to validate the approval under "Act" the board of directors recommended the following ordinary resolution be passed at the annual general meeting of the company scheduled for 26th October, 2019.

"Resolved That, consent and approval of the members of the company be and is hereby accorded to validate the circulation of annual audited financial statements along with auditors report, directors' report, chairman's review report through electronically (CD,DVD,USB) at their registered address under provisions of section 223(6) of the Companies Act, 2017".

(By the order of the Board)

Karachi:

Dated: September 26, 2019

**Mohammad Ahmed
Company Secretary**



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Notes:

1. The Shares Transfer Books of the Company will remain closed from 18th October 2019 to 26th October, 2019 (both days inclusive). Transfers received in order at the registered office of the company i.e. Umer House, 23/I, Sector 23, S. M. Farooq Road, Korangi Industrial Area, Karachi by 17th October 2019 will be treated in time for the purpose of entitlement of dividend in respect of the period ended 30th June, 2019.
2. Members are requested to attend in person along with Computerized National Identity Card ("CNIC") or appoint some other member as proxy and send their proxy duly witnessed so as to reach the registered office of the company not later than 48 hours before the time of holding the meeting.
3. Pursuant to section 132(2) of Companies Act, 2017 the company shall facilitate its members to attend the annual general meeting through video-link by providing video-conference facility, if available, in the city where 10% or more shareholders of the company reside, provided that the Company receives their demand to participate in annual general meeting through video-link at least seven (07) days prior to the date of meeting.

In this regard, it is requested to fill the following Form and submit at the registered address of the Company at least 10 days before holding of the Annual General Meeting:

"I/We, _____ being a member of Bhanero Textile Mills Limited, holder of _____ Ordinary Shares vide folio _____ hereby opt for video conference facility at _____."

Signature of Member

4. Any individual Beneficial Owner of CDC, entitled to attend and vote at this meeting, must bring his/her original CNIC or Passport, Account and participant's I.D. numbers, to prove his/her identity, and in case of proxy must enclose an attested copy of his/her CNIC or Passport. Representatives of corporate members should bring the usual documents required for such purpose. The account/ sub account holders of CDC will further have to follow the guidelines as laid down in Circular No. 1 of 2000 dated January 26, 2000 issued by Securities & Exchange Commission of Pakistan.
5. Section 242 of Companies Act 2017 which states that, "Any dividend payable in cash shall only be paid through electronic mode directly into the bank account designated by the entitled shareholders". In compliance of section 242 SECP issued a circular CLD/CCD/PR(11)/2017 No.18/2017 dated 1-Aug-17 requiring listed companies to obtain electronic dividend mandate from the Shareholders and in this regard a notice had already been sent to all the shareholders.

Further, Securities and Exchange Commission of Pakistan (SECP) vide notification No. SRO 1145(1)2017 dated November 6, 2017 in terms of provision of section 242 of the Companies Act, 2017 issued regulations for distribution of dividends by the listed companies requiring entitled shareholders to provide valid information pertaining to designated bank account including name of bank, title of account, address of bank branch and international bank account number.

In this regard we request all registered shareholders to provide the bank details in order to credit their cash dividends directly to their bank account, if declared. Also provide us verification of bank detail with your concern bank and submit to in case of book-entry securities in CDS, to CDS participants and in case of physical securities to the Company's Share Registrar.

6. In compliance of section 244 of Companies Act 2017 and SECP circular No. CLD/CCD/PR(11)/2017 Direction No.16 of 2017 dated 7-July -2017 regarding dividends, shares or modaraba certificates remains unclaimed or unpaid for a period of three years from the date it is due or payable shall be vested with Federal Government after complying the requirements of Companies Act 2017.

In compliance of SRO 1013(1)/2017 dated 6th September, 2017 the claimant wise details of unclaimed shares, dividend or modarba certificates as on June 30, 2019 have been uploaded on our website: www.umergroup.com.

In this regard, the said shareholders are requested to approach the Company Registered Office or Share Registrar Office with regard to any unclaimed dividend, shares or modarba certificates.



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NOTICE OF ANNUAL GENERAL MEETING

7. Members are requested to immediately inform of any change in their addresses and bank details to our share Registrar, Hameed Majeed Associates (Private) Limited.
8. Pursuant to Notification vide SRO 787(1)/2014 of September 08, 2014, SECP has directed to facilitate the members of the company receiving Annual Financial Statements and Notices through electronic mail system (e-mail). We are pleased to offer this facility to our members who desire to receive Annual Financial Statements and Notices of the Company through e-mail in future. In this respect members are hereby requested to convey their consent via e-mail on a standard request form which is available at the Company website i.e. www.umergroup.com. Please ensure that your e-mail has sufficient rights and space available to receive such e-mail which may be larger than 2MB file in size. Further, it is the responsibility of the member to timely update the Share Registrar of any change in the registered e-mail address.
9. Pursuant to the provisions of the Finance Act 2019 effective July 1, 2019, the rates of deduction of income tax from dividend payments under section 150 of the Income Tax Ordinance, 2001 have been revised as follows:
 - a. For filer of income tax return 15%
 - b. For non-filers of income tax return 30%

To enable the Company to make tax deduction on the amount of cash dividend @ 15% instead of 30%, shareholders whose names are not entered into the Active Taxpayers List (ATL) provided on the website of FBR, despite the fact that they are filers, are advised to make sure that their names are entered in ATL before the first day of book closure, otherwise tax on their cash dividend will be deducted @ 30% instead of 15%.

Withholding Tax exemption from the dividend income, shall only be allowed if copy of valid tax exemption certificate or stay order from a competent court of law is made available to Hameed Majeed Associates (Private) Limited, by the first day of Book Closure.

Further, according to clarification received from Federal Board of Revenue (FBR), with-holding tax will be determined separately on 'Filer/Non-Filer' status of Principal shareholder as well as joint holder(s) based on their shareholding proportions, in case of joint accounts.

In this regard all shareholders who hold shares jointly are requested to provide shareholding proportions of Principal shareholder and Joint-holder(s) in respect of shares held by them (only if not already provided) to our Share Registrar, in writing.

In the event of non-receipt of the information by 24th October 2019, each shareholder will be assumed to have equal proportion of shares and the tax will be deducted accordingly.

10. E-Voting, members can exercise their right to demand a poll subject to meeting requirements of Section 143 -145 of Companies Act, 2017 and applicable clauses of Companies (Postal Ballot) Regulations 2018.



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CHAIRMAN REVIEW REPORT

I am pleased to enclose herewith Chairman Review Report for the year ended June 30, 2019 as required under section 192(4) of Companies Act, 2017 on overall performance and effectiveness of the board of Bhanero Textile Mills Limited (Board) in achieving its objectives.

Since over past a decade there is an emphasis on the board performance due more complexity and challenging economic environment on global spectrum. By recognizing the importance of high standards of corporate governance that aligns with the needs of the company and the interests of all our stakeholders the leadership and effectiveness of the Board is primarily rests with the chairman.

The board has performed and discharge its duties as per provisions of Companies Act 2017 (Act), regulations under Code of Corporate Governance 2017 (Code), guidelines and directives issued by Securities and Exchange Commission of Pakistan (SECP) and regulatory compliance required for listed companies by Pakistan Stock Exchange (PSX). The outcome of evaluation process that was conducted internally under the regulation 10(V) of Code of Corporate Governance 2017 is encouraging and depicts that overall performance of the board is quite satisfactory that played an effective and active role in achieving its objectives.

The board has clear vision and mission that defines overall corporate strategy of the organization for allocating of resources, developing policies and plans and devising a formal code of conduct that drives the organization in achieving it ultimate objectives and goals.


The board has in place a well designed risk identification process for risk assessment and its consequences on the organizational ability which is followed by the risk mitigating course of action and comprehensively articulated contingency plan.

The board strictly adhere to corporate governance standards and always strives for incessant improvement rather perfection. The board ensure the compliance of code with regard to the appointment of chief financial officer, company secretary and head of internal audit. The board in consultation with audit committee has developed a robust internal audit department which functionally reports to the audit committee to assures independence of audit function. The internal audit team comprised of appropriate members encompassing requisite experience and skills to discharge their responsibilities effectively.

The board of directors determines the terms of reference for both audit and human resources committees headed by an independent director and complying the mandatory requirement of financial literate member for an audit committee under the code of corporate governance.

The Board of nine directors comprised of independent director, executive, non-executive and female directors are strictly in line with the regulations issued under Code. Besides, being conversant with Code, Act and regulations issued by the SECP, the board of directors are fully aware of their responsibilities, duties and powers under memorandum and article of association of the company. All the existing board members including an appointment of a female director under casual vacancy during the year are compliant as per regulations under Code for directors training program (DTP).

Karachi:
Date: September 26, 2019



Mohammad Shaheen
(Chairman)



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Directors Report

The Directors of Bhanero Textile Mills Limited have immense pleasure in presenting the annual report along with auditors' report on the financial statements of the company for the year ended June 30, 2019.

Financial Results

Financial results of company for the year ended to June 30, 2019 are as under;

	2019 Rupees	2018 Rupees
Sales	9,347,772,864	8,073,845,411
Cost of sales	8,054,100,783	7,205,449,439
Gross profit	1,293,672,081	868,395,972
Other income	227,825,645	111,986,664
Less: Selling, Admin, Finan & Other Expenses	564,615,060	438,222,883
Profit before taxation	956,882,666	542,159,753
Less: Taxation		
Current year	91,837,659	27,378,416
Prior year	(34,512)	3,594,287
Deferred	32,669,693	29,150,541
	124,472,840	60,123,244
Profit after taxation	832,409,826	482,036,509
Basic and diluted earnings per share	277.47	160.68

Financial Performance

By the grace of Almighty Allah, the company earned the profit after tax of PKR 832.410 million during the year ended 30 June, 2019 (2018: PKR 482.036 million).

Despite bleak economic scenario, the company by the grace Allah managed to increase its sales and profitability in current year ended 30th June, 2019 as compared to corresponding year on the same period.

The company sales increased from PKR 8,073.845 million to PKR 9,347.773 million whereas gross profit is increased from PKR 868.396 million to PKR 1,293.672 million during the current year ended June 30, 2019 as compared to corresponding year.

Dividends & Reserves Appropriation

In the preceding year 2018 the dividend at 643.00% i.e PKR 64.30 has been paid by the company whereas for the current year the board of directors are pleased to recommend a final cash dividend of 558.00% i.e PKR 55.80 per share in line with the recommendation of audit committee for the approval shareholders in forthcoming annual general meeting scheduled for October 26, 2019.

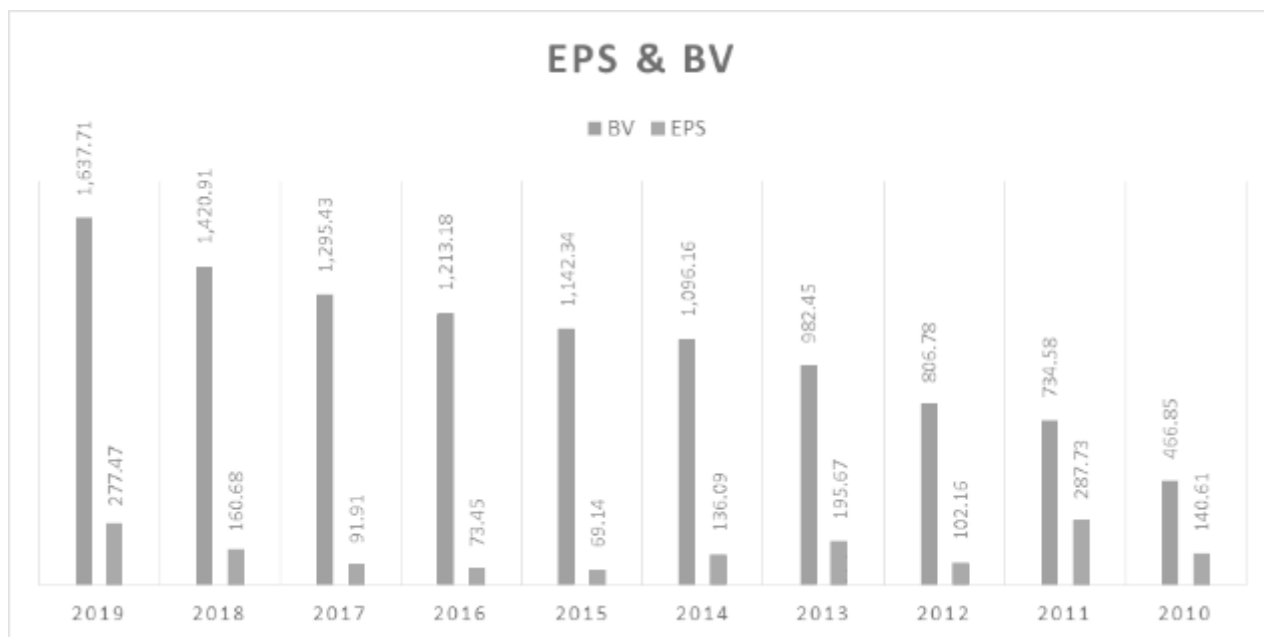
Moreover, the directors proposed to transfer an amount of PKR 700.000 million to the general reserve to meet any unforeseen contingencies in future.



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Earnings and Breakup Value per Share

The company is strongly committed towards enhancing the value to shareholders wealth which is represented by the increase in both earnings per share from PKR 160.68 to PKR 277.47 and breakup value of share from 1,420.91 to PKR 1,637.71 during the current year ended June 30, 2019 as compared to the corresponding year ended June 30, 2018.



Working Capital Management

The company ensures its capacity to continue its operations smoothly and has sufficient ability to satisfy current maturity of long-term obligations, short-term debt and upcoming operational expenses.

The repayments amounting to PKR 81.367 on account of long-term loans have been made during the year 2019 whereas PKR 192.553 million have been made towards dividend for the year 2019 to the shareholders of the company.

The short-term liquidity of company is fairly steady as reflected by current ratio of 2.73 (2018: 3.48) is considered fairly satisfactory for the year under review.

Capital Structure

The balanced capital structure is arguably one of its most important choices for company from a technical perspective that will determine its the growth.

The company managed an optimum mix of debt and equity to enhance the shareholders' value that renders healthier return to its investors.

The financial stability strength of company may be assessed with the fact that shareholder equity stood at PKR 4,913.118 million (2108 : PKR 4,262.737 million) showing a growth of 15.26% in total equity during the current year ended June 30, 2019 as compared to the corresponding year. The gearing ratio of 0.46 (2018: 0.28) during the current year ended June 30, 2019 is generally considered as normal for well-established companies as per industry norms.

Balancing, Modernization and Replacement

During the year an addition amounting to PKR 520.000 million approximately has been made towards upgradation of plant and machinery to keep pace with latest invention in production technology and enhancement of power generation efficiency.



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Credit Rating

The final rating of A+/A 1 (Single A Plus / A-One) has been assigned to the company by the rating company Messer's JCR-VIS during the current year. The outlook on the assigned rating is "Stable".

Financial Statements

As required under Companies Act 2017, listing regulations of PSX and directives issued by the SECP the Chief Executive Officer and Chief Financial Officer presented the financial statements of the company for the year ended June 30, 2019, duly endorsed under their respective signatures for consideration, approval and authorization by the board of directors for issuance and circulation.

The financial statements of the company have been duly audited by the auditors of the company, Mushtaq & Company, Chartered Accountants and the auditors have issued clean audit report on the financial statements for the year ended 30th June 2019 and clean review report on Statement of Code of Corporate Governance. These reports are attached with the financial statements.

Accounting Standards

The accounting policies of the Company fully reflect the requirements of the Companies Act 2017 and such approved International Accounting Standards and International Financial Reporting Standards as have been notified under this Act as well as through directives issued by the Securities and Exchange Commission of Pakistan.

Overview of Agriculture Sector in Pakistan

The fact that agriculture was pivotal to the country with 40 per cent of the economy dependent upon it, the agriculture sector had been a victim of neglect despite being one of the country's major employer and a major earner of foreign exchange.

The cotton is a major crop in Punjab and Sindh and a key component of the agriculture economy however, our cotton fields are decreasing with cultivators opting for other crops that fetch better profits to them. Another concern that need to addressed is the local demand for cotton which is around 15-16 million bales and Pakistan was importing 4-5 million bales to meet its domestic needs by depleting the foreign exchange of the country.

Besides, there has been noticeable reduction in the acreage for cotton crop and falling of production from 14.7 million bales to 10.7 million bales and realistic consideration should be given if the government need to revive the production of cotton to compete with the major producers in the world like China, India, USA, Brazil and achieve the optimistic target of cotton production in the next four years of 20 million bales.

It is generally accepted that textile Industry itself hesitates to grow into manufacturing of Value Added products which is evident from percentage of value added output increasing as compared to basic textile product i.e. Yarn. However, in current scenario there has been a complete consensus amongst all the stakeholders regarding shifting of focus from export of raw material to value added textile goods. The value added sector is the largest employment generator in the entire textile chain and exports up to circa \$5.5 billion. Needless to mention that a developing country like Bangladesh had increased its exports to \$38 billion by selling its garments and cotton-based products and Pakistan can do the same and take its exports to \$40 billion from \$23 billion through value addition of textile goods.

We need to rationalize duty structures, minimize taxes, duties on the import of raw material, increase the rebates, subsidized the utilities and discourage the export of raw material to ensure ample availability of raw material for value added sector. The correct measures by the government will enhance the exports and accelerates industrialization besides creating employment opportunities in the country. Recent Trade War between USA and China together with protest against low wages in Bangladesh is blessing in disguise for value added segment of Pakistan, as buyers of Textile products across the world are thinking to diversify their supplier countries.

Nowadays, there has been considerable discussion around the globe on sustainable cotton and some developed countries like US and UK are utilizing recycling and reusing textiles, fibers and waste materials which is an effective method to build sustainability in the apparel industry. Sustainable cotton is therefore grown in a way that can maintain levels of production with minimal environmental impact which can support viable producer livelihoods and communities. Moreover, the waste cotton is often already dyed thus re-dyeing may not be necessary. Secondly, cotton is an extremely resource-intensive crop in terms of water, fertilizers, pesticides and insecticides

We being not exception to this must emphasis on taking the advantage of latest development on global arena. Though in 2006 Pakistan has formed a committee to focus on sustainable cotton production and in 2010 a significant milestone was achieved by production of the Better Cotton in Pakistan.



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The BCI had given us a platform to start implementing the Better Cotton Standard System encompassing holistic approach to sustainable cotton production by covering all three pillars of sustainability: environmental, social and economic however, still a lot more need to be done in this regard as our economy is largely depends on cotton which requires huge amount of resources like water, fertilizers, insecticides and pesticides so must engaged foreign experts, academia, and researchers to get their input for enhancing the sustainable cotton production.

The following benefits can be reaped by implementation of sustainable cotton program;

- Avoiding the negative impact on both human health and biodiversity.
- The Farmers feel incentivized to grow cotton due to improved profitability by reducing costly inputs such as water, fertilizers and pesticides.
- Sustainable cotton grown in a way that can maintain levels of production with minimal environmental impact which can support viable producer livelihoods and communities without facing long-term ecological constraints and socioeconomic pressures from the world.
- The textile recycling offers many environmental benefits by decreasing the landfill space that poses risk to the groundwater and greenhouse gases emission from the s dumped textiles.
- The recycled cotton can lead to significant savings of natural resources and reduce pollution from agriculture.
- The increasing demand of the cotton can be fulfilled locally.

Thus, we can say BCI's long-term vision for sustainable cotton production becomes common-place around the globe and our governments, institutes and organizations should take responsibility for training cotton farmers on sustainable agricultural practices as the world is increasingly aware of the need to recognize and act on the various aspects of sustainability.

Compliance with Code of Corporate Governance

The Statement of Compliance with the Code of Corporate Governance is annexed.

Statement on Corporate and Financial Reporting Framework:

The Directors of your company are aware of their responsibilities under Companies Act 2017, Regulations under Code of Corporate Governance 2017, Rule Book of the Pakistan Stock Exchange Limited and directives issued by Securities & Exchange Commission of Pakistan. As a part of the compliance to the regulators we confirm the following:

- These financial statements, prepared by the management of the company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of account of the company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
- The system of internal control was sound in design and has been effectively implemented and monitored.
- There were no significant doubts upon the company's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- We have prepared and circulated a Code of Conduct and business strategy among directors and employees.
- The Board of Directors has adopted a vision and mission statement and a statement of overall corporate strategy.
- All the directors have attended its general meeting unless preclude due to reasonable reason.
- All the directors are assigned with their responsibilities, roles, remuneration, powers and obligation at the commencement of their terms in accordance with Code of Corporate Governance, Companies Act and Article of Association.



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- All the directors of the Company are accredited / exempted under Directors Training Program (DTP) as required by the Code of Corporate Governance regulation.
- There has been a proper updated record of the significant policies duly approved by the board of directors on human resource, whistle blower, procurement, communication mechanism with stakeholders, environment, health and safety, director's remuneration, anti-money laundering and risk management etc.
- As required by the Code of Corporate Governance (Code) and Companies Act 2017 (Act) , we have included the following information in this report:
 - Statement of pattern of shareholding has been given separately.
 - Statement of shares held by associated undertakings and related persons.
 - Statement of the board meetings and annual general meeting held during the year and attendance by each director has been given separately.
 - Chairman review report under the provisions of section 192(4) of the Act.
 - Statement of compliance duly signed by the chairman under regulation 40 of the Code.
- Key operating and financial statistics for last six years along with information for taxes and levies have been adequately disclosed in the annexed audited financial statements.
- The company strictly follow the guidelines issued by SECP on prohibition of insider trading for listed companies and no trading in the Company's shares was carried by its Directors, CEO, CFO, Company Secretary, Head of Internal Audit and their spouses and minor children except as disclosed in pattern of shareholding.

Pattern of Shareholding

The pattern of shareholding and additional information regarding pattern of shareholding is attached separately

Related Party

There is a robust policy in place for all related party transactions (RPT) in pursuant to the notification issued by Securities and Exchange Commission of Pakistan vide SRO 768(1)2019 and the guidelines have been duly incorporated in the company policy with regard to transactions and maintenance of records.

Board Evaluation

The company has opted to conduct evaluation process of the board internally in compliance of the regulation 10(3)(v) of code of corporate governance 2017 for assessing the board performance, members of the board and its committee members.

A comprehensive review has been carried out entailing statutory documents, the minutes of board and committee meetings, policies currently in place and other ancillary documents, questionnaires, interactions with the board and committee members.

Board Composition

A casual vacancy aroused during the year which was duly filled by the directors in their meeting held on January 31, 2019 under the provisions of section 155(3) of the Companies Act, 2017.

Mrs. Saba Yousaf has been appointed as a non-executive director in place of outgoing non-executive director Mr. Muhammad Sharif to fill the casual vacancy.

As required under regulation 36 of CCG 2017 the board of nine directors is comprised as follows;

Sr No	Category	Gender		Total
		Male	Female	
(i)	Independent Director	1	0	1
(ii)	Executive Directors	2	0	2
(ii)	Non- Executive Directors	5	1	6



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Board and Audit Committee Meetings

- All the directors, eligible to attend the meeting have attended the annual general meeting of the company held on October 25, 2018 in person under regulation 10(6) of the Code of Corporate Governance.
- Following are the number of meeting held and attended by board of directors, audit committee and human resource & remuneration committee during 2018-19:

Name of Directors	Board of Directors		Committees			
			Audit		Human Resource and Remuneration	
	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended
Mr. Muhammad Salim	5	5	-	-	-	-
Mr. Muhammad Sharif	3	3	-	-	-	-
Mr. Muhammad Shaheen	5	5	-	-	-	-
Mr. Khurram Salim	5	5	-	-	-	-
Mr. Bilal Sharif	5	5	6	6	-	-
Mr. Muhammad Amin	5	5	-	-	2	2
Mr. Adil Shakeel	5	5	-	-	-	-
Mr. Hamza Shakeel	5	5	6	6	2	2
Mr. Iqbal Mehboob	5	5	6	6	2	2
Mrs. Saba Yousaf	2	2	-	-	-	-

Audit Committee

The audit committee comprises of three members of which chairman is an independent director whereas all the other are non-executive directors and discharge its responsibilities under terms of reference assigned by the board of directors.

The appointment of financial literate member has been made in line with regulation 28(1)(c) of chapter X in the Code of Corporate Governance, 2017.

The meetings of audit committee were held at regular intervals in compliance with the Regulation 28(2) of chapter X in the Code of Corporate Governance, 2017 (Code) to review the both interim and annual financial statements before the approval of board of directors along with an additional meetings once a year with an external auditors without the CFO and other with an internal auditor without the presence of the CFO and external auditor.

An audit committee is one of the major operating committees of a company's board of directors that is in charge of overseeing financial reporting and disclosures, monitoring of accounting policies, oversight of any external auditors, regulatory compliance and the discussion of risk management policies with management.

Audit committees maintain communication with the company's chief financial officer (CFO) and head of internal audit. The committee also has the authority to initiate special investigations in cases where it is determined that accounting practices are problematic or suspected and an internal auditor assists the committee in such efforts.



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Human Resource and Remuneration Committee

The human resource and remuneration committee (HRRC) is comprised of three members of which all are non-executive directors whereas chairman is an independent director. The HRRC review compliance with any legislative guidelines relating to compensation and benefits, review compliance with employment, labor and human rights legislation.

The HRRC on behalf of the Board of Directors oversee and administer the company's human resource policies, plans, and procedures, review, approve, or recommend for Board approval, decisions relating to the fair and competitive compensation of executives, directors, committee members and other key personnel.

Corporate Social Responsibility Policy

The companies CSR strategies encourage the company to make a positive impact on the environment and stakeholders including consumers, employees, investors, communities, and society by engaging in philanthropic contribution for the benefit of the society, initiating community support investment and educational programs, recognizing the need to protect the natural environment by following best practices for waste disposal, recycling, energy conservation and utilizing environmentally-friendly technologies. The company arranges reforestation excursions at regular intervals to create awareness.

Health, Safety and Environment Policy

The company is strongly committed towards health and safety at work and strictly adhere to the rules and regulations for managing health and safety effectively and minimizing all sorts of negative impact to optimized sustainable environment.

The company's health, safety and environment policy statement demonstrate a pleasant and workable environment by making every possible effort to remove or reduce the risks to the health, safety of all workers, contractors and visitors, and anyone else who may be affected by business operations and ensuring the compliance towards health, safety and environment legislation.

Directors Remuneration Policy

The feature of executive director's remuneration policy is prepared and recommended by human resource and remuneration committee (HRRC) to the board subject to the provisions of the Companies Act 2017, Companies' Article of Association and Code of Corporate Governance Regulations.

The remuneration of the executive directors is determined by considering the market competitiveness which is identical in akin companies, whilst also considering level of competencies, experience, scope of the board assignments and yearly meetings.

The executive directors entitled for the fixed monthly remuneration recommended by HRRC which is approved in the board meeting, followed by the approval of members in General Meeting.

No fee or remuneration has been paid either to non-executive or independent directors.

Statutory Auditors

The present auditor's M/s Mushtaq & Co., Chartered Accountants shall retire on the conclusion of the annual general meeting scheduled on October 26, 2019 however, being eligible they have offered themselves for re-appointment. The audit committee has suggested the appointment of M/s Mushtaq & Co., Chartered Accountants, as external auditor for the year ended 30th June 2020. The external auditors M/s Mushtaq & Co., Chartered Accountants have been given satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan. The firm and all its partner are in compliance with the International Federation of Accountants' Guidelines on the Code of Ethics as adopted by Institute of Chartered Accountants of Pakistan. The Board of Directors also recommended the appointment of M/s Mushtaq & Co., Chartered Accountants, as external auditor for the year ended 30th June 2020.

Material Changes and Commitments

No material changes and commitments affecting the financial position of the Company have occurred between the end of financial year of the Company to which the balance sheet relates and the date of directors' report.

Acknowledgement

I am highly indebted to Board of Directors, valued shareholders, customers, bankers, suppliers and other stakeholders for their support, trust and confidence. I also appreciate to all employees for their loyalty dedication and hard work which enabled the Company to achieve its objectives.

For and on behalf of the Board



Khurram Salim
Chief Executive

Karachi: September 26, 2019



Muhammad Salim
Director



BHANERO TEXTILE *of Companies* MILLS LIMITED

**STATEMENT OF COMPLIANCE WITH LISTED COMPANIES
(CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2017**

The statement is being presented to comply with the requirement of regulation 40 contained in Code of Corporate Governance, 2017 for the purpose of establishing a framework of good corporate governance, whereby a company quoted at Pakistan Stock Exchange Limited is managed in compliance with best practices of corporate governance.

The company has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are nine (9) as per the following:

- a. Male : Eight (8)
- b. Female : One(1)

2. The composition of board is as follows:

Sr	Category	Name
a)	Independent Director	Mr. Iqbal Mehboob
b)	Executive Directors	Mr. Khurram Salim Mr. Muhammad Salim
c)	Non- Executive Directors	Mr. Muhammad Shaheen Mr. Muhammad Amin Mr. Bilal Sharif Mr. Adil Shakeel Mr. Hamza Shakeel Mrs. Saba Yousaf

3. The directors have confirmed that none of them is serving as a director on more than five listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).
4. The company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
5. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by board/ shareholders as empowered by the relevant provisions of the Act and these Regulations.
7. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.
8. The board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. All the directors on the Board are accredited / exempted from directors training programs.

The Board has arranged directors training program during the financial year for the following:

Mrs. Saba Yousaf - (Non-Executive Director)
10. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
11. CFO and CEO duly endorsed the financial statements before approval of the board



BHANERO TEXTILE *of Companies* MILLS LIMITED

STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2017

12. The board has formed committees comprising of members given below:

Audit Committee

Name	Designation
Mr. Iqbal Mehboob	Chairman - Independent Director
Mr. Bilal Sharif	Member - Non- Executive Director
Mr. Hamza Shakeel	Member - Non- Executive Director

Human Resource & Remuneration Committee

Name	Designation
Mr. Iqbal Mehboob	Chairman - Independent Director
Mr. Muhammad Amin	Member - Non- Executive Director
Mr. Hamza Shakeel	Member - Non- Executive Director

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.

14. The frequency of meetings of the committees were as per following:

Name of Committee	Frequency of Meeting
Audit Committee	Quarterly
HR and Remuneration Committee	Half Yearly
Nomination Committee	Not applicable
Risk Management Committee	Not applicable

15. The board has set up an effective internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.


16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

18. We confirm that all other requirements of the Regulations have been complied with.

For and on behalf of the Board

Karachi:
Date: September 26, 2019


Mohammad Shaheen
(Chairman)

MUSHTAQ & COMPANY

CHARTERED ACCOUNTANTS

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Independent Auditor's Review Report

To the members of Bhanero Textile Mills Limited on the Statement of Compliance with the Code of Corporate Governance

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of Bhanero Textile Mills Limited for the year ended June 30, 2019 in accordance with the requirements of regulation 40 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2019.

MUSHTAQ & COMPANY
Chartered Accountants

Place: Lahore
Dated: **September 26, 2019**

Engagement Partner:
Zahid Hussain Zahid, (ACA)

Lahore Office: 19-B, Block G, Gulberg-III, Lahore. Tel: 042-35858624-6

Islamabad Office: 313. First floor millennium heights, F-11/1, Islamabad Tel: 051-2224970

Independent auditor's report to the members of

Bhanero Textile Mills Limited

Report on the Audit of the Financial Statements

Opinion

we have audited the annexed financial statements of Bhanero Textile Mills Limited (the Company), which comprise the statement of financial position as at June 30, 2019, and the statement of profit or loss, the statements of other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2019 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter(s)

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the Key audit matter(s):

Key audit matter(s)	How the matter was addressed in our audit
<p>1 Valuation of Inventory</p> <p>We refer to accounting policies, note 18 & 19.</p> <p>The total value of inventory consisting of Stores and Stocks as of June 30, 2019, is amounted to Rs. 3.680 billion representing 43.78 % of the total assets (2018: Rs. 2.415 billion, 36.34 % of the total assets). Inventories are measured at the lower of cost and net realizable value. As a result, the management apply judgement in determining the appropriate values for slow-moving or obsolete items.</p> <p>The inventory is material to our audit because the inventory is exposed to price fluctuation due to market factors. The valuation of Finished Goods also</p>	<p>We checked the appropriateness of management's assumptions applied in calculating the value of the inventory and provisions by:</p> <ul style="list-style-type: none">- assessing the Company's accounting policies over recognizing inventory in compliance with applicable accounting standards;- attending inventory counts and reconciling the count results to the inventory listings to test the completeness of data;- evaluating the design and implementation of key inventory controls;- testing the costing of the inventory and performed net realizable value testing to assess whether the cost of the inventory exceeds net realizable value, obtained through a detailed review of sales subsequent to the year-end;

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Key audit matter(s)	How the matter was addressed in our audit
involves complex methods of allocation of factory overheads to inventory.	- assessing whether bases of allocation of the variable and fixed costs are reasonable; and
Due to above said factors, inventory costing was considered a significant risk of inventory overvaluation.	- an analytic review was also performed on inventory. We assessed the Company's disclosures in the financial statements in respect of inventory.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises director's report and last six years' financial analysis but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017(XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

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Member firm

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provided the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditor's report is Zahid Hussain Zahid, ACA.

Place: Lahore
Dated: **September 26, 2019**


MUSHTAQ & COMPANY
Chartered Accountants

Lahore Office: 19-B, Block G, Gulberg-III, Lahore. Tel: 042-35858624-6
Islamabad Office: 313. First floor millennium heights, F-11/1, Islamabad Tel: 051-2224970


BHANERO TEXTILE *of Companies* MILLS LIMITED


Statement of Financial Position
As At June 30, 2019

	Note	June 30, 2019	Jun 30, 2018
		Rupees	Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital			
6,000,000 (2018: 6,000,000) ordinary shares of Rs.10 each		<u>60,000,000.00</u>	<u>60,000,000</u>
Issued, subscribed and paid up capital	5	30,000,000	30,000,000
Reserves	6	4,700,000,000	4,000,000,000
Unappropriated profit		<u>183,117,492</u>	<u>232,737,034</u>
		<u>4,913,117,492</u>	<u>4,262,737,034</u>
NON CURRENT LIABILITIES			
Long term financing - secured	7	1,121,716,016	885,233,720
DEFERRED LIABILITIES			
	8	473,570,951	408,166,202
CURRENT LIABILITIES			
Trade and other payables	9	725,976,725	771,694,591
Unclaimed dividend	10	1,105,177	758,605
Accrued markup / interest	11	37,601,814	15,177,821
Short term borrowings - secured	12	992,656,991	220,457,778
Current portion of long term financing	13	140,182,704	81,367,073
		1,897,523,411	1,089,455,868
CONTINGENCIES AND COMMITMENTS			
	14	-	-
TOTAL EQUITY AND LIABILITIES		<u>8,405,927,870</u>	<u>6,645,592,824</u>

The annexed notes from 1 to 50 form an integral part of these financial statements.

Karachi:
Date: 26th September 2019


 Khurram Salim
 Chief Executive


 Mohammad Salim
 Director


 Asim Mirza
 Chief Financial Officer



BHANERO TEXTILE *of Companies* MILLS LIMITED

**Statement of Financial Position
As At June 30, 2019**

	Note	June 30, 2019 Rupees	Jun 30, 2018 Rupees
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	15	3,168,486,197	2,794,870,715
Capital work in progress	16	24,922,707	31,454,693
Long term deposits	17	28,532,816	28,532,816
		3,221,941,720	2,854,858,224
 CURRENT ASSETS			
Stores, spares and loose tools	18	111,668,839	68,013,768
Stock in trade	19	3,569,018,484	2,347,207,583
Trade debts	20	758,161,471	841,493,842
Loans and advances	21	68,358,803	28,699,627
Trade deposits and short term prepayments	22	109,173,307	83,460,335
Other receivables	23	14,106,501	17,447,274
Income tax refundable	24	238,907,724	206,106,353
Sales tax refundable	25	170,868,560	130,039,795
Bank balances	26	143,722,461	68,266,023
		5,183,986,150	3,790,734,600
TOTAL ASSETS		8,405,927,870	6,645,592,824

Karachi:
Date: 26th September 2019


Khurram Salim
Chief Executive


Mohammad Salim
Director


Asim Mirza
Chief Financial Officer


BHANERO TEXTILE *of Companies* MILLS LIMITED


**Statement of Profit or Loss
For The Year Ended June 30, 2019**

	Note	June 30, 2019 Rupees	June 30, 2018 Rupees
Sales	27	9,347,772,864	8,073,845,411
Cost of sales	28	<u>8,054,100,783</u>	<u>7,205,449,439</u>
Gross profit		1,293,672,081	868,395,972
Other income	29	<u>227,825,645</u>	111,986,664
		1,521,497,726	980,382,636
Distribution cost	30	<u>178,150,675</u>	184,654,595
Administrative expenses	31	145,357,054	126,889,297
Other operating expenses	32	74,784,807	32,707,628
Finance cost	33	<u>166,322,524</u>	93,971,363
		<u>564,615,060</u>	438,222,883
Profit before tax		956,882,666	542,159,753
Provision for taxation	34		
Current tax - current year		<u>91,837,659</u>	27,378,416
Current tax - prior year		<u>(34,512)</u>	3,594,287
Deferred		<u>32,669,693</u>	29,150,541
		124,472,840	60,123,244
Profit after taxation for the year		<u>832,409,826</u>	<u>482,036,509</u>
Earnings per share - basic and diluted	35	<u>277.47</u>	<u>160.68</u>

The annexed notes from 1 to 50 form an integral part of these financial statements.

Karachi:
Date: 26th September 2019


Khurram Salim
Chief Executive


Mohammad Salim
Director


Asim Mirza
Chief Financial Officer


BHANERO TEXTILE *of Companies* MILLS LIMITED


Statement of Comprehensive Income
For The Year Ended June 30, 2019

	Note	June 30, 2019 Rupees	June 30, 2018 Rupees
Profit after taxation for the year		832,409,826	482,036,509
Other comprehensive income			
Items that may be reclassified subsequently to profit and loss			
Items that will not be reclassified subsequently to profit and loss			
Actuarial gain on remeasurement of employees retirement benefits - gratuity	8.1.2	13,487,793	5,902,811
Related deferred tax on remeasurement of employees retirement benefits - gratuity		(2,617,161)	(1,104,580)
		10,870,632	4,798,231
Total comprehensive Income for the year		843,280,458	486,834,740

The annexed notes from 1 to 50 form an integral part of these financial statements.

Karachi:
Date: 26th September 2019


Khurram Salim
 Chief Executive


Mohammad Salim
 Director


Asim Mirza
 Chief Financial Officer


BHANERO TEXTILE *of Companies* MILLS LIMITED


**Statement of Changes in Equity
For The Year Ended June 30, 2019**

	Revenue Reserves		Total	
	Share capital	General reserve		Unappropriated profits
Rupees				
Balance as at June 30, 2017	30,000,000	3,700,000,000	156,302,336	3,886,302,336
Total comprehensive income for the year				
Profit for the year	-	-	482,036,509	482,036,509
Other comprehensive (loss)/gain	-	-	4,798,231	4,798,231
Transfer to general reserve	-	300,000,000	(300,000,000)	-
Final dividend paid for the year ended June 30, 2017 at the rate of PKR 36.80 per share	-	-	(110,400,042)	(110,400,042)
Balance as at June 30, 2018	30,000,000	4,000,000,000	232,737,034	4,262,737,034
Total comprehensive income for the year				
Profit for the year	-	-	832,409,826	832,409,826
Other comprehensive (loss)/gain	-	-	10,870,632	10,870,632
Final dividend paid for the year ended June 30, 2018 at the rate of PKR 64.30 per share	-	-	(192,900,000)	(192,900,000)
Transfer to general reserve	-	700,000,000	(700,000,000)	-
Balance as at June 30, 2019	30,000,000	4,700,000,000	183,117,492	4,913,117,492

The annexed notes from 1 to 50 form an integral part of these financial statements.

Karachi:
Date: 26th September 2019


Khurram Salim
Chief Executive


Mohammad Salim
Director


Asim Mirza
Chief Financial Officer


BHANERO TEXTILE of Companies MILLS LIMITED

Statement of Cash Flows
For The Year Ended June 30, 2019


	June 30, 2019 Rupees	June 30, 2018 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	956,882,666	542,159,753
Adjustments for:		
Depreciation on property, plant and equipment	250,170,999	223,452,139
Provision for staff retirement benefits - gratuity	46,468,510	53,736,070
Provision for bad debts	16,004,393	-
Infrastructure fee ETO	20,465,816	14,899,340
Infrastructure fee - Gas	10,373,816	21,880,288
(Gain) on disposal of property, plant and equipment	(220,041,190)	(107,594,412)
Finance cost	166,322,524	93,971,363
Operating cash flows before changes in working capital	1,246,647,534	842,504,541
Working capital changes		
(Increase)/decrease in current assets		
Inventories	(1,265,465,972)	367,970,706
Trade debts	67,327,978	(297,042,543)
Loans and advances	(39,659,176)	2,920,950
Trade deposits	(25,712,972)	(16,017,028)
Other receivables	3,340,773	(14,471,005)
Sales tax refundable	(40,828,765)	64,021,564
(Decrease)/Increase in trade and other payables	(1,300,998,134)	107,382,644
	(45,717,866)	283,929,714
Cash generated by operations	(100,068,466)	1,233,816,899
Finance cost paid	(143,898,531)	(93,052,968)
Staff retirement benefits - gratuity paid	(33,702,454)	(30,127,965)
Income taxes paid	(124,604,518)	(116,521,460)
Long term deposits	-	(2,327,380)
	(302,205,503)	(242,029,773)
Net cash (used in) / generated from operating activities	(402,273,969)	991,787,126
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	320,255,625	145,106,008
Additions in property, plant and equipment	(717,468,930)	(1,002,437,277)
Net cash used in investing activities	(397,213,305)	(857,331,269)
CASH FLOWS FROM FINANCING ACTIVITIES *		
Payment of long term financing	(81,367,073)	(77,463,948)
Proceeds from long term financing	376,665,000	537,839,000
Short term borrowings - net	772,199,213	(456,100,605)
Dividend paid	(192,553,428)	(110,250,240)
Net cash generated from / (used in) financing activities	874,943,712	(105,975,793)
Net increase / (decrease) in cash and cash equivalents	75,456,438	28,480,064
Cash and cash equivalents at the beginning of the year	68,266,023	39,785,959
Cash and cash equivalents at the end of the year	143,722,461	68,266,023

* No non-cash item are included in these activities.

The annexed notes from 1 to 50 form an integral part of these financial statements.

Karachi:
Date: 26th September 2019


 Khurram Salim
 Chief Executive


 Mohammad Salim
 Director


 Asim Mirza
 Chief Financial Officer



BHANERO TEXTILE *of Companies* MILLS LIMITED

Notes to the financial statements For the year ended June 30, 2019

1 THE COMPANY AND ITS OPERATIONS

- 1.1 Bhanero Textile Mills Limited ("the Company") was incorporated on 30th March 1980 as a public limited company in Pakistan under repealed Companies Ordinance, 1984 now the Companies Act, 2017 and is quoted on Pakistan Stock Exchanges Limited. The registered office of the Company is located at Umer House, 23/1, Sector 23, S. M. Farooq Road, Korangi Industrial Area Karachi.
- 1.2 The company is principally engaged in manufacturing and sales of yarn and fabric. The production facilities are located at Kotri, District Dadu in the province of Sindh and Feroze Wattwan, District Sheikhupura in the province of Punjab.

2 Basis of Preparation

2.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017; and
- Provision of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 Basis of measurement

These financial statements have been prepared on the historical cost convention except for certain financial instruments at fair value and employees retirement benefits at present value. In these financial statements, except for cash flow statements, all transactions have been accounted for on accrual basis.

2.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupees which is also the company's functional currency. All financial information presented in Pakistan Rupees has been rounded to the nearest Rupee.

2.4 Use of estimates and judgments

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by the management in the application of approved accounting standards, as applicable in Pakistan, that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 45 to these financial statements.

2.5 Standards, interpretations and amendments to published approved accounting standards

2.5.1 Standards, interpretations and amendments to published approved accounting standards that are effective in the current year :

Following standards, amendments and interpretations are effective for the year beginning on or after July 01, 2018. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.



BHANERO TEXTILE *of Companies* MILLS LIMITED

Notes to the financial statements For the year ended June 30, 2019

- IFRS 9 'Financial instruments' – This standard replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. It also includes an expected credit losses model that replaces IAS 39 incurred loss impairment model.
- IFRS 15 'Revenue from contracts with customers' – This standard introduces a single five-step model for revenue recognition with a comprehensive framework based on core principle that an entity should recognise revenue representing the transfer of promised goods or services under separate performance obligations under the contract to customer at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. IFRS 15 replaces the previous revenue standards: IAS 18 Revenue, IAS 11 Construction Contracts, and the related interpretations on revenue recognition.

'The changes laid down by these standards do not have any significant impact on these financial statements of the Company. However, related changes to the accounting policies have been made in these financial statements.

The other new standards, amendments to approved accounting standards and interpretations that are mandatory for the financial year beginning on January 1, 2018 are considered not to be relevant or to have any significant effect on the Company's financial reporting and operations.

2.5.2 Standards, amendments to approved accounting standards and interpretations that are not yet effective and have not been early adopted by the company

- The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 July 2019:
- IFRS 16, 'Leases' is applicable to accounting periods beginning on or after January 1, 2019. IFRS 16 will affect primarily the accounting by lessees and will result in the recognition of almost all the leases on the balance sheet date. This standard removes the current distinction between operating and finance leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases. The accounting by lessor will not significantly change. Some differences may arise as a result of the new guidance on the definition of lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company has yet to assess the impact of this standard on its financial statements.
- IFRIC 23, 'Uncertainty over income tax treatments': (effective for periods beginning on or after January 01, 2019). This IFRIC clarifies how the recognition and measurement requirements of IAS 12 'Income taxes', are applied where there is uncertainty over income tax treatments. The IFRIC explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. An uncertain tax treatment is any tax treatment applied by an entity where there is uncertainty over whether that treatment will be accepted by the tax authority. The IFRIC applies to all aspects of income tax accounting where there is an uncertainty regarding the treatment of an item, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates. The Company is yet to assess the full impact of the interpretation.
- There are a number of other minor amendments and interpretations to other approved accounting standards that are not yet effective and are also not relevant to the company and therefore have not been presented here.

3 Summary of Significant Accounting Policies

3.1 Borrowings

Mark-up bearing borrowings are recognized initially at cost, less attributable transaction cost. Subsequent to initial recognition, mark-up bearing borrowings are stated at amortized cost with any difference between cost and redemption value being recognized in the income statement over the period of the borrowings on an effective interest basis.

3.2 Employee benefits

Short term employees benefits

The company recognizes the undiscounted amount of short term employee benefits to be paid in exchange for services rendered by employees as a liability after deducting amount already paid and as an expense in profit or loss unless it is included in the cost of inventories or property, plant and equipment as permitted or required by the approved accounting standards. If the amount paid exceeds the undiscounted amount of benefits, the excess is recognized as an asset to the extent that the prepayment would lead to a reduction in future payments or cash refund.

**Notes to the financial statements
For the year ended June 30, 2019**

The Company provides for compensated absences of its employees on unavailed balance of leaves in the period in which the leaves are earned.

Post retirement benefits

Defined benefit plans

The Company operates an unfunded gratuity scheme (defined benefit plan) for all its permanent employees who have completed minimum qualifying period of service as defined under the respective scheme. Liability is adjusted annually to cover the obligation and the adjustment is charged to profit or loss. The determination of the Company's obligation under the scheme requires assumptions to be made of future outcomes, the principal ones being in respect of increases in remuneration, expected average remaining working lives of employees and discount rate used to derive present value of defined benefit obligation.

Amounts recognized in the balance sheet represent the present value of the defined benefit obligation as adjusted for unrecognized actuarial gains and losses and unrecognized past service cost.

Actuarial gains and losses are recognized in comprehensive income for the period in which these arise.

3.3 Taxation

Income tax expense comprises current tax and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current

Current tax is the amount of tax payable on taxable income for the year, using tax rates enacted or substantively enacted by the reporting date, and any adjustment to the tax payable in respect of previous years. Provision for current tax is based on higher of the taxable income at current rates of taxation in Pakistan after taking into account tax credits, rebates and exemptions available, if any, or minimum of turnover. However, for income covered under final tax regime, taxation is based on applicable tax rates under such regime. The amount of unpaid income tax in respect of the current or prior periods is recognized as a liability. Any excess paid over what is due in respect of the current or prior periods is recognized as an asset.

Deferred

Deferred tax is accounted for using the balance sheet liability method providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. In this regard, the effects on deferred taxation of the portion of income that is subject to final tax regime is also considered in accordance with the requirement of "Technical Release - 27" of the Institute of Chartered Accountants of Pakistan. Deferred tax is measured at rates that are expected to be applied to the temporary differences when they reverse, based on laws that have been enacted or substantively enacted by the reporting date. A deferred tax liability is recognized for all taxable temporary differences. A deferred tax asset is recognized for deductible temporary differences to the extent that future taxable profits will be available against which temporary differences can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax is not recognized for timing differences that are not expected to reverse and for the temporary differences arising from the initial recognition of goodwill and initial recognition of assets and liabilities in a transaction that is not a business combination and that at the time of transaction affects neither the accounting nor the taxable profit.

3.4 Provisions

A provision is recognized in the balance sheet when the company has a legal or constructive obligation as a result of past events, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

3.5 Trade and other payables

Liabilities for trade and other amounts payable are recognized and carried at cost, which is the fair value of the consideration to be paid in the future for goods and services received, whether or not invoices to the company.

3.6 Dividend

Dividend is recognized as a liability in the period in which it is approved by shareholders.

3.7 Property, plant and equipment and depreciation

Owned assets

Property, plant and equipment, except freehold land and capital work-in-progress are stated at cost less accumulated depreciation and impairment losses, if any. Freehold land and capital work-in-progress are stated at cost.



BHANERO TEXTILE *of Companies* MILLS LIMITED

Notes to the financial statements For the year ended June 30, 2019

Subsequent cost

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

Depreciation

Depreciation is charged to income on reducing balance method over its estimated useful life at the rates specified in property, plant and equipment note except for equipment and other assets. Equipment and other assets are depreciated over the period of three years. Depreciation on additions to property, plant and equipment is charged from the month in which an item is acquired or capitalized while no depreciation is charged for the month in which the item is disposed off.

The assets' residual values and useful lives are reviewed at each financial year end and adjusted if impact on depreciation is material.

The gain or loss on disposal of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense.

Impairment

Where the carrying amount of asset exceeds its estimated recoverable amount it is written down immediately to its recoverable amount.

3.8 Capital work in process

Capital work in progress and stores held for capital expenditure are stated at cost and represents expenditure incurred on property, plant and equipment during construction and installation. Cost includes borrowing cost as referred in accounting policy of borrowing cost. Transfers are made to relevant property, plant and equipment category as and when assets are available for use.

3.9 Investments in associate - Equity Method

Entities in which the Company has significant influence but not control and which are neither its subsidiaries nor joint ventures are associates and are accounted for by using the equity method of accounting. These investments are initially recognized at cost, thereafter the carrying amount is increased or decreased to recognize the company's share of profit or loss of associates. Share of post acquisition profit and loss of associates is accounted for in the company's profit and loss account. Distribution received from investee, reduces the carrying amount of investment. The changes in the associate's equity which are not recognized in the associates' profit and loss account, are recognized directly in the equity of the Company.

3.10 Financial assets and liabilities

Financial assets

The Company classifies its financial assets at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

Amortised Cost

Assets that are held for collection of contractual cash flows where those cash flow represents solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets, impairment losses, foreign exchange gains and losses, and gain or loss arising on derecognition are recognised directly in profit or loss.



BHANERO TEXTILE *of Companies* MILLS LIMITED

Notes to the financial statements For the year ended June 30, 2019

Fair value through other comprehensive income

Financial assets at fair value through other comprehensive income are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Fair value through profit or loss

Assets that do not meet the criteria for amortised cost or fair value through other comprehensive income or assets that are designated at fair value through profit or loss using fair value option, are measured at fair value through profit or loss. A gain or loss on debt investment that is subsequently measured at fair value through profit or loss is recognised in profit or loss in the period in which it arises.

Equity instrument financial assets are measured at fair value and subsequent to initial recognition changes in fair value of these financial assets are normally recognised in profit or loss. Dividends from such investments continue to be recognised in profit or loss when the Company's right to receive payment is established. Where an election is made to present fair value gains and losses on equity instruments in other comprehensive income there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment.

Financial assets and liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently remeasured to fair value, amortized cost or cost as the case may be. Any gain or loss on the recognition and de-recognition of the financial assets and liabilities is included in the profit or loss for the period in which it arises.

Derecognition

Financial assets are derecognized when the Company loses control of the contractual rights that comprise the financial asset. Assets or liabilities that are not contractual in nature and that are created as a result of statutory requirements imposed by the Government are not the financial instruments of the Company.

Financial Liabilities

Financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities at amortised cost are initially measured at fair value less transaction costs. Financial liabilities at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed on profit or loss.

Financial liabilities, other than those at fair value through profit or loss, are subsequently measured at amortised cost using the effective yield method.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. Where an existing financial liability is replaced by another from the same lender or substantially different terms, or the terms of an existing liability are substantially modified, such an exchange and modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognised in profit or loss.

3.11 Impairment

Financial Assets

The Company assesses on a forward looking basis the expected credit losses associated with its financial assets. The Company applies the simplified approach to recognise lifetime expected credit losses for trade debts, due from customers and contract assets. The Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.



BHANERO TEXTILE *of Companies* MILLS LIMITED

Notes to the financial statements For the year ended June 30, 2019

The Company considers a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Non-Financial Assets

The carrying amounts of non-financial assets are assessed at each reporting date to ascertain whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated to determine the extent of impairment loss, if any. An impairment loss is recognized as an expense in the profit or loss. The recoverable amount is the higher of an asset's fair value less cost of disposal and value-in-use. Value-in-use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risk specific to the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). An impairment loss is reversed if there is a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

3.12 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are set off and only the net amount is reported in the balance sheet when there is a legally enforceable right to set off the recognized amount and the company intends to either settle on a net basis, or to realize the asset and settle the liability simultaneously.

3.13 Stores and spares

Stores and spares are valued at lower of cost and net realizable value. Cost is determined on a weighted average basis. Items in transit are valued at cost comprising invoice value plus other charges incurred thereon.

3.14 Stock-in-trade

Stock-in-trade is stated at the lower of cost and net realizable value except waste which is valued at net realizable value. Cost is determined as follows.

Raw material	At weighted average cost or replacement cost whichever is lower
Work in progress	At average manufacturing cost
Finished goods	At average manufacturing cost or net realizable value whichever is lower
Waste	Net realizable value

Raw material in transit is stated at invoice price plus other charges paid thereon upto the balance sheet date.

Average manufacturing cost in relation to work in process and finished goods, consist of direct material and proportion of manufacturing overheads based on normal capacity.

Net realizable value is the estimated selling price in the ordinary course of business less costs of completion and selling expenses.

3.15 Trade debts and other receivables

Trade debts and other receivables are recognized initially at fair value and subsequently measured at amortized cost less loss allowance, if any. The Company always measures the loss allowance for trade debts at amount equal to lifetime expected credit losses (ECL). The expected credit losses on trade debts are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well forecast direction of conditions at their reporting date.

There has been change in the estimation techniques or significant assumptions made during the current reporting period.

Trade debts and other receivable considered irrecoverable are written off.

3.16 Cash and cash equivalents

Cash and cash equivalents comprise cash balances, cash in transit and balances with bank for the purpose of cash flow statement.



BHANERO TEXTILE *of Companies* MILLS LIMITED

Notes to the financial statements For the year ended June 30, 2019

3.17 Revenue recognition

Revenue from sale of goods is recognised when control of goods is transferred to customers.

Interest income is recognized on the basis of constant periodic rate of return.

Dividend income is recognized when the right to receive dividend is established i.e. the book closure date of the investee company declaring the dividend.

Unrealised gains / (losses) arising on revaluation of securities classified as 'fair value through other comprehensive income' are included in other comprehensive income in the period in which they arise.

Unrealised gains / (losses) arising on revaluation of securities classified as 'fair value through profit or loss' are included in profit or loss in the period in which they arise.

3.18 Borrowing costs

Borrowing costs incurred on long term finances directly attributable for the construction / acquisition of qualifying assets are capitalized up to the date, the respective assets are available for the intended use. All other mark-up, interest and other related charges are taken to the profit and loss account currently.

3.19 Foreign currency translation

Foreign currency transactions are translated into Pak Rupees at exchange rates prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are retranslated into Pak Rupees at the rates of exchange prevailing at the balance sheet date.

Exchange differences, if any, are taken to profit and loss account.

3.20 Transactions with related party

Transactions with related parties are priced at comparable uncontrolled market price. All transactions involving related parties arising in the normal course business are conducted at arm's length using valuation modes, as admissible. Parties are said to be related when they meet the definition as provided in the Companies Act, 2017.

3.21 Segment reporting

Segment reporting is based on the operating (business) segments of the company. An operating segment is a component of the company that engages in a business activities from which it may earn revenues and incur expenses, including revenues and expenses that relates to transactions with any of the company's other components. An operating segment's operating results are reviewed by the CEO to make decision about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

Segment results that are reported to the CEO includes items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprises mainly corporate assets, income tax assets, liabilities and related income and expenditure. Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment.

The business segments are engaged in providing products and services which are subject to risks and rewards which differ from the risk and reward of other segment Segments reported are Spinning, Weaving and Power Generation, Which also reflects the management structure of company.

4 Capital Management

The company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The board of directors monitors the return on capital and level of dividends to ordinary shareholders. The company seeks to keep a balance between the higher return that might be possible with higher level of borrowings and the advantages and security afforded by a sound capital position. There were no changes in the company's approach to capital management during the year. Further the company is not subject to externally imposed capital requirements.



BHANERO TEXTILE *of Companies* MILLS LIMITED

Notes to the financial statements For the year ended June 30, 2019

5 ISSUED, SUBSCRIBED AND PAID UP CAPITAL		30-Jun-19	30-Jun-18	
		Rupees	Rupees	
30-Jun-19	30-Jun-18			
Number of shares				
1,762,500	1,762,500	Ordinary shares of PKR 10 each allotted for consideration'- fully paid in cash	17,625,000	17,625,000
1,237,500	1,237,500	Ordinary shares of Rs 10 each allotted as bonus shares	12,375,000	12,375,000
<u>3,000,000</u>	<u>3,000,000</u>	<u>30,000,000</u>	<u>30,000,000</u>	

5.1 Associated company holds 500,600 (2018: 500,600) ordinary shares of Rs. 10 each in the company.

6 RESERVES		30-Jun-19	30-Jun-18
		Rupees	Rupees
General reserve - Revenue reserve		4,700,000,000	4,000,000,000
		<u>4,700,000,000</u>	<u>4,000,000,000</u>



BHANERO TEXTILE *of Companies* MILLS LIMITED

Notes to the financial statements For the year ended June 30, 2019

7 LONG TERM FINANCING - SECURED

From Financial Institutions

Note	LTFE Loans	Non - LTFE Loans	30-Jun-19	30-Jun-18	
	Rupees	Rupees	Rupees	Rupees	
7.01	15,093,750	-	15,093,750	16,100,000	
7.02	11,140,625	-	11,140,625	11,500,000	
Bank Al Habib Limited - Term Finance	7.03	78,662,500	-	78,662,500	81,200,000
Bank Al Habib Limited - Term Finance	7.04	10,970,000	-	10,970,000	10,970,000
MCB Bank Limited - Term Finance	7.05	20,621,000	-	20,621,000	20,621,000
MCB Bank Limited - Term Finance	7.06	-	17,247,000	17,247,000	17,247,000
MCB Bank Limited - Term Finance	7.07	-	51,086,662	51,086,662	71,521,330
MCB Bank Limited - Term Finance	7.08	-	5,506,717	5,506,717	7,709,405
Meezan Bank Limited - Term Finance	7.09	-	39,195,312	39,195,312	54,873,440
Meezan Bank Limited - Term Finance	7.10	-	97,871,154	97,871,154	137,019,618
Meezan Bank Limited - Term Finance	7.11	98,316,000	-	98,316,000	98,316,000
Meezan Bank Limited - Term Finance	7.12	72,138,000	-	72,138,000	72,138,000
MCB Bank Limited - Term Finance	7.13	105,548,000	-	105,548,000	105,548,000
MCB Bank Limited - Term Finance	7.14	4,223,000	-	4,223,000	4,223,000
MCB Bank Limited - Term Finance	7.15	-	4,665,000	4,665,000	4,665,000
MCB Bank Limited - Term Finance	7.16	-	8,242,000	8,242,000	8,242,000
MCB Bank Limited - Term Finance	7.17	-	7,638,000	7,638,000	7,638,000
MCB Bank Limited - Term Finance	7.18	232,848,000	-	232,848,000	232,848,000
MCB Bank Limited - Term Finance	7.19	4,221,000	-	4,221,000	4,221,000
MCB Bank Limited - Term Finance	7.20	118,655,000	-	118,655,000	-
MCB Bank Limited - Term Finance	7.21	100,267,000	-	100,267,000	-
MCB Bank Limited - Term Finance	7.22	61,397,000	-	61,397,000	-
MCB Bank Limited - Term Finance	7.23	78,842,000	-	78,842,000	-
MCB Bank Limited - Term Finance	7.24	17,504,000	-	17,504,000	-
MCB Bank Limited - Term Finance					
Bank Al Habib Limited - Term Finance					
		1,030,446,875	231,451,845	1,261,898,720	966,600,793
Less: current maturity	7.01	2,012,500	-	2,012,500	1,006,250
Bank Al Habib Limited - Term Finance	7.02	1,437,500	-	1,437,500	359,375
Bank Al Habib Limited - Term Finance	7.03	10,150,000	-	10,150,000	2,537,500
MCB Bank Limited - Term Finance	7.04	1,371,248	-	1,371,248	-
MCB Bank Limited - Term Finance	7.05	2,577,624	-	2,577,624	-
MCB Bank Limited - Term Finance	7.06	-	2,155,880	2,155,880	-
MCB Bank Limited - Term Finance	7.07	-	20,434,668	20,434,668	20,434,668
Meezan Bank Limited - Term Finance	7.08	-	2,202,688	2,202,688	2,202,688
Meezan Bank Limited - Term Finance	7.09	-	15,678,128	15,678,128	15,678,128
Meezan Bank Limited - Term Finance	7.10	-	39,148,464	39,148,464	39,148,464
Meezan Bank Limited - Term Finance	7.11	9,217,125	-	9,217,125	-
MCB Bank Limited - Term Finance	7.12	6,762,939	-	6,762,939	-
MCB Bank Limited - Term Finance	7.13	9,895,125	-	9,895,125	-
MCB Bank Limited - Term Finance	7.14	395,907	-	395,907	-
MCB Bank Limited - Term Finance	7.15	-	437,343	437,343	-
MCB Bank Limited - Term Finance	7.16	-	772,689	772,689	-
MCB Bank Limited - Term Finance	7.17	-	716,064	716,064	-
MCB Bank Limited - Term Finance	7.18	14,553,000	-	14,553,000	-
MCB Bank Limited - Term Finance	7.19	263,812	-	263,812	-
MCB Bank Limited - Term Finance					
		58,636,780	81,545,924	140,182,704	81,367,073
		971,810,095	149,905,921	1,121,716,016	885,233,720



BHANERO TEXTILE *of Companies* MILLS LIMITED

Notes to the financial statements For the year ended June 30, 2019

	Security	Repayment	Markup on LTFF	Markup Rates on NON- LTF
7.01	Hypothecation charge on plant and machinery of PKR 267.0 million of unit III located at Ferrozwatton, Sheikhpura-Faisalabad Road, Sheikhpura.	Repayable in thirty two quarterly installments, commencing from February 22, 2019.	2.4% (2018: 2.4%)	-
7.02	Covered under securities for term finance 7.01	Repayable in thirty two quarterly installments, commencing from April 20, 2019.	2.4% (2018: 2.4%)	-
7.03	Hypothecation charge on plant and machinery of PKR 1,734 million of unit II located at Ferrozwatton, Sheikhpura-Faisalabad Road, Sheikhpura.	Repayable in thirty two quarterly installments, commencing from April 30, 2019.	2.4% (2018: 2.4%)	-
7.04	Covered under securities for term finance 7.03	Repayable in thirty two quarterly installments, commencing from July 07, 2019.	2.4% (2018: 2.4%)	-
7.05	Covered under securities for term finance 7.03	Repayable in thirty two quarterly installments, commencing from July 26, 2019.	2.4% (2018: 2.4%)	-
7.06	Covered under securities for term finance 7.03	Repayable in thirty two quarterly installments, commencing from August 31, 2019.	-	3 Months KIBOR + 0.4% (2018: 3 Months KIBOR + 0.4%)
7.07	Hypothecation charge on plant and machinery of PKR 666.7 million of unit II located at Ferrozwatton, Sheikhpura-Faisalabad Road, Sheikhpura.	Repayable in twenty four quarterly installments, commencing from January 15, 2016.	-	3 Months KIBOR + 0.65% (2018: 3 Months KIBOR + 0.65%)
7.08	Covered under securities for term finance 7.07	Repayable in twenty four quarterly installments, commencing from January 15, 2016.	-	3 Months KIBOR + 0.65% (2018: 3 Months KIBOR + 0.65%)
7.09	Covered under securities for term finance 7.07	Repayable in twenty four quarterly installments, commencing from January 15, 2016.	-	3 Months KIBOR + 0.65% (2018: 3 Months KIBOR + 0.65%)
7.10	Covered under securities for term finance 7.07	Repayable in twenty four quarterly installments, commencing from January 15, 2016.	-	3 Months KIBOR + 0.65% (2018: 3 Months KIBOR + 0.65%)
7.11	Covered under securities for term finance 7.03	Repayable in Thirty two quarterly installments, commencing from October 14, 2019.	2.4% (2018: 2.4%)	
7.12	Covered under securities for term finance 7.03	Repayable in Thirty two quarterly installments, commencing from November 17, 2019.	2.4% (2018: 2.4%)	
7.13	Covered under securities for term finance 7.03	Repayable in Thirty two quarterly installments, commencing from December 11, 2019.	2.4% (2018: 2.4%)	
7.14	Covered under securities for term finance 7.03	Repayable in Thirty two quarterly installments, commencing from December 27, 2019.	2.4% (2018: 2.4%)	
7.15	Covered under securities for term finance 7.03	Repayable in Thirty two quarterly installments, commencing from October 28, 2019.		3 Months KIBOR + 0.4% (2018: 3 Months KIBOR + 0.4%)



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Notes to the financial statements For the year ended June 30, 2019

	Security	Repayment	Markup on LTFF	Markup Rates on NON- LTF
7.16	Covered under securities for term finance 7.03	Repayable in Thirty two quarterly installments, commencing from November 2, 2019.		3 Months KIBOR + 0.4% (2018: 3 Months KIBOR + 0.4%)
7.17	Covered under securities for term finance 7.03	Repayable in Thirty two quarterly installments, commencing from November 9, 2019.		3 Months KIBOR + 0.4% (2018: 3 Months KIBOR + 0.4%)
7.18	Covered under securities for term finance 7.03	Repayable in Thirty two quarterly installments, commencing from January 06, 2020.	2.4% (2018: 2.4%)	
7.19	Covered under securities for term finance 7.03	Repayable in Thirty two quarterly installments, commencing from January 10, 2020.	2.4% (2018: 2.4%)	
7.20	Covered under securities for term finance 7.03	Repayable in Thirty two quarterly installments, commencing from May 07, 2021.	2.4% (2018: Nil)	
7.21	Covered under securities for term finance 7.03	Repayable in Thirty two quarterly installments, commencing from May 06, 2021.	2.4% (2018: Nil)	
7.22	Covered under securities for term finance 7.03	Repayable in Thirty two quarterly installments, commencing from January 15, 2021.	2.4% (2018: Nil)	
7.23	Covered under securities for term finance 7.03	Repayable in Thirty two quarterly installments, commencing from May 6, 2021.	2.4% (2018: Nil)	
7.24	Hypothecation charge on plant and machinery of PKR 267 million of unit III located at Ferrozwatton, Sheikhpura-Faisalabad Road, Sheikhpura.	Repayable in Thirty two quarterly installments, commencing from July 22, 2021.	3.5% (2018: Nil)	



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Notes to the financial statements For the year ended June 30, 2019

8 DEFERRED LIABILITIES	Note	Rupees	Rupees
Staff retirement benefits - gratuity	8.1	148,844,904	149,566,641
Deferred taxation	8.2	146,588,213	111,301,359
Infrastructure fee payable - ETO	8.3	101,436,900	80,971,084
Infrastructure fee payable - Gas	8.4	76,700,934	66,327,118
		473,570,951	408,166,202

8.1 Staff retirement benefits - gratuity

8.1.1 Movement in net liability recognized in the balance sheet

Present value of defined benefits obligation - at the beginning of the year		149,566,641	131,861,347
Charged to profit and loss account and comprehensive income	8.1.2	32,980,717	47,833,259
Benefits paid during the year		(33,702,454)	(30,127,965)
Present value of defined benefits obligation - at the end of the year		148,844,904	149,566,641

8.1.2 Amount charged to profit and loss account / other comprehensive income

Current service cost		31,879,874	42,932,314
Interest cost		14,588,636	10,803,756
Remeasurement charged to other comprehensive income		(13,487,793)	(5,902,811)
		32,980,717	47,833,259

8.1.3 The company operates an unfunded gratuity scheme (defined benefit plan) for all its permanent employees who have completed minimum qualifying period of service as defined under the respective scheme. Provisions are made annually to cover the obligation under the scheme on the basis of actuarial valuation and are charged to income. Actuarial valuation has been carried out by independent valuer as at June 30, 2019 using the projected unit credit method assuming a discount rate of 14.25% (2018: 10%) per annum and expected rate of increase in salaries at 12% (2018: 10%) per annum.

8.1.4 There is no unrecognized actuarial loss / gain.

8.1.5 Historical information

	2019 Rupees	2018 Rupees	2017 Rupees	2016 Rupees	2015 Rupees
Present value of defined benefits obligation	148,844,904	149,566,641	131,861,347	114,569,919	132,185,864
Experience adjustments on plan liabilities	(13,487,793)	(5,902,811)	(1,254,616)	(25,991,525)	9,931,102

8.1.6 Sensitivity analysis of actuarial assumptions

The calculation of defined benefit obligation is sensitive to assumptions given above. The below information summarizes how the defined benefit obligation at the end of the reporting period would have increased / (decreased) as a result of change in respective assumptions by 100 basis point.

	Increase in assumption	Decrease in assumption
Discount rate	(4,545,488)	4,924,390
Expected rate of increase in future salary	4,978,577	(2,328,338)

8.1.7 The expected gratuity expense comprising of service cost and net interest for the year ending 30th June 2020 works out to PKR 58.85 million.

8.1.8 The average duration of defined benefit obligation is 6 years.



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Notes to the financial statements For the year ended June 30, 2019

		30-Jun-19	30-Jun-18
		Rupees	Rupees
8.2	Deferred taxation		
	Deferred tax liability / (assets) arising in respect of:		
	Taxable temporary differences		
	Accelerated tax depreciation on owned assets	192,811,379	153,042,901
	Deductible temporary differences		
	Provision for employee benefit	(28,881,746)	(27,988,087)
	Provision for doubtful debts and advances	(17,341,420)	(13,753,455)
		(46,223,166)	(41,741,542)
		146,588,213	111,301,359
8.2.1	Deferred taxation has been recognized as follows		
	Recognized in profit and loss account	32,669,693	29,150,541
	Recognized through OCI	2,617,161	1,104,580
		35,286,854	30,255,121
8.2.2	Revenue from export sales of the Company is subject to taxation under the final tax regime, while the remaining portion of revenue attracts assessment under normal provisions of the Ordinance. Deferred tax is provided for only that portion of timing differences that represent income taxable under normal provisions of the Ordinance. These differences are calculated at that proportion of total timing differences that the local sales, other than the indirect exports taxable under section 154 (3) of the Ordinance, bear to the total sales revenue based on historical and future trends. Deferred tax has been calculated at 28% of the timing differences so determined based on tax rates notified by the Government of Pakistan for future tax years.		
8.3	This represents amount payable to Excise and Taxation Department, Government of Sindh in respect of infrastructure fee levied through fifth version of law (i.e. Sindh Finance (Amendment) Ordinance 2006). The Supreme Court in his judgment dated 17th May 2011 has decided that fifth version of law (i.e. Sindh Finance (Amendment) Ordinance 2006) is valid and hence the levy imposed and collected from the effective date of the fifth version i.e. 28th December 2006 is valid and all imposition and collection before 28th December 2006 are declared to be invalid. The company has now filed petition in Sindh High Court, challenging fifth version of law (i.e. Sindh Finance (Amendment) Ordinance 2006 regarding levy of infrastructure fee from the 28th December 2006. During the pendency of decision on fifth version of law, Sindh High Court has directed on 31st May 2011 to pay 50% of liability to Excise and Taxation Department, Government of Sindh, and provide bank guarantee of the remaining amount as calculated in accordance		
8.4	This represents the Gas Infrastructure Development Cess (GIDC) levied by the Sui Northern Gas Pipelines Limited (SNGPL). This Company and others have filed Suits before the Lahore High Court (LHC) challenging the said undue levy. The LHC have granted the Stay Orders, in favour of the Company and have directed the SNGPL, in the respective cases, not to demand the said Cess. The liability thus represents the amount of GIDC, payable, against which the Company has got the Stay orders, in its favour.		
9	TRADE AND OTHER PAYABLES		
		30-Jun-19	30-Jun-18
		Rupees	Rupees
	Creditors	9.1	264,744,087
	Advance from customers & others	9.2	112,376,167
	Accrued liabilities		228,896,503
	Workers' Profit Participation Fund	9.3	51,043,799
	Workers Welfare Fund		65,098,416
	Others		3,817,753
		725,976,725	771,694,591
9.1	No balance with associated undertaking is outstanding at year end.		
9.2	Advance received from customer is recognised as revenue when the performance obligation in accordance with the policy is satisfied. Revenue for an amount of Rs. 4,250,978 thousand has been recognised in current year against advances from customers at the beginning of period.		



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Notes to the financial statements For the year ended June 30, 2019

		30-Jun-19	30-Jun-18
	Note	Rupees	Rupees
9.3 Workers' profit participation fund			
Opening balance		29,007,844	19,773,556
Interest on funds utilized in the Company's business	9.3.1	5,212,878	5,289,478
		<u>34,220,722</u>	<u>25,063,034</u>
Paid to the fund		<u>(34,220,722)</u>	<u>(25,063,034)</u>
		-	-
Allocation for the year	32	51,043,799	29,007,844
		<u>51,043,799</u>	<u>29,007,844</u>
9.3.1 Interest on workers' profit participation fund has been provided @ 482.25% (2018: 276%) per annum.			
		30-Jun-19	30-Jun-18
	Note	Rupees	Rupees
10 UNCLAIMED DIVIDEND			
Unclaimed dividend		1,105,177	758,605
		<u>1,105,177</u>	<u>758,605</u>
11 ACCRUED MARKUP / INTEREST			
Mark-up accrued on secured:			
- long-term financing		18,850,343	8,616,863
- short-term borrowings		18,751,471	6,560,958
		<u>37,601,814</u>	<u>15,177,821</u>
12 SHORT TERM BORROWINGS - SECURED			
From banking companies			
Short term loan/Running finance	12.2	992,656,991	220,457,778
		<u>992,656,991</u>	<u>220,457,778</u>
12.1 The aggregate approved short term borrowing facilities amounting to PKR 6.390 billion (2018: PKR 5.115 billion).			
12.2 These facilities are subject to mark-up ranging from 1 to 3 month KIBOR + spread between 0.1% to 2% (2018: 1 to 3 month KIBOR + spreads between 0.05% to 2%) per annum payable quarterly. These are secured against joint hypothecation charge on stocks and receivables.			
		30-Jun-19	30-Jun-18
	Note	Rupees	Rupees
13 CURRENT PORTION OF LONG TERM BORROWINGS			
Long-term financing	7	140,182,704	81,367,073
		<u>140,182,704</u>	<u>81,367,073</u>
14 CONTINGENCIES AND COMMITMENTS			
Contingencies			
14.1 The Company has issued post dated cheques amounting to PKR 436,516,075 (2018: PKR 341,896,954) in favor of Collector of Customs in lieu of custom levies against various statutory notifications. The post dated cheques furnished by the company are likely to be released after the fulfillment of term of related SROs.			
14.2 Bank guarantee issued to Sui Northern Gas Pipeline Company Limited amounting to PKR 230.168 Million (2018: PKR 121.168 million) and Pakistan State Oil PKR 2.25 million (2018: PKR 2.25 million).			
14.3 Bills discounted		542,488,682	410,782,583
Commitments			
Letter of credit (for store, raw material and machinery)		74,255,406	490,829,539
		<u>74,255,406</u>	<u>490,829,539</u>



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Notes to the financial statements For the year ended June 30, 2019

15 PROPERTY, PLANT AND EQUIPMENT

PARTICULARS	COST				DEPRECIATION				Book value as at June 30, 2019	Rate
	As at July 01, 2018	Additions / (disposals)	Transfers	As at June 30, 2019	As at July 01, 2018	For the year	Transfers / (disposal)	As at June 30, 2019		
Rupees										
Company owned										
Leasehold land	433,414	-	-	433,414	-	-	-	-	433,414	-
Freehold land	513,824,445	74,898,316 (65,698,224)	-	523,024,537	-	-	-	-	523,024,537	-
Building on leasehold land	151,313,955	23,037,775	-	174,351,730	100,783,899	5,090,784	-	105,874,683	68,477,047	10%
Building on freehold land	374,002,329	84,234,457	-	458,236,786	234,682,123	14,764,537	-	249,446,660	208,790,126	10%
Office premises on leasehold land	29,894,675	-	-	29,894,675	17,017,301	643,869	-	17,661,170	12,233,505	5%
Office premises on freehold land	111,279,691	-	-	84,248,571	42,776,209	3,099,956	-	43,886,844	40,361,727	5%
Plant and machinery	3,808,683,053	(27,031,120) 495,408,278 (28,403,393)	-	4,275,687,938	1,932,226,735	195,424,358	-	2,105,969,747	2,169,718,191	10%
Equipments and other assets	109,221,148	7,811,602	-	117,032,750	80,812,092	13,553,225	-	94,365,317	22,667,433	Three years
Electric Installation	74,503,775	4,002,700	-	78,506,475	32,092,374	4,200,693	-	36,293,067	42,213,408	10%
Gas Line & Pipe	7,180,289	-	-	7,180,289	5,179,888	200,040	-	5,379,928	1,800,361	10%
Cooling towers	5,223,570	-	-	5,223,570	3,718,520	150,505	-	3,869,025	1,354,545	10%
Ventilation system	1,461,897	633,015	-	2,094,912	1,029,899	48,475	-	1,078,374	1,016,538	10%
Boiler	18,244,925	5,788,000	-	24,032,925	12,859,810	586,746	-	13,446,556	10,586,369	10%
Factory equipments	13,757,029	-	-	13,757,029	12,427,375	130,370	-	12,557,745	1,199,284	10%
Furniture and fixtures - Factory	5,727,018	731,658	-	6,458,676	4,522,000	161,129	-	4,683,129	1,775,547	10%
Office equipments	23,370,986	5,217,730	-	28,588,716	17,421,954	986,233	-	18,408,187	10,180,529	10%
Furniture and fixtures - Office	2,657,972	-	-	2,657,972	862,912	179,506	-	1,042,418	1,615,554	10%
Vehicles	106,685,556	22,237,385 (18,241,035)	-	110,681,906	64,181,921	10,950,573	-	59,643,824	51,038,082	20%
June 30, 2019	5,357,465,727	724,000,916 (139,373,772)	-	5,942,092,871	2,562,595,012	250,170,999	-	2,773,606,674	3,168,486,197	-

Year Ended June 30, 2018

PROPERTY, PLANT AND EQUIPMENT

PARTICULARS	COST				DEPRECIATION				Book value as at June 30, 2018	Rate
	As at July 01, 2017	Additions / (disposals)	Transfers	As at June 30, 2018	As at July 01, 2017	For the year	Transfers / (disposal)	As at June 30, 2018		
Rupees										
Company owned										
Leasehold land	433,414	-	-	433,414	-	-	-	-	433,414	-
Freehold land	306,812,467	235,887,464 (28,875,486)	-	513,824,445	-	-	-	-	513,824,445	-
Building on leasehold land	142,689,749	8,624,206	-	151,313,955	96,139,323	4,644,576	-	100,783,899	50,530,056	10%
Building on freehold land	320,707,695	53,294,634	-	374,002,329	224,202,726	10,479,397	-	234,682,123	139,320,206	10%
Office premises on leasehold land	29,894,675	15,553,784	(15,553,784)	29,894,675	16,339,544	677,757	-	17,017,301	12,877,374	5%
Office premises on freehold land	84,248,571	27,031,120	-	111,279,691	39,526,435	3,249,774	-	42,776,209	68,503,482	5%
Plant and machinery	3,204,974,995	635,765,387 (47,611,113)	15,553,784	3,808,683,053	1,793,323,710	179,859,382	-	1,932,226,735	1,876,456,318	10%
Equipments and other assets	80,305,235	28,915,913	-	109,221,148	70,851,837	9,960,255	-	80,812,092	28,409,056	Three years
Electric Installation	74,503,775	-	-	74,503,775	27,462,000	4,630,374	-	32,092,374	42,411,401	10%
Gas line and pipe	7,180,289	-	-	7,180,289	4,957,621	222,267	-	5,179,888	2,000,401	10%
Cooling towers	5,223,570	-	-	5,223,570	3,551,292	167,228	-	3,718,520	1,505,050	10%
Ventilation system	1,461,897	-	-	1,461,897	981,899	48,000	-	1,029,899	431,998	10%
Boiler	18,244,925	-	-	18,244,925	12,261,464	598,346	-	12,859,810	5,385,115	10%
Factory equipment	13,757,029	-	-	13,757,029	12,282,518	144,857	-	12,427,375	1,329,654	10%
Furniture and fixtures - Factory	5,318,108	408,910	-	5,727,018	4,388,109	133,891	-	4,522,000	1,205,018	10%
Office equipments	23,308,336	62,650	-	23,370,986	16,766,172	655,782	-	17,421,954	5,949,032	10%
Furniture and fixtures - Office	872,972	1,785,000	-	2,657,972	729,572	133,340	-	862,912	1,795,060	10%
Vehicles	98,799,550	18,565,850 (10,679,844)	-	106,685,556	65,033,498	7,846,913	-	64,181,921	42,503,635	20%
June 30, 2018	4,418,737,252	938,728,475	-	5,357,465,727	2,388,797,720	223,452,139	-	2,562,595,012	2,794,870,715	-

15.1 Equipment and other assets includes assets amounting to PKR 15,710,241 (2018: PKR 15,710,241) which has been fully depreciated.

15.2	The depreciation charge for the year has been allocated as follows:	Note	June 30, 2019 Rupees	June 30, 2018 Rupees
	Cost of sales	28	238,073,064	214,815,553
	Administrative expenses	31	12,097,935	8,636,586
			<u>250,170,999</u>	<u>223,452,139</u>

15.3 Freehold lands of the Company are located at Feroze Wattoan Sheikhupura with an area of 864 Kanal 8 Marla (2018: 785 Kanal 18 Marla), at Gajumata Kasur 48 Kanal (2018: 48 Kanal), at Raiwind Kasur 298 Kanal 2 Marla (2018: 766 Kanal) and Leasehold land are located at Kotri with an area of 104 Kanal (2018: 104 Kanal).



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Notes to the financial statements For the year ended June 30, 2019

15.4 DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT

Year Ended June 30, 2019							
Description	Cost	Accumulated depreciation	Written down value	Proceeds from disposal of property, plant and equipment	Gain / (loss) on disposal of property, plant and equipment	Mode of disposal	Particulars of buyer
Rupees							
Land	34,534,042	-	34,534,042	147,739,000	113,204,958	Negotiation	AM Dairy & Cattle Farm (Pvt) Ltd. H#69/3, Green Villas, Maratib Ali Road Lahore
Land	31,164,182	-	31,164,182	133,323,500	102,159,318	Negotiation	AM Steel Industries (Pvt) Ltd. H#69/3, Green Villas, Maratib Ali Road Lahore
	65,698,224	-	65,698,224	281,062,500	215,364,276		
Building							
Non factory building - House	27,031,120	1,989,321	25,041,799	30,000,000	4,958,201	Negotiation	Mrs. Ghazala Zahid, H # 153, Ahmed Block, New Garden Town Lahore
	27,031,120	1,989,321	25,041,799	30,000,000	4,958,201		
Machinery							
Carding machinery	6,066,751	5,341,748	725,003	818,125	93,122	Negotiation	Abdul Hafeez, H#583, Street#5, Sarfraz Colony, Faisalabad
Waukesha Gen Set	22,336,642	16,339,598	5,997,044	4,900,000	(1,097,044)	Negotiation	Tariq Glass Industries Limited, 128 J, Model Town, Lahore
	28,403,393	21,681,346	6,722,047	5,718,125	(1,003,922)		
Vehicles							
Toyota Corolla LEF-9450	1,968,800	1,738,975	229,825	300,000	70,175	Negotiation	Nadeem Akhtar Bhutta, H#104, Samanabad Lahore
Toyota Corolla LEF-9453	1,967,440	1,738,070	229,370	300,000	70,630	Negotiation	Nadeem Akhtar Bhutta, H#104, Samanabad Lahore
Honda Civic LEF-9745	1,921,800	1,697,751	224,049	300,000	75,951	Negotiation	Nadeem Akhtar Bhutta, H#104, Samanabad Lahore
Honda Civic LEF-9743	1,921,800	1,697,751	224,049	300,000	75,951	Negotiation	Nadeem Akhtar Bhutta, H#104, Samanabad Lahore
Honda Civic LEA-5236	1,482,710	1,373,955	108,755	200,000	91,245	Negotiation	Rehan Athar, H#133, Pak Block, Iqbal Town Lahore
Toyota ISIS BBL-605	2,053,467	1,281,057	772,410	800,000	27,590	Negotiation	Muhammad Sabir Hussain, H#604A, Sector 11-A, North Karachi
Tractor SAA-4894	357,803	324,825	32,978	75,000	42,022	Negotiation	Saleem Sarwar, Sheikhupura
Honda Civic LEF-9744	1,921,800	1,705,346	216,454	300,000	83,546	Negotiation	Irfan Parvez, H#199D, PHASE-1, Sui Northern Housing Society, Lahore Cantt
Toyota Corolla LEA-6681	1,516,240	1,229,265	286,975	300,000	13,025	Negotiation	H#468-B, Peoples Colony Faisalabad
Toyota Altis AUQ-105	1,875,765	1,557,240	318,525	400,000	81,475	Negotiation	Mansha, H#8169/70, Labour Colony, Landhi Sector F2, Karachi
Toyota Corolla APV-820	1,253,410	1,144,435	108,975	200,000	91,025	Negotiation	Abdul Jabbar, Yaqoob Choro P.O Tana Boola Khan, Karachi
	18,241,035	15,488,670	2,752,365	3,475,000	722,635		
30-Jun-19	139,373,772	39,159,337	100,214,435	320,255,625	220,041,190		

Year ended June 30, 2018							
Description	Cost	Accumulated depreciation	Written down value	Proceeds from disposal of property, plant and equipment	Gain / (loss) on disposal of property, plant and equipment	Mode of disposal	Particulars of buyer
Rupees							
Office premises on lease hold land							
Sales office shop	28,875,486	-	28,875,486	134,925,000	106,049,514	Negotiation	Mr. Arif, Flat no. A-20, Mehran Heights, Block 8, Clifton, Karachi.
	28,875,486	-	28,875,486	134,925,000	106,049,514		
Machinery							
Autoconer	4,558,775	3,404,202	1,154,573	1,200,000	45,427	Negotiation	Mr. Zain ul Asif, Faisalabad
Simplex	7,550,372	7,000,635	549,737	600,000	50,263	Negotiation	Mr. Abdul Hafeez, House No 538, Street 5, Sarfraz Colony, Faisalabad
Drawing	1,232,202	1,138,187	94,015	180,000	85,985	Negotiation	Mr. Abdul Hafeez, House No 538, Street 5, Sarfraz Colony, Faisalabad
Drawing	2,464,404	2,276,374	188,030	400,000	211,970	Negotiation	Mr. Abdul Hafeez, House No 538, Street 5, Sarfraz Colony, Faisalabad
Bale Breaker	1,108,395	808,395	300,000	350,000	50,000	Negotiation	Blessed Textiles Limited, 23/1, Sector 23, Korangi Industrial Area Karachi
Plucker	523,589	485,154	38,435	41,008	2,573	Negotiation	Mr. Abdul Hafeez, House No 538, Street 5, Sarfraz Colony, Faisalabad
Sketcher	3,937,640	2,871,872	1,065,768	1,300,000	234,232	Negotiation	Mr. Abdul Hafeez, House No 538, Street 5, Sarfraz Colony, Faisalabad
Comber	1,053,097	958,951	94,146	100,000	5,854	Negotiation	Mr. Abdul Hafeez, House No 538, Street 5, Sarfraz Colony, Faisalabad
Comber	4,250,000	3,365,645	884,355	1,000,000	115,645	Negotiation	Mr. Abdul Hafeez, House No 538, Street 5, Sarfraz Colony, Faisalabad
Simplex	1,574,700	1,214,738	359,962	400,000	40,038	Negotiation	Mr. Abdul Hafeez, House No 538, Street 5, Sarfraz Colony, Faisalabad
Carding	8,750,536	7,938,677	811,859	900,000	88,141	Negotiation	Mr. Abdul Hafeez, House No 538, Street 5, Sarfraz Colony, Faisalabad
Carding	6,562,902	5,959,081	603,821	675,000	71,179	Negotiation	Mr. Abdul Hafeez, House No 538, Street 5, Sarfraz Colony, Faisalabad
Carding	4,044,501	3,534,446	510,055	550,000	39,945	Negotiation	Mr. Abdul Hafeez, House No 538, Street 5, Sarfraz Colony, Faisalabad
	47,611,113	40,956,357	6,654,756	7,696,008	1,041,252		
Vehicles							
Vehicle LED 10 - 7109	1,184,347	914,670	269,677	400,000	130,323	Negotiation	Mr. Imran Arif, House No. 49, Farooq Street, Ichra Lahore
Vehicle LED - 1905	2,062,167	1,536,599	525,568	610,000	84,432	Negotiation	Mr. Mohsin Bhutta, House No 62-D1, Nespak Colony, Lahore
Vehicle LEA - 8698	958,580	876,753	81,827	150,000	68,173	Negotiation	Mr. Irfan Parvez, House No. 199D, Sui Northern Housing Society, Lahore.
Vehicle VEH - 7648	2,012,010	1,594,456	417,554	475,000	57,446	Negotiation	Mr. Nadeem Akhtar; House No. 104, Main Road Samanabad, Lahore.
Vehicle VEH - 9456	1,967,440	1,724,463	242,977	300,000	57,023	Negotiation	Mr. Nadeem Akhtar; House No. 104, Main Road Samanabad, Lahore.
Vehicle ANB - 992	633,420	577,422	55,998	100,000	44,002	Negotiation	Mr. Manshad; House No 8169/70, Labour Colony, Landhi, Karachi
Vehicle AUX - 681	1,861,880	1,474,127	387,753	450,000	62,247	Negotiation	Mr. Muhammad Fahad; House No B-272, Block L, North Nazimabad, Karachi
	10,679,844	8,698,490	1,981,354	2,485,000	503,646		
30-Jun-18	87,166,443	49,654,847	37,511,596	145,106,008	107,594,412		



BHANERO TEXTILE *of Companies* MILLS LIMITED

Notes to the financial statements For the year ended June 30, 2019

	Note	30-Jun-19 Rupees	30-Jun-18 Rupees
16 CAPITAL WORK IN PROGRESS			
Building and other civil work		24,632,107	30,884,577
Machinery		290,600	570,116
		24,922,707	31,454,693
17 LONG TERM DEPOSITS			
Electricity		28,107,540	28,107,540
Telephone		33,600	33,600
Others	17.1	391,676	391,676
		28,532,816	28,532,816
17.1	It includes security deposit amounting to Rs. 20,000 (June 2018: 20,000) given to Admiral (Private) Limited, an associated company, against rent of building.		
18 STORES, SPARES AND LOOSE TOOLS			
Stores and spares		100,648,705	62,814,534
Packing material		11,020,134	5,199,234
		111,668,839	68,013,768
18.1	No item of stores, spares and loose tools is pledged as security as at reporting date.		
19 STOCK IN TRADE			
Raw material	19.1	2,993,788,566	1,860,317,250
Raw material in transit		-	124,107,142
Work in process		167,175,804	137,316,094
Finished goods		406,737,270	223,726,333
Waste		1,316,844	1,740,764
		3,569,018,484	2,347,207,583
19.1	Raw material stock cost PKR 448,322,102 (2018: PKR 275,063,931) have been valued at PKR 224,161,050 (2018: PKR 137,531,965) being the replacement cost of raw material. The amount charge to profit and loss in respect of raw material written down to net realizable value is Rs. 86,629,085 (2018: PKR 137,531,965).		
19.2	No item of stock in trade is pledged as security as at reporting date.		
20 TRADE DEBTS	Note	30-Jun-19 Rupees	30-Jun-18 Rupees
Foreign - secured against letter of credit		80,333,375	332,611,912
Local - unsecured - considered good		677,828,096	508,881,930
Local - unsecured - considered doubtful		84,316,009	68,336,616
		842,477,480	909,830,458
Allowance for ECL on trade debts	20.1	(84,316,009)	(68,336,616)
		758,161,471	841,493,842
20.1 Particulars of allowance for ECL on trade debts			
Balance at beginning of the year		68,336,616	68,336,616
Charge during the year		16,004,393	-
Allowance no longer required/ recovered		(25,000)	-
		84,316,009	68,336,616



BHANERO TEXTILE *of Companies* MILLS LIMITED

Notes to the financial statements For the year ended June 30, 2019

20.2 Total export sales to closing trade debts

Region	2019		2018	
	Contract	Letter of credit	Contract	Letter of credit
	Rupees	Rupees	Rupees	Rupees
America	-	-	38,079,558	12,320,141
Asia	6,300,000	631,203,655	70,744,204	508,472,248
Europe		101,699,887	717,912,951	572,390,500
Total	6,300,000	732,903,542	826,736,713	1,093,182,889

21 LOANS AND ADVANCES

Advances to :

Suppliers - Unsecured (considered good)	21.1	62,114,206	23,304,793
Suppliers - Unsecured (considered doubtful)		202,681	309,001
Employees - Secured (considered good)		6,244,597	5,394,834
Employees - Un-secured (considered doubtful)		1,165,000	1,165,000

69,726,484 **30,173,628**

Allowance for ECL on advances 21.3 **(1,367,681)** (1,474,001)

68,358,803 **28,699,627**

21.1 These includes an amount of Rs. 38,550,000 (June 2018: Rs. Nil) given to Bhanero Energy Limited in the normal course of business. These advance are less than 30 days past due.

21.2 Aggregate maximum outstanding balance of advance to suppliers given to Bhanero Energy Limited at the end of any month during the year was Rs 38,550,000 (2018: Nil).

21.3 Particulars of allowance for ECL on advances

Balance at beginning of the year	1,474,001	1,474,001
Charge during the year	-	-
Allowance no longer required/ recovered	(106,320)	-
Balance at the ended of the year	1,367,681	1,474,001

22 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS

Deposits against infrastructure fees	22.1	104,772,103	81,750,126
Prepaid expenses		4,401,204	1,710,209
		109,173,307	83,460,335

22.1 Effective mark up rate on these deposits range from 4.5% to 10.25% (June 30, 2018: 4.5% to 6%) per annum.

23 OTHER RECEIVABLES - UNSECURED

	30-Jun-19 Rupees	30-Jun-18 Rupees
KMC refundable - Considered doubtful	680,624	680,624
Letter of credits	267,276	2,559,866
Other receivables - Considered good	13,839,225	14,887,408
	14,787,125	18,127,898
Provision for doubtful receivables	(680,624)	(680,624)
	14,106,501	17,447,274



BHANERO TEXTILE *of Companies* MILLS LIMITED

Notes to the financial statements For the year ended June 30, 2019

	Note	30-Jun-19 Rupees	30-Jun-18 Rupees
24 INCOME TAX REFUNDABLE			
Income tax refundable / adjustable		330,710,871	237,079,056
Provision for taxation - Current year		(91,837,659)	(27,378,416)
Provision for taxation - Prior years		34,512	(3,594,287)
		(91,803,147)	(30,972,703)
		238,907,724	206,106,353
25 SALES TAX REFUNDABLE			
Sales tax and federal excise duty refundable		170,868,560	130,039,795
Federal excise duty and 1% Special excise duty refundable - considered doubtful		3,006,390	3,006,390
Provision for non refundable		(3,006,390)	(3,006,390)
		-	-
		170,868,560	130,039,795
26 BANK BALANCES			
Balances with banks on:			
Current accounts		140,546,846	65,741,401
Foreign currency account - current		3,175,615	2,524,622
		143,722,461	68,266,023
27 SALES - NET			
Export			
Yarn		964,932,941	924,426,890
Fabric		2,142,375,439	1,912,191,474
		3,107,308,380	2,836,618,364
Export Rebate		59,779,138	44,407,434
		3,167,087,518	2,881,025,798
Local			
Yarn		4,965,655,386	4,116,939,372
Fabric		1,057,732,218	845,370,928
Cotton and polyester		44,460,346	163,545,164
Scrap		2,121,146	1,901,049
Waste and others		111,375,914	65,390,950
		6,181,345,010	5,193,147,463
		9,348,432,528	8,074,173,261
Discount		(272,664)	-
Sales tax		(387,000)	(327,850)
		(659,664)	(327,850)
		9,347,772,864	8,073,845,411



BHANERO TEXTILE *of Companies* MILLS LIMITED

Notes to the financial statements For the year ended June 30, 2019

	Note	30-Jun-19 Rupees	30-Jun-18 Rupees
28 COST OF SALES			
Raw material consumed	28.1	5,853,408,960	4,656,993,230
Packing material consumed		77,325,062	79,352,982
Stores, spares and loose tools		178,483,612	167,319,915
Salaries, wages and benefits	28.2	683,018,800	709,577,567
Fees and subscription		621,021	364,966
Fuel, power and water		1,133,109,765	988,909,791
Insurance		22,302,841	13,691,904
Vehicle running and maintenance		9,780,843	9,165,858
Rent, rate and taxes		742,677	632,673
Repairs and maintenance		12,080,050	10,258,430
Communication		852,381	773,416
Traveling and conveyance		2,062,132	2,070,922
Depreciation	15.2	238,073,064	214,815,553
Others		3,327,763	2,869,391
		8,215,188,971	6,856,796,598
Work in process			
Opening stock		137,316,094	121,132,743
Stock burnt / lost during process		(5,482,000)	-
Closing stock		(167,175,804)	(137,316,094)
		(35,341,710)	(16,183,351)
Cost of goods manufactured		8,179,847,261	6,840,613,247
Cost of raw material sold	28.3	44,468,269	163,986,242
Finished stocks			
Opening stock		225,467,097	407,352,695
Finished goods purchases		12,372,270	18,964,352
Closing stock		(408,054,114)	(225,467,097)
		(170,214,747)	200,849,950
		8,054,100,783	7,205,449,439
28.1 Raw material consumed			
Opening stock		1,984,424,392	2,184,922,836
Purchases - net		6,904,456,758	4,625,219,798
		8,888,881,150	6,810,142,634
Cost of raw material sold		(41,683,624)	(162,665,051)
Raw material theft		-	(6,059,961)
Closing stock		(2,993,788,566)	(1,984,424,392)
		5,853,408,960	4,656,993,230

28.2 Salaries, wages and benefits includes employees benefits amounting to PKR 40,016,772 (June 30, 2018: PKR 48,419,005).



BHANERO TEXTILE *of Companies* MILLS LIMITED

Notes to the financial statements For the year ended June 30, 2019

	30-Jun-19 Rupees	30-Jun-18 Rupees
28.3 Cost of cotton sold		
Cost of purchases	40,673,096	157,003,307
Direct expenses	3,795,173	6,982,935
	44,468,269	163,986,242
29 OTHER INCOME		
Income from financial assets		
Interest income	6,173,027	3,346,048
Exchange gain on foreign currency accounts	842,645	364,425
Bad debts recovered	131,320	-
	7,146,992	3,710,473
Income from other than financial assets		
Gain on disposal of property, plant and equipment	220,041,190	107,594,412
Rental income	637,463	681,779
	220,678,653	108,276,191
	227,825,645	111,986,664
30 DISTRIBUTION COST		
Export		
Freight on export sales	45,066,626	54,872,130
Commission on export sales	27,540,015	44,754,978
Export development surcharge	24,929,008	7,037,074
Sales Promotion Expenses	491,001	3,475,943
Others	3,185,212	1,951,633
	101,211,862	112,091,758
Local		
Salaries and wages	748,098	778,427
Freight on local sales	15,059,779	15,038,569
Commission on local sales	60,148,050	54,572,621
Quality claim	87,894	1,345,741
Others	894,992	827,479
	76,938,813	72,562,837
	178,150,675	184,654,595



BHANERO TEXTILE *of Companies* MILLS LIMITED

Notes to the financial statements For the year ended June 30, 2019

	Note	30-Jun-19 Rupees	30-Jun-18 Rupees
31 ADMINISTRATIVE EXPENSES			
Directors' remuneration	37	15,600,000	15,600,000
Staff salaries and benefits	31.1	78,290,678	67,459,624
Traveling, conveyance and entertainment		12,376,834	8,854,108
Printing and stationery		3,070,592	2,579,499
Communication		1,723,800	1,904,586
Vehicles running and maintenance		8,434,130	8,279,312
Legal and professional		882,681	1,818,500
Auditors' remuneration	31.2	1,611,000	1,611,000
Fee and subscription		4,459,535	3,936,736
Repair and maintenance		1,488,553	1,427,754
Depreciation	15.2	12,097,935	8,636,586
Rent, rates and utilities		1,471,137	1,372,162
Donation	31.3	576,500	500,000
Software license renewal and maintenance fee		-	482,400
Others		3,273,679	2,427,030
		145,357,054	126,889,297
31.1	Salaries, wages and benefits includes employees benefits amounting to PKR 6,451,639 (June 30, 2018: PKR 5,317,065).		
31.2 Auditors' remuneration			
Annual statutory audit		1,390,000	1,390,000
Half yearly review		181,000	181,000
Code of Corporate Governance review		40,000	40,000
		1,611,000	1,611,000
31.3	No director or his spouse had any interest in the donee.		
32 OTHER OPERATING EXPENSES			
Workers' Profit Participation Fund	9.3	51,043,799	29,007,844
Workers' Welfare Fund		7,736,615	3,699,784
Allowance for ECL on trade debts	20.1	16,004,393	-
		74,784,807	32,707,628
33 FINANCE COST			
Mark-up on:			
- long-term financing		48,198,987	33,801,367
- short-term borrowings		85,905,984	36,678,536
- workers' profit participation fund	9.3	5,212,871	5,289,478
		139,317,842	75,769,381
Bank charges and commission		3,106,656	3,117,486
Letter of credits discounting		23,898,026	15,084,496
		166,322,524	93,971,363



BHANERO TEXTILE *of Companies* MILLS LIMITED

Notes to the financial statements For the year ended June 30, 2019

34 PROVISION FOR TAXATION	Note	30-Jun-19 Rupees	30-Jun-18 Rupees
Current			
- for the year	34.1	91,837,659	27,378,416
- for prior years		(34,512)	3,594,287
		91,803,147	30,972,703
Deferred - current year	8.2	32,669,693	29,150,541
		124,472,840	60,123,244

34.1 Provision for current tax for the year has been made in accordance with section 18 and section 154 of the Income Tax Ordinance 2001. Income tax assessment of company has been finalized upto tax year 2018.

34.2 Numerical reconciliation between the average tax rate and the applicable tax rate	30-Jun-19 %	30-Jun-18 %
Applicable tax rate	29.00	30.00
Tax effect of amounts that are:		
adjustment of the prior years	(0)	0.66
income chargeable to tax at different rate	(14.16)	(13.24)
deferred tax	3.41	5.35
tax credit	(5.24)	(11.68)
	(15.99)	(18.91)
Effective tax rate	13.01	11.09

35 EARNINGS PER SHARE - BASIC AND DILUTED

There is no dilutive effect on the basic earning per share of the company which is based on;

	277.47	160.68
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Earnings

Earnings for the purpose of basic earnings per share (net profit after tax for the year)	832,409,826	482,036,509
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Number of shares

Weighted average number of ordinary shares for the purpose of basic earnings per share	3,000,000	3,000,000
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Basic earnings per share have been computed by dividing earnings as stated above with weighted average number of ordinary shares.

Basic earnings per share	Rupees	277.47	160.68
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No figure for diluted earnings per share has been presented as the Company has not issued any instruments carrying options which would have an impact on earnings per share when exercised.



BHANERO TEXTILE *of Companies* MILLS LIMITED

Notes to the financial statements For the year ended June 30, 2019

36 NON ADJUSTING EVENTS AFTER BALANCE SHEET DATE

In respect of current period, the board of directors in their meeting held on 26 September, 2019 has proposed to pay cash dividend of @ 558% i.e. PKR 55.80 per ordinary share of PKR 10 each. This dividend is subject to approval by the shareholders at the forthcoming annual general meeting.

37 REMUNERATION OF CHIEF EXECUTIVE AND DIRECTOR

	Chief Executive	Director	Executives	Chief Executive	Director	Executives
	2019	2019	2019	2018	2018	2018
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Remuneration	7,800,000	7,800,000	12,720,817	7,800,000	7,800,000	11,175,867
Perquisites	-	-	2,398,791	-	-	2,067,412
Post employment benefits			1,062,000	-	-	1,531,625
	7,800,000	7,800,000	16,181,608	7,800,000	7,800,000	14,774,904
Number of persons	1	1	6	1	1	6

37.1 In addition the Chief Executive, directors are provided with free use of Company maintained cars and telephone for business use.

37.2 No remuneration to non executive directors has been paid.

38 Segment Analysis

The segment information for the reportable segments for the year ended 30th June 2018 is as follows:

38.1 Operating Results

Note	Spinning		Weaving		Total	
	30-Jun-19	30-Jun-18	30-Jun-19	30-Jun-18	30-Jun-19	30-Jun-18
Sales						
Export sales	964,932,941	924,426,890	2,142,375,439	1,912,191,474	3,107,308,380	2,836,618,364
Local sales	5,113,589,896	4,334,861,007	1,067,755,114	858,286,456	6,181,345,010	5,193,147,463
Custom rebate	22,537,862	11,137,704	37,241,276	33,269,730	59,779,138	44,407,434
Inter-segment sales	332,469,980	317,085,684	-	-	332,469,980	317,085,684
	6,433,530,679	5,587,511,285	3,247,371,829	2,803,747,660	9,680,902,508	8,391,258,945
Discount and sales tax						
Regularity Duty	-	-	-	-	-	-
Discount	(230,543)	-	(42,121)	-	(272,664)	-
Sales tax	(359,142)	(289,062)	(27,858)	(38,788)	(387,000)	(327,850)
	(589,685)	(289,062)	(69,979)	(38,788)	(659,664)	(327,850)
Net sales	6,432,940,994	5,587,222,223	3,247,301,850	2,803,708,872	9,680,242,844	8,390,931,095
Cost of sales	5,406,811,556	4,905,957,098	2,979,759,207	2,616,578,025	8,386,570,763	7,522,535,123
Gross profit	1,026,129,438	681,265,125	267,542,643	187,130,847	1,293,672,081	868,395,972
Other operating income/(expense)	228,080,044	111,325,692	(254,399)	660,972	227,825,645	111,986,664
	1,254,209,482	792,590,817	267,288,244	187,791,819	1,521,497,726	980,382,636
Distribution cost	110,735,950	108,385,590	67,414,725	76,269,005	178,150,675	184,654,595
Administrative cost	112,823,767	100,076,018	32,533,287	26,813,279	145,357,054	126,889,297
	223,559,717	208,461,608	99,948,012	103,082,284	323,507,729	311,543,892
Operating result	1,030,649,765	584,129,209	167,340,232	84,709,535	1,197,989,997	668,838,744
38.2 Segment assets	6,440,249,611	5,008,303,435	1,418,195,852	1,189,150,090	7,858,445,463	6,197,453,525
Unallocated assets					547,482,407	448,139,299
					8,405,927,870	6,645,592,824
38.3 Segment liabilities	2,582,097,898	1,866,394,887	661,582,190	323,429,855	3,243,680,088	2,189,824,742
Unallocated liabilities					249,130,290	193,031,048
					3,492,810,378	2,382,855,790



BHANERO TEXTILE *of Companies* MILLS LIMITED

Notes to the financial statements For the year ended June 30, 2019

38.4 Inter-segment pricing

Transactions among the business segments are recorded at arm's length prices using admissible valuation methods. There were no major customer of company which formed 10 percent or more of the company's revenue.

39 Reconciliation of reportable segment turnover, cost of sales, assets and liabilities

	2019 Rupees	2018 Rupees
39.1 Turnover		
Total turnover for reportable segments	9,680,242,844	8,390,931,095
Elimination of inter-segment turnover	<u>(332,469,980)</u>	<u>(317,085,684)</u>
Total turnover	<u>9,347,772,864</u>	<u>8,073,845,411</u>
39.2 Cost of sales		
Total cost of sales for reportable segments	8,386,570,763	7,522,535,123
Elimination of inter-segment revenue	<u>(332,469,980)</u>	<u>(317,085,684)</u>
Total cost of sales	<u>8,054,100,783</u>	<u>7,205,449,439</u>
39.3 Assets		
Total assets for reportable segments	7,858,445,463	6,197,453,525
Taxation recoverable	238,907,724	206,106,353
Sales tax refundable	170,868,560	130,039,795
Trade deposits	109,173,307	83,460,335
Long term deposit	28,532,816	28,532,816
Total assets	<u>8,405,927,870</u>	<u>6,645,592,824</u>
39.4 Liabilities		
Total liabilities for reportable segments	3,243,680,088	2,189,824,742
Unclaimed dividends	1,105,177	758,605
Infrastructure fee	101,436,900	80,971,084
Deferred taxation	146,588,213	111,301,359
Total liabilities	<u>3,492,810,378</u>	<u>2,382,855,790</u>



BHANERO TEXTILE *of Companies* MILLS LIMITED

Notes to the financial statements For the year ended June 30, 2019

41 Distribution cost

Export

Ocean freight and forwarding	18,288,707	22,022,189	26,777,919	32,849,941	45,066,626	54,872,130
Commission	22,073,886	17,988,781	5,466,129	26,766,197	27,540,015	44,754,978
Export development surcharge	2,380,723	2,293,669	22,548,285	4,743,405	24,929,008	7,037,074
Sales Promotion Expenses	491,001	838,443	-	2,637,500	491,001	3,475,943
Others	441,474	-	2,743,738	1,951,633	3,185,212	1,951,633
	43,675,791	43,143,082	57,536,071	68,948,676	101,211,862	112,091,758

Local

Salaries and wages	748,098	778,427	-	-	748,098	778,427
Inland transportation	14,604,129	14,689,969	455,650	348,600	15,059,779	15,038,569
Commission	50,816,140	47,455,959	9,331,910	7,116,662	60,148,050	54,572,621
Quality claim	-	1,490,674	87,894	(144,933)	87,894	1,345,741
Others	891,792	827,479	3,200	-	894,992	827,479
	67,060,159	65,242,508	9,878,654	7,320,329	76,938,813	72,562,837
	110,735,950	108,385,590	67,414,725	76,269,005	178,150,675	184,654,595

Note	Spinning		Weaving		Total	
	30-Jun-19	30-Jun-18	30-Jun-19	30-Jun-18	30-Jun-19	30-Jun-18
42 Administrative cost						
Directors' remuneration	15,600,000	15,600,000	-	-	15,600,000	15,600,000
Staff salaries and benefits	59,562,718	50,004,772	18,727,960	17,454,852	78,290,678	67,459,624
Traveling, conveyance and entertainment	6,601,124	6,141,961	5,775,710	2,712,147	12,376,834	8,854,108
Printing and stationery	2,137,800	2,197,366	932,792	382,133	3,070,592	2,579,499
Communication	1,584,942	1,838,779	138,858	65,807	1,723,800	1,904,586
Vehicles running and maintenance	6,485,253	6,696,105	1,948,877	1,583,207	8,434,130	8,279,312
Legal and professional	404,070	1,151,500	478,611	667,000	882,681	1,818,500
Auditors' remuneration	1,074,000	1,074,000	537,000	537,000	1,611,000	1,611,000
Fee and subscription	4,121,332	3,520,224	338,203	416,512	4,459,535	3,936,736
Repair and maintenance	1,488,553	1,427,754	-	-	1,488,553	1,427,754
Depreciation	9,845,565	6,982,770	2,252,370	1,653,816	12,097,935	8,636,586
Rent, rates and utilities	1,471,137	1,372,162	-	-	1,471,137	1,372,162
Donation	500,000	250,000	76,500	250,000	576,500	500,000
Bad Debts	-	-	-	-	-	-
Inadmissible input	508,723	515,375	-	-	508,723	515,375
Software license renewal and maintenance fee	-	-	-	482,400	-	482,400
Others	1,438,550	1,303,250	1,326,406	608,405	2,764,956	1,911,655
	112,823,767	100,076,018	32,533,287	26,813,279	145,357,054	126,889,297

43 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable willing parties in an arms length transaction. As at June 30, 2019 the net fair value of all financial instruments has been based on the valuation methodology outlined below:-

Long-term deposits

Long term deposits does not carry any rate of return. The fair value of it has been taken at book value as it is not considered materially different and readily exchangeable.

Non-current liabilities

For all non-current liabilities the fair values have been taken at book values as these are not considered materially different based on the current market rates of return and reprising profiles of similar non-current liabilities.

Other financial instruments

The fair values of all other financial instruments are considered to approximate their book values as they are short term in nature.



BHANERO TEXTILE *of Companies* MILLS LIMITED

Notes to the financial statements For the year ended June 30, 2019

The analysis of yield / mark-up rate risk is as under:

	2019							Effective Interest Rate %
	Interest / Markup bearing			Non Interest / Markup bearing			Total	
	Maturity Upto One year Rupees	Maturity After One year Rupees	Subtotal Rupees	Maturity Upto One year Rupees	Maturity After One year Rupees	Subtotal Rupees		
Financial assets								
Trade debts	-	-	-	758,161,471	-	758,161,471	758,161,471	4.5 to 10.25
Loans and advances	-	-	-	7,409,597	-	7,409,597	7,409,597	
Trade deposits	104,772,103	-	104,772,103	-	-	-	104,772,103	
Other receivables	-	-	-	14,106,501	-	14,106,501	14,106,501	
Cash and bank balances	-	-	-	143,722,461	-	143,722,461	143,722,461	
Long term deposits	-	-	-	-	28,532,816	28,532,816	28,532,816	
	104,772,103	-	104,772,103	923,400,030	28,532,816	951,932,846	1,056,704,949	
Financial liabilities								
Long-term financing	140,182,704	1,121,716,016	1,261,898,720	-	-	-	1,261,898,720	2.4 to 3.5 and KIBOR + 0.40 to .75
Trade and other payables	51,043,799	-	51,043,799	674,932,926	-	674,932,926	725,976,725	
Accrued markup / interest	-	-	-	37,601,814	-	37,601,814	37,601,814	
Short-term borrowings	992,656,991	-	992,656,991	-	-	-	992,656,991	KIBOR + 0.1 to 2
	1,183,883,494	1,121,716,016	2,305,599,510	712,534,740	-	712,534,740	3,018,134,250	
On balance sheet gap	(1,079,111,391)	(1,121,716,016)	(2,200,827,407)	210,865,290	28,532,816	239,398,106	(1,961,429,301)	
Contingencies and commitments								
Post dated cheques							436,516,075	
Bill discounted							542,488,682	
Guarantees (Note 8.3 and Note 14.2)							335,453,078	
Letters of credit							74,255,406	

	2018							Effective Interest Rate %
	Interest / Markup bearing			Non Interest / Markup bearing			Total	
	Maturity Upto One year Rupees	Maturity After One year Rupees	Subtotal Rupees	Maturity Upto One year Rupees	Maturity After One year Rupees	Subtotal Rupees		
Financial assets								
Trade debts	-	-	-	841,493,842	-	841,493,842	841,493,842	4.5 to 6
Loans and advances	-	-	-	6,559,834	-	6,559,834	6,559,834	
Trade deposits	81,750,126	-	81,750,126	-	-	-	81,750,126	
Other receivables	-	-	-	17,447,274	-	17,447,274	17,447,274	
Bank balances	-	-	-	68,266,023	-	68,266,023	68,266,023	
Long-term deposits	-	-	-	-	28,532,816	28,532,816	28,532,816	
	81,750,126	-	81,750,126	933,766,973	28,532,816	962,299,789	1,044,049,915	
Financial liabilities								
Long-term financing	81,367,073	885,233,720	966,600,793	-	-	-	966,600,793	2.40 and KIBOR + 0.40 to .65
Trade and other payables	29,007,844	-	29,007,844	742,686,747	-	742,686,747	771,694,591	
Mark-up accrued on loans	-	-	-	15,177,821	-	15,177,821	15,177,821	
Short-term borrowings	220,457,778	-	220,457,778	-	-	-	220,457,778	KIBOR + 0.05 to 2
	330,832,695	885,233,720	1,216,066,415	757,864,568	-	757,864,568	1,973,930,983	
On balance sheet gap	(249,082,569)	(885,233,720)	(1,134,316,289)	175,902,405	28,532,816	204,435,221	(929,881,068)	
Contingencies and commitments								
Post dated cheques							341,896,954	
Bill discounted							410,782,583	
Guarantees (Note 8.3 and Note 14.2)							209,143,962	
Letters of credit							490,829,539	

43.1 Interest rate risk management

Interest rate risk arises from the possibility that changes in interest rates will affect the value of financial instruments. Changes in interest rates can affect the rates charged on interest bearing liabilities. This can result in an increase in interest expense relative to financial borrowings or vice versa. The Company manages its risk by interest rate swapping, maintaining a fair balance between interest rates and financial assets and financial liabilities. The effective interest rates for the monetary financial assets and liabilities are mentioned in respective notes to the financial statements.

43.2 Credit risk and concentration of credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties fail to perform as contracted. Out of the total financial assets of PKR 1,056,684,999 (June 30, 2018: PKR 1,044,049,915), unsecured local trade debts, advances to suppliers, and other receivables amounting in aggregate to PKR 779,657,619 (June 30, 2018: PKR 865,500,950) are subject to credit risk. The Company manages its credit risk by; limiting significant exposure to any individual customers and obtaining advance against sales.



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Notes to the financial statements For the year ended June 30, 2019

43.3 Liquidity risk

Liquidity risk reflects the Company's inability in raising funds to meet commitments. The management closely monitors the Company's liquidity and cash flow position. This includes maintenance of balance sheet liquidity ratios, debtors and creditors concentration both in terms of the overall funding mix and avoidance of undue reliance on large individual customer.

43.4 Foreign exchange risk management

Foreign currency risk arises mainly where receivables and payables exist due to transactions in foreign currencies. As at June 30, 2019, the total foreign currency risk exposure was PKR 83,508,990 (June 30, 2018: PKR 335,136,534) in respect of foreign trade debts.

43.5 Credit risk

43.5.1 Maximum credit exposure

The carrying amount of financial assets, excluding cash in hand, represents maximum credit exposure. The maximum exposure to credit risk as at the reporting date is:

	<i>Note</i>	June 30, 2019 Rupees	June 30, 2018 Rupees
Long term deposits		28,532,816	28,532,816
Trade debts		758,161,471	841,493,842
Loan and advances		5,079,597	4,229,834
Refundable trade deposits		104,772,103	81,750,126
Other receivables		14,106,501	17,447,274
Cash at banks		143,722,461	68,266,023
		<u>1,054,374,949</u>	<u>1,041,719,915</u>

43.5.2 Concentration of credit risk

Maximum exposure to credit risk by geographical region as at the reporting date is:

Domestic	762,144,105	577,218,546
Europe	16,786,833	155,553,378
United States of America	-	19,010,972
Asia and Middle East	63,546,542	158,047,562
	<u>842,477,480</u>	<u>909,830,458</u>
Impairment	(84,316,009)	(68,336,616)
	<u>758,161,471</u>	<u>841,493,842</u>

43.5.3 Aging and movement in Impairment losses

The aging of receivables as at the reporting date is as follows:

Not past due	407,667,374	661,265,657
Past due less than one year	367,578,036	180,107,584
Past due more than one year but less than three years	9,183,448	120,601
Past due more than three years	58,048,622	68,336,616
	<u>842,477,480</u>	<u>909,830,458</u>
Impairment	(84,316,009)	(68,336,616)
	<u>758,161,471</u>	<u>841,493,842</u>

The movement in allowance for impairment in respect of receivables during the year is as follows:

As at beginning of the year	68,336,616	68,336,616
Impairment loss recognized	16,004,393	-
Impairment loss reversed	(25,000)	-
As at end of the year	<u>61,335,909</u>	<u>68,336,616</u>



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Notes to the financial statements For the year ended June 30, 2019

Credit quality of counter parties is assessed based on historical default rates. All loans and receivables not past due are considered good. The management believes that allowance for impairment of loans and receivables past due is not necessary, as these comprise amounts due from old customers, which have been re-negotiated from time to time and are also considered good.

43.5.4 Collateral held

The Company does not hold collateral to secure its loans and receivables. However, foreign trade receivables of the Company are secured through letters of credits and exposure to credit risk in respect of these is minimal.

43.6 Liquidity risk

Following are the contractual maturities of financial liabilities, including estimated interest payments

	As at June 30, 2019				
	Carrying amount Rupees	Contractual cash flows Rupees	One year or less Rupees	One to five years Rupees	More than five years Rupees
Long term financing	1,261,898,720	1,435,251,743	190,921,529	714,665,396	529,664,818
Short term borrowings	992,656,991	713,147,918	713,147,918	-	-
Accrued markup / interest	37,601,814	37,601,814	37,601,814	-	-
Trade creditors	264,744,087	264,744,087	264,744,087	-	-
Accrued liabilities	228,896,503	228,896,503	228,896,503	-	-
Unclaimed dividend	1,105,177	1,105,177	1,105,177	-	-
Other payables	54,861,552	54,861,552	54,861,552	-	-
	2,841,764,844	2,735,608,794	1,491,278,580	714,665,396	529,664,818

	As at June 30, 2018				
	Carrying amount Rupees	Contractual cash flows Rupees	One year or less Rupees	One to five years Rupees	More than five years Rupees
Long term financing	966,600,793	1,127,401,466	116,612,889	406,459,154	720,942,312
Short term borrowings	220,457,778	220,740,079	220,740,079	-	-
Accrued markup / interest	15,177,821	15,177,821	15,177,821	-	-
Trade creditors	224,378,515	224,378,515	224,378,515	-	-
Accrued liabilities	170,251,169	170,251,169	170,251,169	-	-
Unclaimed dividend	758,605	758,605	758,605	-	-
Other payables	33,973,378	33,973,378	33,973,378	-	-
	1,631,598,059	1,792,681,033	781,892,456	406,459,154	720,942,312

43.7 Market risk

43.7.1 Currency risk

The Company's exposure to currency risk as at the reporting date is as follows:

	June 30, 2019 Rupees	June 30, 2018 Rupees
Trade receivables	80,333,375	332,611,912
Cash and cash equivalents	3,175,615	2,524,622
Total exposure	83,508,990	335,136,534

All foreign currency balances are denominated in USD. Average exchange rate used during the year and spot exchange rate applied at the reporting date was PKR 164.00 / USD (2018: PKR 121.40 / USD).

A ten percent appreciation in Rupee would have decreased profit or loss by PKR 8,350,899 (2018: PKR 33,513,653). A ten percent depreciation would have had the equal but opposite effect on profit or loss. This sensitivity analysis based on assumption that all variables, with the exception of foreign exchange rates, remain unchanged.



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Notes to the financial statements For the year ended June 30, 2019

43.7.2 Interest rate risk	June 30, 2019 Rupees	June 30, 2018 Rupees
The interest rate profile the Company's interest bearing financial instruments as at the reporting date is as follows:		
Fixed rate instruments		
Financial assets	104,772,103	81,750,126
Financial liabilities	1,030,446,875	657,685,000
Variable rate instruments		
Financial assets		
Financial liabilities	1,224,108,836	529,373,571

The Company is not exposed to interest rate risk in respect of its fixed rate instruments. A 100 basis points increase in variable interest rates would have decreased profit or loss by PKR 12,241,088 (2018: PKR 5,293,735). A 100 basis points increase in variable interest rate would have had an equal but opposite impact on profit or loss.

43.8 Fair values

Fair value is a price that would be received to sell an asset or paid to transfer a liability in orderly transaction between market participants at the measurement date.

44 TRANSACTIONS WITH RELATED PARTIES

The associated undertaking and related parties comprise associated companies, directors and key management personnel. Names, basis of relationship and transaction with associated undertakings and related parties, other than remuneration and benefits to key management personnel under the term of their employment as disclosed in note 9.1 and 36 are as follow:

Name of the Company	Basis of relationship	Percentage of shareholding	
Faisal Spinning Mills Limited	Common directorship	N/A	
Blessed Textiles Limited	Common directorship	N/A	
Bhanero Energy Limited	Common directorship	N/A	
Admiral (Private) Limited	Directorship of close family relative	N/A	
		30-Jun-19 Rupees	30-Jun-18 Rupees
Nature of relationship	Nature of transactions		
Associated undertaking	Sales of fabric	3,559,668	17,415,271
	Sales of Cotton	43,267,548	142,455,718
	Sales of yarn	547,957,137	577,600,615
	Purchase of yarn	114,990,899	195,348,387
	Purchase of stores	2,340,000	-
	Purchase of fabrics	7,721,587	1,227,205
	Services rendered	637,463	681,779
	Services received	309,000	309,000
	Electricity purchased	333,131,263	743,252,518
	Retirement benefits	Provision for gratuity	32,980,717
Key management	Remuneration	15,600,000	15,600,000



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Notes to the financial statements For the year ended June 30, 2019

45 Accounting Estimates and Judgments

45.1 Income taxes

In making the estimates for income taxes currently payable by the Company, the management looks at the current income tax law and the decisions of appellate authorities on certain issues in the past.

45.2 Investment stated at fair value

Management has determined fair value of certain investments by using quotations from active market conditions and information about the financial instruments. These estimates are subjective in nature and involve some uncertainties and matters of judgment (e.g. valuation, interest rate, etc.) and therefore, cannot be determined with precision.

45.3 Property, plant and equipment

The Company reviews the rate of depreciation, useful life, residual value and value of assets for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding affect on the depreciation charge and impairment.

45.4 Stock-in-trade and stores and spares

The Company reviews the net realizable value of stock-in-trade and stores and spares to assess any diminution in the respective carrying values. Any change in the estimates in future years might affect the carrying amounts of stock-in-trade and stores and spares with a corresponding affect on the amortization charge and impairment. Net realizable value is determined with respect to estimated selling price less estimated expenditures to make the sales.

45.5 Interest rate and cross currency swap

The Company has entered into various interest rates and cross currency swap over the last year. The calculation involves use of estimates with regard to interest and foreign currency rates which fluctuate with the market forces.

46 PLANT CAPACITY AND ACTUAL PRODUCTION

	30-Jun-19	30-Jun-18
Spinning & Weaving		
Number of spindles installed	80,112	80,112
Number of looms installed	162	160
Number of spindles worked	80,112	80,112
Number of looms worked	162	160
Number of working days	364	364
Number of shifts per day	3	3
Installed capacity of yarn (Kgs.)	14,810,385	14,810,385
Actual production of yarn (Kgs.)	12,363,406	11,392,697
Installed capacity of fabric based on 50 picks- meters	26,566,890	21,534,566
Actual production of fabric - meters	15,864,187	15,952,617

It is difficult to precisely describe production capacity and the resultant production converted into base count in the textile industry since it fluctuates widely depending on various factors such as count of yarn spun, raw materials used, spindles speed and twist etc. It would also vary accordingly to pattern of production adopted in a particular year.

47 NUMBER OF EMPLOYEES

	30-Jun-19	30-Jun-18
As at the reporting date		
Head office	62	65
Mills	1,354	1,317
	<u>1,416</u>	<u>1,382</u>
Average for the year		
Head office	63	64
Mills	1,336	1,315
	<u>1,399</u>	<u>1,379</u>



BHANERO TEXTILE *of Companies* MILLS LIMITED

Notes to the financial statements For the year ended June 30, 2019

48 DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been approved by the Board of Directors of the Company and authorized for issue on 26th September 2019.

49 CORRESPONDING FIGURES


49.1 Figures have been rounded off to the nearest rupee. Corresponding figures have been re-arranged where necessary to facilitate comparison. However, no significant reclassification has been made.

50 GENERAL

The figures have been rounded off to the nearest Rupee.

Karachi:
Date: 26th September 2019


Khurram Salim
Chief Executive


Mohammad Salim
Director


Asim Mirza
Chief Financial Officer



BHANERO TEXTILE *of Companies* MILLS LIMITED

**CATEGORIES OF SHAREHOLDERS
AS AT JUNE 30, 2019**

SR #	CATEGORIES OF SHAREHOLDERS	NUMBERS OF SHAREHOLDE	SHARES HELD	PERCENTAG E %
1	Directors Chief Executive Officer and their Spouses and Minor Children's	19	1,567,913	52.26
2	Associated Companies, Undertaking and Related Parties	11	1,280,087	42.67
3	NIT & ICP	-	-	-
4	Insurance Company	1	70,500	2.35
5	General Public / Individuals	335	74,894	2.50
6	Other Companies	3	6,606	0.22
		369	3,000,000	100.00



BHANERO TEXTILE *of Companies* MILLS LIMITED

List of Shareholders As At 30 June 2019

Sr #	Shareholder Category	Percentage	No. of Shares
1	ASSOCIATED COMPANIES UNDERTAKINGS AND RELATED PARTIES		
	ADMIRAL (PVT) LTD	16.69	500,600
	MR. MUHAMMAD SHARIF	0.02	500
	MR. MOHAMMAD SHAKEEL	0.74	22,055
	MR. FARRUKH SALEEM	2.02	60,600
	MR. SAQIB SALEEM	1.68	50,490
	MR. MUHAMMAD QASIM	5.28	158,400
	MR. FAISAL SHAKEEL	4.92	147,676
	MR. ABDULLAH BILAL	1.96	58,787
	MRS. NAZLI BEGUM	4.19	125,579
	MRS. SABA SAQIB	2.76	82,900
	MRS. SADAF FARRUKH	2.42	72,500
2	CEO, DIRECTORS AND THEIR SPOUSES AND MINOR CHILDREN		
	MR. MUHAMMAD SALEEM	0.73	21,929
	MR. MUHAMMAD SHAHEEN	1.43	42,780
	MR. HAMZA SHAKEEL	4.92	147,594
	MR. KHURRAM SALEEM	2.02	60,500
	MR. YOUSUF SALEEM	1.69	50,674
	MR. BILAL SHARIF	2.48	74,500
	MR. MUHAMMAD AMIN	5.32	159,500
	MR. ADIL SHAKEEL	4.92	147,634
	MR. IQBAL MEHBOOB VOHRA	0.02	500
	MRS. YASMIN BEGUM	1.01	30,372
	MRS. SEEMA BEGUM	1.78	53,292
	MRS. AMNA KHURRAM	2.45	73,400
	MRS. SAMIA BILAL	11.14	334,283
	MRS. FATIMA AMIN	5.68	170,400
	MRS. SABA YOUSUF	2.76	82,700
	MRS. MARIUM ADIL	0.02	500
	MASTER AZAAN BILAL	1.96	58,678
	MASTER ALI BILAL	1.96	58,677
3	BANKS, DEVELOPMENT FINANCIAL INSTITUTIONS, NON BANKING FINANCE INSTITUTIONS AND INSURANCE COMPANIES		
	STATE LIFE INSURANCE CORPORATION OF PAKISTAN	2.35	70,500
4	INDIVIDUAL SHAREHOLDERS	2.50	74,894
5	OTHER COMPANIES	0.22	6,606
	TOTAL	100.00	3,000,000



BHANERO TEXTILE *of Companies* MILLS LIMITED

List of Shareholders As At 30 June 2019

**6 DETAIL OF TRADING IN THE SHARES BY THE DIRECTORS, CEO
COMPANY SECRETARY AND THEIR SPOUSES AND MINOR CHILDREN**

**MR. ADIL SHAKEEL AND FAISAL SHAKEEL SHARES GIFTED TO HIS MOTHER
AND BROTHER**

MRS. NAZLI BEGUM	2.50	75,097
MR. HAMZA SHAKEEL	4.90	147,094

7 SHAREHOLDERS HOLDING 05% OR MORE

MR. MUHAMMAD QASIM	5.28	158,400
MR. MUHAMMAD AMIN	5.32	159,500
MRS. SAMIA BILAL	11.14	334,283
MRS. FATIMA AMIN	5.68	170,400
ADMIRAL (PVT) LTD	16.69	500,600



BHANERO TEXTILE *of Companies* MILLS LIMITED

PATTERN OF SHAREHOLDING AS AT JUNE 30, 2019

NUMBERS OF SHAREHOLDERS	SHARE HOLDING		TOTAL SHARES HELD
	FROM	TO	
293	1	100	8,453
32	101	500	10,402
6	501	1000	5,600
8	1001	5000	22,294
2	5001	10000	16,551
3	20001	25000	64,184
1	25001	30000	29,872
1	40001	45000	42,780
3	50001	55000	154,456
3	55001	60000	176,142
2	60001	65000	121,100
4	70001	75000	290,900
2	80001	85000	165,600
1	125001	130000	125,579
3	145001	150000	442,904
2	155001	160000	317,900
1	170001	175000	170,400
1	330001	335000	334,283
1	500001	505000	500,600
369			3,000,000

* Note: The slabs representing nil holding have been omitted.



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Year-Wise Operating Data

2019	2018	2017	2016	2015	2014
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Spinning Unit

Spindle installed	80,112	80,112	69,312	69,312	69,312	69,312
Spindles worked	80,112	80,112	69,312	69,312	69,312	69,312
Installed capacity after conversion into 20/s count - Kg	14,810,385	14,810,385	13,954,119	13,954,119	13,954,119	13,954,119
Actual production - Kg	12,363,406	11,392,698	10,621,496	10,008,485	9,832,682	10,138,381

Weaving Unit

Air jet looms installed	162	160	160	160	160	140
Air jet looms worked	162	160	160	160	160	140
Installed capacity after conversion into 50 picks - Meter	26,566,890	21,534,566	21,534,566	21,534,566	21,534,566	20,206,406
Actual production - Meter	15,864,187	15,952,617	15,100,469	15,992,288	19,272,241	18,362,454

Year-Wise Financial Data

2019	2018	2017	2016	2015	2014
------	------	------	------	------	------

Rupees in Thousands

Profit and loss account

Turnover (Net)	9,347,773	8,073,845	6,837,254	6,637,411	7,350,098	8,060,772
Gross profit	1,293,672	868,396	754,284	684,364	641,534	966,937
Operating profit	1,123,205	636,131	456,308	391,023	351,971	597,040
Financial expenses	166,323	93,971	87,063	69,828	115,128	126,836
Profit before tax	956,883	542,160	369,245	321,195	236,843	470,204
Profit after tax	832,410	482,037	275,737	220,349	207,410	408,263
Cash dividend	167,400	192,900	110,400	30,000	30,000	60,000

Balance Sheet

Share Capital	30,000	30,000	30,000	30,000	30,000	30,000
Reserves	4,700,000	4,000,000	3,700,000	3,300,000	3,150,000	3,150,000
Shareholder equity	4,913,117	4,262,737	3,886,302	3,639,552	3,427,026	3,288,488
Long term liabilities	1,121,716	885,234	428,762	348,588	583,099	620,241
Short term loan	992,657	220,458	676,558	-	-	802,212
Current liabilities	1,897,523	1,089,456	1,256,655	493,105	497,897	1,250,451
Current portion of long term loans	140,183	81,367	77,464	77,464	67,141	-
Fixed assets	3,168,486	2,794,871	2,029,940	1,957,647	2,080,122	1,540,975
Current assets	5,183,986	3,790,735	3,784,088	2,720,643	2,597,798	3,039,511

Ratios

Performance

Sales growth percentage - Year to Year basis	15.78%	18.09%	3.01%	-9.70%	-8.82%	15.20%
Gross profit (%)	13.84%	10.76%	11.03%	10.31%	8.73%	12.00%
Profit before tax (%)	10.24%	6.72%	5.40%	4.84%	3.22%	5.83%
Profit after tax (%)	8.90%	5.97%	4.03%	3.32%	2.82%	5.06%

Breakup value per share - Rupees per share

Market value of share - at the year end - Rupees per share	1,637.71	1,420.91	1,295.43	1,213.18	1,142.34	1,096.16
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Earnings per share - Rupees per share

Price earning ratio	2.88	5.03	9.79	9.26	6.86	3.86
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Leverage

Gearing ratio	0.46	0.28	0.30	0.12	0.19	0.43
Debt to equity (%)	22.83%	20.77%	11.03%	9.58%	17.01%	18.86%
Interest covering ratio	6.75	6.77	5.24	5.60	3.06	4.71

Liquidity ratio

Current ratio	2.73	3.48	3.01	5.52	5.22	2.43
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ایگزیکٹو ڈائریکٹرز ایچ آر آر سی کے ذریعہ تجویز کردہ مقررہ ماہانہ معاوضے کے حقدار ہیں جو بورڈ میٹنگ میں منظور ہوجاتے ہیں ، اس کے بعد عمومی اجلاس میں ممبروں کی منظوری مل جاتی ہے۔ غیر ایگزیکٹو یا آزاد ڈائریکٹرز کو کسی بھی قسم کی فیس یا معاوضے کی ادائیگی نہیں کی گئی ہے۔

قانونی آڈیٹر۔

موجودہ آڈیٹر کا میسرز مشتاق اینڈ کمپنی ، چارٹرڈ اکاؤنٹنٹ 26 اکتوبر 2019 کو طے شدہ سالانہ عمومی اجلاس کے اختتام پر ریٹائر ہوجائیں گے ، البتہ اہل ہونے کے بعد انہوں نے دوبارہ تقرری کے لئے خود کو پیش کیا ہے۔ آڈٹ کمیٹی نے 30 جون 2020 کو ختم ہونے والے سال کے لئے میسرز مشتاق اینڈ کمپنی ، چارٹرڈ اکاؤنٹنٹس کی تقرری کی تجویز پیش کی ہے۔ انسٹی ٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان کا کوالٹی کنٹرول ریویو پروگرام۔ فرم اور اس کے تمام ساتھی انسٹی ٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان کے ذریعہ اخلاق اخلاق کے بارے میں بین الاقوامی فیڈریشن آف اکاؤنٹنٹس کے رہنما اصولوں کی تعمیل کرتے ہیں۔ بورڈ آف ڈائریکٹرز نے 30 جون 2020 کو ختم ہونے والے سال کے لئے میسرز مشتاق اینڈ کمپنی ، چارٹرڈ اکاؤنٹنٹس کو بیرونی آڈیٹر کی حیثیت سے تقرری کی بھی سفارش کی۔

مادی تبدیلیاں اور وعدے۔

کمپنی کے مالی سال کے اختتام کے درمیان کمپنی کی مالی حیثیت کو متاثر کرنے والی کوئی مادی تبدیلیاں اور وعدے نہیں ہوئے جس سے بیلنس شیٹ سے متعلق ہے اور ڈائریکٹرز کی رپورٹ کی تاریخ ہے۔

اعتراف

میں بورڈ آف ڈائریکٹرز ، قابل قدر حصص یافتگان ، صارفین ، بینکروں ، سپلائرز اور دیگر اسٹیک ہولڈرز کی ان کی حمایت ، اعتماد اور اعتماد کے لئے انتہائی مقروض ہوں۔ میں بھی تمام ملازمین کی وفاداری سے لگن اور محنت کے لئے ان کی تعریف کرتا ہوں جس نے کمپنی کو اپنے مقاصد کے حصول میں کامیاب کیا۔

بورڈ کے لئے اور اس کی طرف سے۔

خرم سلیم۔

چیف ایگزیکٹو

محمد سلیم

ڈائریکٹر

کراچی: 26 ستمبر ، 2019



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میں خصوصی تحقیقات کا آغاز کرے جہاں یہ طے کیا جاتا ہے کہ اکاؤنٹنگ کے عمل مشکوک یا مشتبہ ہیں اور اندرونی آڈیٹر کمیٹی کو اس طرح کی کوششوں میں معاونت کرتا ہے۔

انسانی وسائل اور معاوضہ کمیٹی۔

ہیومن ریسورس اینڈ ایمونیشن کمیٹی (ایچ آر آر سی) تین ممبروں پر مشتمل ہے جن میں سے سبھی نان ایگزیکٹو ڈائریکٹر ہیں جبکہ چیئرمین آزاد ڈائریکٹر ہیں۔ HRRC معاوضے اور فوائد سے متعلق کسی بھی قانون ساز رہنما خطوط کی تعمیل کا جائزہ لے ، ملازمت ، مزدوری اور انسانی حقوق سے متعلق قانون سازی کی تعمیل کا جائزہ لے۔

بورڈ آف ڈائریکٹرز کی جانب سے ایچ آر آر سی کمیٹی کی انسانی وسائل کی پالیسیاں ، منصوبے ، اور طریقہ کار کی نگرانی اور انتظامیہ ، بورڈ کی منظوری کے لئے جائزہ ، منظوری ، یا تجویز ، ایگزیکٹوز ، ڈائریکٹرز ، کمیٹی ممبران اور دیگر کے منصفانہ اور مسابقتی معاوضے سے متعلق فیصلے اہم اہلکار۔

کارپوریٹ سماجی ذمہ داری کی پالیسی۔

کمپنیوں کی سی ایس آر کی حکمت عملی کمیٹی کو معاشرے کے مفادات کے لئے مخیر خدمات کے حصول میں ، معاشرے کے تعاون کی سرمایہ کاری اور تعلیمی پروگراموں کو شروع کر کے ، ماحولیات اور اسٹیک ہولڈرز سمیت صارفین ، ملازمین ، سرمایہ کاروں ، برادریوں اور معاشرے پر مثبت اثر ڈالنے کی ترغیب دیتی ہے ، فضلہ کو ضائع کرنے ، ری سائیکلنگ ، توانائی کے تحفظ اور ماحول دوست ٹیکنالوجی کے استعمال کے ل best بہترین طریقوں پر عمل کرتے ہوئے قدرتی ماحول کو تحفظ فراہم کرنے کی ضرورت ہے۔ شعور بیدار کرنے کے لئے کمیٹی باقاعدہ وقفوں پر جنگلات کی کٹائی کے سیر کا اہتمام کرتی ہے

صحت ، حفاظت اور ماحولیاتی پالیسی۔

کمپنی کام کے دوران صحت اور حفاظت کے لئے پرعزم ہے اور صحت اور حفاظت کو موثر طریقے سے سنبھالنے کے ل the قوانین اور ضوابط پر سختی سے عمل کرتی ہے اور ہر طرح کے منفی اثر کو کم سے کم مستحکم ماحول تک پہنچا سکتی ہے۔

کمپنی کے صحت ، حفاظت اور ماحولیاتی پالیسی کے بیان میں صحت ، تمام کارکنوں ، ٹھیکیداروں اور زائرین کی حفاظت ، اور جو بھی کاروباری عمل سے متاثر ہوسکتا ہے ان کی صحت ، کو لاحق خطرات کو دور کرنے یا کم کرنے کی ہر ممکن کوشش کر کے ایک خوشگوار اور قابل عمل ماحول کا مظاہرہ کیا گیا ہے۔ صحت ، حفاظت اور ماحولیاتی قانون سازی کی ت

ڈائریکٹرز معاوضہ کی پالیسی۔

ایگزیکٹو ڈائریکٹر کی معاوضہ پالیسی کی خصوصیت کو انسانی وسائل اور معاوضہ کمیٹی (ایچ آر آر سی) نے بورڈ ایکٹ برائے کمپنیز ایکٹ 2017 ، کمپنیوں کے آرٹیکل آف ایسوسی ایشن اور کوڈ آف کارپوریٹ گورننس ریگولیشنز کے تحت تیار اور تجویز کیا ہے۔

ایگزیکٹو ڈائریکٹرز کا معاوضہ مارکیٹ کی مسابقت پر غور کرتے ہوئے طے کیا جاتا ہے جو ایک جیسی کمپنیوں میں مماثلت رکھتا ہے ، جبکہ بورڈ کی اسائنمنٹس کے دائرہ کار اور سالانہ اجلاسوں کی اہلیت ، تجربہ ، صلاحیت اور سطح پر بھی غور کیا جاتا ہے۔



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Name of Directors	Board of Directors		Committees			
			Audit		Human Resource and Remuneration	
	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended
Mr. Muhammad Salim	5	5	-	-	-	-
Mr. Muhammad Sharif	3	3	-	-	-	-
Mr. Muhammad Shaheen	5	5	-	-	-	-
Mr. Khurram Salim	5	5	-	-	-	-
Mr. Bilal Sharif	5	5	6	6	-	-
Mr. Muhammad Amin	5	5	-	-	2	2
Mr. Adil Shakeel	5	5	-	-	-	-
Mr. Hamza Shakeel	5	5	6	6	2	2
Mr. Iqbal Mehboob	5	5	6	6	2	2
Mrs. Saba Yousaf	2	2	-	-	-	-

حساب کتاب کا گروہ یا لوگ

آڈٹ کمیٹی میں تین اراکین پر مشتمل ہے جس میں چیئرمین آزاد ڈائریکٹر ہیں جبکہ دیگر تمام نان ایگزیکٹو ڈائریکٹر ہیں اور بورڈ آف ڈائریکٹرز کے مقرر کردہ حوالہ کی شرائط کے تحت اپنی ذمہ داریوں کو نبھانے ہیں۔ مالی خواندگی والے ممبر کی تقرری کوڈ آف کارپوریٹ گورننس، 2017 کے باب X کے ریگولیشن 28 (1) (c) کے مطابق کیا گیا ہے۔ بورڈ آف ڈائریکٹرز کی منظوری سے قبل دونوں عبوری اور سالانہ مالی بیانات کا جائزہ لینے کے لئے کوڈ آف کارپوریٹ گورننس، 2017 (کوڈ) کے باب X کے ضابطہ 28 (2) کی تعمیل میں آڈٹ کمیٹی کے اجلاس باقاعدہ وقفوں پر ہوئے۔ بیرونی آڈیٹرز کے ساتھ سال میں ایک بار اضافی ملاقاتیں ہوں جن کے بغیر سی ایف او کے بغیر اور دوسرے اندرونی آڈیٹر کے بغیر سی ایف او اور بیرونی آڈیٹر کی موجودگی کے بغیر ایک آڈٹ کمیٹی کمپنی کے بورڈ آف ڈائریکٹرز کی ایک بڑی آپریننگ کمیٹی ہے جو مالی رپورٹنگ اور انکشافات، اکاؤنٹنگ پالیسیوں کی نگرانی، کسی بھی بیرونی آڈیٹر کی نگرانی، ریگولیٹری تعمیل اور انتظامیہ کے ساتھ رسک مینجمنٹ پالیسیوں کے بارے میں تبادلہ خیال کرتی ہے۔ آڈٹ کمیٹیاں کمپنی کے چیف فنانشل آفیسر (سی ایف او) اور اندرونی آڈٹ کے سربراہ کے ساتھ بات چیت برقرار رکھتی ہیں۔ کمیٹی کو یہ اختیار بھی حاصل ہے کہ وہ ان معاملات



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متعلقہ بارٹی

سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی جانب سے ایس آر او 768 (1) 2019 کے جاری کردہ نوٹیفکیشن کے تحت بارٹی سے متعلق تمام متعلقہ لین دین (آر پی ٹی) کے لئے ایک مضبوط پالیسی موجود ہے اور لین دین کے سلسلے میں کمپنی کی پالیسی میں باقاعدگی سے شامل کیا گیا ہے۔ اور ریکارڈ کی بحالی۔

بورڈ کی تشخیص۔

کمپنی نے بورڈ کی کارکردگی ، بورڈ کے ممبران اور اس کمیٹی کے ممبروں کے جائزہ لینے کے لئے کارپوریٹ گورننس 2017 کے ضابطہ اخلاق 10 (3) (v) کی تعمیل میں داخلی طور پر بورڈ کی تشخیصی کارروائی کا انتخاب کیا ہے۔

قانونی دستاویزات ، بورڈ اور کمیٹی کے اجلاسوں کے منٹ ، اس وقت موجود پالیسیاں اور دیگر ذیلی دستاویزات ، سوائے ، بورڈ اور کمیٹی ممبروں کے ساتھ بات چیت کے بارے میں ایک جامع جائزہ لیا گیا ہے۔

بورڈ مرکب

کمپنی کے ایکٹ 2017 کے سیکشن 155 (3) کی دفعات کے تحت 31 جنوری 2019 کو منعقدہ اجلاس میں ڈائریکٹرز نے باقاعدگی سے اس عہدے پر خلاء پیدا کیا۔

مسز صبا یوسف کو عارضی طور پر خالی آسامیاں پُر کرنے کے لئے سبکدوش ہونے والے نان ایگزیکٹو ڈائریکٹر مسٹر محمد شریف کی جگہ ایک نان ایگزیکٹو ڈائریکٹر مقرر کیا گیا ہے۔

جیسا کہ سی سی جی 2017 کے ریگولیشن 36 کے تحت مطلوبہ نو ڈائریکٹرز کا بورڈ مندرجہ ذیل ہے۔

Sr No	Category	Gender		Total
		Male	Female	
(i)	Independent Director	1	0	1
(ii)	Executive Directors	2	0	2
(ii)	Non- Executive Directors	5	1	6

بورڈ اور آڈٹ کمیٹی کے اجلاس۔

• اجلاس میں شریک ہونے کے اہل ، تمام ڈائریکٹرز ، کوڈ آف کارپوریٹ گورننس کے ریگولیشن 10 (6) کے تحت ذاتی طور پر 25 اکتوبر ، 2018 کو منعقدہ کمپنی کے سالانہ جنرل اجلاس میں شریک ہوئے ہیں۔

2018-19 2018ء کے دوران بورڈ آف ڈائریکٹرز ، آڈٹ کمیٹی اور ہیومن ریسورس اور معاوضہ کمیٹی کے اجلاس اور شرکت کی تعداد درج ذیل ہے۔



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Direct بورڈ آف ڈائریکٹرز نے ایک وژن اور مشن بیان اور کارپوریٹ حکمت عملی کی مجموعی وضاحت کو اپنایا ہے۔

• تمام ڈائریکٹرز اس کے عمومی اجلاس میں شریک ہوئے ہیں جب تک کہ معقول وجوہ کی بنا پر تعطل نہ کیا جائے۔

Corporate تمام ڈائریکٹرز کو کوڈ آف کارپوریٹ گورننس ، کمپنیز ایکٹ اور آرٹیکل آف ایسوسی ایشن کے مطابق اپنی شرائط کے آغاز پر اپنی ذمہ داریوں ، کردار ، معاوضے ، اختیارات اور ذمہ داری کے ساتھ تفویض کیا گیا ہے۔

Corporate کوڈ آف کارپوریٹ گورننس ریگولیشن کے تحت مطلوب کمپنی کے تمام ڈائریکٹرز کو ڈائریکٹرز ٹریننگ پروگرام (ڈی ٹی پی) کے تحت منظور شدہ / چھوٹ دی گئی ہے۔

resource انسانی وسائل ، سیٹی بنانے والا ، خریداری ، اسٹیک ہولڈرز کے ساتھ مواصلات کا طریقہ کار ، ماحولیات ، صحت اور حفاظت ، ڈائریکٹر کا معاوضہ ، اینٹی منی لانڈرنگ اور رسک مینجمنٹ وغیرہ سے متعلق اہم پالیسیوں کا صحیح اپ ڈیٹ ریکارڈ موجود ہے۔

Corporate کوڈ آف کارپوریٹ گورننس (کوڈ) اور کمپنیز ایکٹ 2017 (ایکٹ) کی ضرورت کے مطابق ، ہم نے اس رپورٹ میں درج ذیل معلومات کو شامل کیا ہے۔

o حصص یافتگی کے انداز کا بیان الگ سے دیا گیا ہے۔

o متعلقہ اقدامات اور متعلقہ افراد کے ذریعہ رکھے ہوئے حصص کا بیان۔

o بورڈ کے اجلاسوں کا بیان اور سال کے دوران منعقدہ سالانہ عمومی اجلاس اور ہر ڈائریکٹر کی حاضری الگ الگ دی جاتی ہے۔

اے ایکٹ کی دفعہ 192 (4) کی دفعات کے تحت چیئرمین جائزہ رپورٹ۔

ضابطہ اخلاق 40 کے تحت چیئرمین کے ذریعہ دستخط شدہ تعمیل کا بیان۔

six منسلک آڈٹ شدہ مالی بیانات میں ٹیکسوں اور محصولات کی معلومات کے ساتھ گذشتہ چھ سالوں کے اہم آپریٹنگ اور مالی اعدادوشمار کا انکشاف کیا گیا ہے۔

listed کمپنی درج کمپنیوں کے اندرونی کاروبار کی ممانعت کے بارے میں ایس ای سی پی کی طرف سے جاری کردہ رہنما خطوط پر سختی سے عمل کرتی ہے اور کمپنی کے حصص میں کوئی ٹریڈنگ اس کے ڈائریکٹرز ، سی ای او ، سی ایف او ، کمپنی سیکریٹری ، ہیڈ آف انٹرنل آڈٹ اور ان کے شریک حیات اور نابالغ بچوں نے نہیں کی تھی۔ حصص یافتگی کے انداز میں انکشاف کیا۔

شیئر ہولڈنگ کا نمونہ۔

شیئر ہولڈنگ کا نمونہ اور حصص یافتگی کے انداز کے بارے میں اضافی معلومات الگ الگ منسلک ہیں۔



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- کسان ، پانی ، کھاد اور کیڑے مار دوا جیسے مہنگے آدانوں کو کم کر کے منافع میں بہتری کی وجہ سے کپاس کی کاشت کرنے کے لئے حوصلہ افزائی کرتے ہیں۔

- پائیدار روئی اس طرح سے آگئی جائے جو کم سے کم ماحولیاتی اثرات کے ساتھ پیداوار کی سطح کو برقرار رکھے۔ سیکے جو دنیا سے طویل مدتی ماحولیاتی رکاوٹوں اور معاشرتی اقتصادی دباؤ کا سامنا کیے بغیر قابل عمل پیداواری معاش اور معاشیات کی تائید کرسکتی ہے۔

- ٹیکسٹائل کی ری سائیکلنگ زمینی جگہ کو کم کرنے سے بہت سے ماحولیاتی فوائد کی پیش کش کرتی ہے جس سے گندگی سے بنے ٹیکسٹائلوں سے زمینی پانی اور گرین ہاؤس گیسوں کے اخراج کو خطرہ لاحق ہوتا ہے۔

- ری سائیکل شدہ روئی قدرتی وسائل کی نمایاں بچت کا سبب بن سکتی ہے اور زراعت سے آلودگی کو کم کر سکتی ہے۔

- روئی کی بڑھتی ہوئی طلب کو مقامی طور پر پورا کیا جاسکتا ہے۔

لہذا ، ہم یہ کہہ سکتے ہیں کہ کپاس کی پائیدار پیداوار کے ل BC بی سی آئی کا طویل المدتی ویژن دنیا بھر میں عام جگہ بن جاتا ہے اور ہماری حکومتوں ، اداروں اور تنظیموں کو پائیدار زرعی طریقوں پر روئی کے کاشتکاروں کو تربیت دینے کی ذمہ داری قبول کرنی چاہئے کیوں کہ دنیا کو تسلیم کرنے کی ضرورت سے زیادہ واقف ہے۔ اور پائیداری کے مختلف پہلوؤں پر عمل کریں۔

کارپوریٹ اور مالی رپورٹنگ کے فریم ورک پر بیان:

آپ کی کمپنی کے ڈائریکٹرز کمپنیز ایکٹ 2017 ، کوڈ آف کارپوریٹ گورننس 2017 کے تحت قواعد و ضوابط ، پاکستان اسٹاک ایکسچینج لمیٹڈ کے رول بک اور سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے جاری کردہ ہدایات کے تحت اپنی ذمہ داریوں سے آگاہ ہیں۔ ریگولیٹرز کی تعمیل کے ایک حصے کے طور پر ، ہم درج ذیل کی تصدیق کرتے ہیں:

financial کمپنی کی انتظامیہ کے ذریعہ تیار کردہ یہ مالی بیانات ، اس کی امور کی منصفانہ حیثیت ، اس کے کاموں ، نقد بہاؤ اور ایکویٹی میں تبدیلیوں کا نتیجہ پیش کرتے ہیں۔

company کمپنی کے اکاؤنٹ کی مناسب کتابیں برقرار رکھی گئی ہیں۔

statements مالی بیانات کی تیاری میں مناسب اکاؤنٹنگ پالیسیاں مستقل طور پر لاگو ہوتی ہیں اور محاسبہ کا تخمینہ معقول اور محتاط فیصلے پر مبنی ہوتا ہے۔

statements بین الاقوامی مالیاتی رپورٹنگ کے معیارات ، جیسا کہ پاکستان میں قابل اطلاق ہیں ، مالی بیانات کی تیاری میں عمل کیا گیا ہے۔

internal اندرونی کنٹرول کا نظام ڈیزائن کے مطابق تھا اور اس کو موثر انداز میں نافذ اور نگرانی کی جا رہی ہے۔

going کمپنی کی تشویش کی حیثیت سے جاری رکھنے کی اہلیت پر کوئی خاص شبہات نہیں تھے۔

corporate کارپوریٹ گورننس کے بہترین طریقہ کار سے کسی قسم کی مادی روانگی نہیں ہوئی ہے ، جیسا کہ فہرست سازی کے ضوابط میں تفصیل ہے۔

• ہم نے ڈائریکٹرز اور ملازمین کے مابین ایک ضابطہ اخلاق اور کاروباری حکمت عملی تیار کی ہے اور اس کی گردش کی ہے۔



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پاکستان میں زراعت کے شعبے کا جائزہ۔

اس حقیقت پر کہ زراعت اس وقت منحصر ہے جو اس پر منحصر ہے جس میں 40 فیصد معیشت اس پر منحصر ہے ، زراعت کا شعبہ ملک کے ایک اہم آجر اور غیر ملکی زرمبادلہ کی ایک بڑی کمائی کرنے والا ملک ہونے کے باوجود نظرانداز کا شکار رہا تھا۔ کپاس پنجاب اور سندھ میں ایک اہم فصل ہے اور زراعت کی معیشت کا ایک اہم جزو ہے ، تاہم ، ہمارے کپاس کے کھیت کم ہو رہے ہیں اور کاشتکاروں نے دوسری فصلوں کا انتخاب کیا ہے جس سے انہیں زیادہ منافع ملتا ہے۔ ایک اور تشویش جس کی طرف توجہ دینے کی ضرورت ہے وہ ہے روٹی کی مقامی طلب جو تقریباً 16 سے 15 ملین بیلز ہے اور پاکستان ملکی زرمبادلہ کو ختم کر کے اپنی گھریلو ضروریات کو پورا کرنے کے لئے 4-5 ملین گانٹھوں کی درآمد کر رہا ہے۔

اس کے علاوہ ، کپاس کی فصل کے رقبے میں بھی قابل ذکر کمی واقع ہوئی ہے اور پیداوار میں 14.7 ملین گانٹھوں سے 10.7 ملین گانٹھوں تک کمی واقع ہوئی ہے اور اگر حکومت کو دنیا میں بڑے پیداواریوں کے ساتھ مقابلہ کرنے کے لئے روٹی کی پیداوار کو بحال کرنے کی ضرورت ہو تو حقیقت پسندی پر غور کرنا چاہئے۔ چین ، ہندوستان ، امریکہ ، برازیل کی طرح اور اگلے چار سالوں میں 20 ملین گانٹھوں میں کپاس کی پیداوار کا امید مند ہدف حاصل کریں۔

آج کل ، پائیدار روٹی پر دنیا بھر میں کافی چرچا ہو رہا ہے اور امریکہ اور برطانیہ جیسے کچھ ترقی یافتہ ممالک ٹیکسٹائل ، ریشوں اور ضائع شدہ اشیاء کو ری سائیکلنگ اور دوبارہ استعمال کر رہے ہیں جو ملبوسات کی صنعت میں استحکام پیدا کرنے کا ایک موثر طریقہ ہے۔ پائیدار کپاس کو اسی طرح اگایا جاتا ہے جو کم سے کم ماحولیاتی اثرات کے ساتھ پیداوار کی سطح کو برقرار رکھ سکتا ہے جو قابل عمل پیداواری معاش اور معاشرے کی مدد کر سکتا ہے۔ مزید یہ کہ ، بیکار روٹی اکثر پہلے ہی رنگے ہوئے ہوتی ہے لہذا دوبارہ رنگنے کی ضرورت نہیں ہوتی۔ دو ، کپاس پانی ، کھاد ، کیڑے مار دوا اور کیڑے مار دوا کے لحاظ سے ایک انتہائی وسائل سے متاثرہ فصل ہے۔ ہمیں اس سے مستثنیٰ نہیں ہونے کے ل must عالمی میدان میں جدید ترین ترقی سے فائدہ اٹھانے پر زور دینا ہوگا۔ اگرچہ 2006 میں پاکستان نے کپاس کی پائیدار پیداوار پر توجہ دینے کے لئے ایک کمیٹی تشکیل دی ہے اور 2010 میں پاکستان میں بہتر کائن کی تیاری سے ایک اہم سنگ میل حاصل کیا گیا تھا۔

بی سی آئی نے ہمیں بہتر کائن اسٹینڈرڈ سسٹم پر عمل درآمد شروع کرنے کے لئے ایک پلیٹ فارم دیا تھا جس میں پائیداری کے تینوں ستونوں کا احاطہ کرتے ہوئے پائیدار کپاس کی پیداوار کے لئے جامع نقطہ نظر شامل کیا گیا ہے: ماحولیاتی ، معاشرتی اور معاشی ، تاہم ، اس سلسلے میں ابھی بھی بہت کچھ کرنے کی ضرورت ہے۔ معیشت کا زیادہ تر انحصار کپاس پر ہوتا ہے جس میں پانی ، کھاد ، کیڑے مار ادویات اور کیڑے مار دوا جیسے بہت زیادہ وسائل کی ضرورت ہوتی ہے لہذا پائیدار کپاس کی پیداوار کو بڑھانے کے ل foreign غیر ملکی ماہرین ، ماہرین تعلیم ، اور محققین کو ان پٹ حاصل کرنا ہوگا۔

پائیدار روٹی پروگرام کے نفاذ سے مندرجہ ذیل فوائد حاصل کیے جاسکتے ہیں۔

- انسانی صحت اور جیوویودتا دونوں پر منفی اثر سے بچنا۔



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کمپنی کی قلیل مدتی لیکویڈیٹی کافی مستحکم ہے جیسا کہ موجودہ تناسب 2.73 (2018: 3.48) کے تحت نظر ثانی شدہ سال کے لئے تسلی بخش سمجھا جاتا ہے۔

شیئردارک فنڈ کا ڈھانچہ

متوازن سرمایہ کا ڈھانچہ کمپنی کے لئے تکنیکی لحاظ سے اس کا سب سے اہم انتخاب ہے جو اس کی نمو کو طے کرے گا۔ کمپنی نے حصص یافتگان کی قدر کو بڑھانے کے لئے قرض اور ایکویٹی کا ایک زیادہ سے زیادہ اختلاط کا انتظام کیا جو اپنے سرمایہ کاروں کو صحت مند واپسی فراہم کرتا ہے۔

کمپنی کی مالی استحکام کی مضبوطی کا اندازہ اس حقیقت سے لگایا جاسکتا ہے کہ 30 جون 2019 کو ختم ہونے والے رواں سال کے دوران شیئر ہولڈر ایکویٹی 4,913.118 ملین (2108: پی کے آر 4,262.737 ملین) رہی جس میں کل ایکویٹی میں 15.26 فیصد کا اضافہ ہوا سال 30 جون، 2019 کو ختم ہونے والے رواں سال کے دوران 0.46 (2018: 0.28) کا گیٹرنگ تناسب عام طور پر صنعت کے اصولوں کے مطابق اچھی طرح سے قائم کمپنیوں کے لئے عام سمجھا جاتا ہے۔

توازن، جدید اور تبدیلی۔

سال کے دوران، پی ڈی آر میں 520,000 ملین کے لگ بھگ ایک رقم کا اضافہ پلانٹ اور مشینری کی اپ گریڈیشن کی طرف کیا گیا ہے تاکہ پیداواری ٹکنالوجی میں جدید ایجاد کو جاری رکھا جاسکے اور بجلی پیدا کرنے کی استعداد کار میں اضافہ کیا جاسکے۔

کریڈٹ ریٹنگ

A + / A 1 (سنگل A Plus / A-One) کی حتمی درجہ بندی موجودہ سال کے دوران ریٹنگ کمپنی میسر کے جے سی آر-وی آئی ایس نے کمپنی کو تفویض کی ہے۔ تفویض کردہ درجہ بندی پر نقطہ نظر "مستحکم" ہے۔

مالیاتی گوشوارے

کمپنیز ایکٹ 2017 کے تحت ضرورت کے مطابق، پی ایس ایکس کے درج ذیل قواعد و ضوابط اور ایس ای سی پی کے ذریعہ جاری کردہ ہدایات چیف ایگزیکٹو آفیسر اور چیف فنانشل آفیسر نے 30 جون، 2019 کو ختم ہونے والے سال کے لئے کمپنی کے مالی بیانات پیش کیے، جن کی دستخطوں کے تحت باقاعدگی سے اس کی توثیق کی گئی، جاری اور گردش کے لئے بورڈ آف ڈائریکٹرز کی منظوری اور اجازت۔ کمپنی کے مالی بیانات کمپنی کے آڈیٹرز، مشتاق اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کے ذریعہ باقاعدگی سے آڈٹ کیے گئے ہیں اور آڈیٹرز نے 30 جون 2019 کو ختم ہونے والے مالی بیانات پر کلین آڈٹ رپورٹ جاری کی ہے اور بیان کے ضابطے سے متعلق صاف جائزہ رپورٹ جاری کردی ہے۔ کارپوریٹ گورننس یہ رپورٹیں مالی بیانات کے ساتھ منسلک ہیں۔

اکاؤنٹنگ معیارات

کمپنی کی اکاؤنٹنگ پالیسیاں کمپنیز ایکٹ 2017 اور اس طرح کے منظور شدہ بین الاقوامی اکاؤنٹنگ معیارات اور بین الاقوامی مالیاتی رپورٹنگ معیارات کی ضروریات کو پوری طرح سے ظاہر کرتی ہیں جن کو اس ایکٹ کے تحت مطلع کیا گیا ہے اور ساتھ ہی ساتھ سیکوریٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی جانب سے جاری کردہ ہدایتوں کے ذریعے بھی۔



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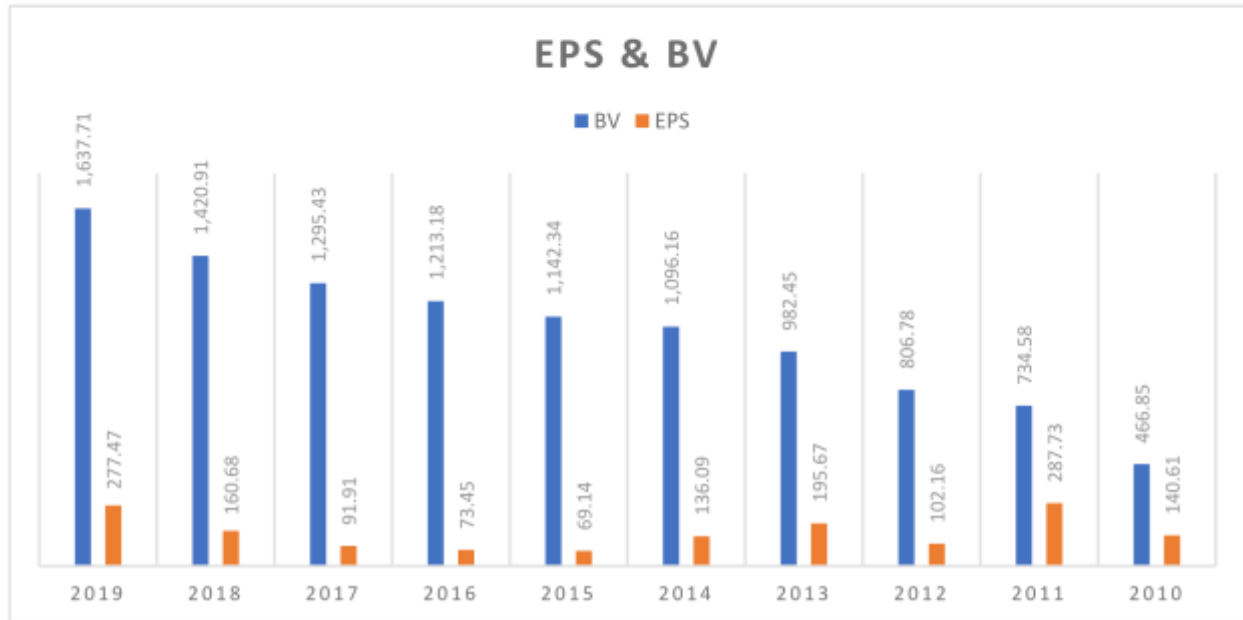
ڈیویڈنڈ اینڈ ریزروئیر مختص

بچھلے سال 2018 میں کمپنی نے P 643,00 یعنی پی کے آر 64.30 پر منافع ادا کیا ہے جبکہ موجودہ سال کے لئے بورڈ آف ڈائریکٹرز ie 558.00 یعنی پی کے آر 55.80 فی حصص کی حتمی نقد منافع کی سفارش پر راضی ہیں۔ 26 اکتوبر 2019 کو شیڈول آئندہ سالانہ عام اجلاس میں منظوری کے حصص یافتگان کے لئے آڈٹ کمیٹی۔

مزید برآں ، ڈائریکٹرز نے مستقبل میں کسی بھی غیر متوقع ہنگامی صورتحال کو پورا کرنے کے لئے پی کے آر 700,000 ملین کی رقم جنرل ریزرو کو منتقل کرنے کی تجویز پیش کی۔

آمدنی اور بریک اپ ویلیو فی شیئر۔

کمپنی شیئر ہولڈرز کی دولت کی قیمت میں اضافے کے لئے بُرعمز ہے جس کی نمائندگی پی کے آر 160.68 سے پی کے آر 277.47 پر فی حصص دونوں حصص میں اضافہ اور رواں سال 30 جون ، 2019 کو ختم ہونے والی سال کے دوران 1,420.91 سے پی کے آر 1,637.71 پر شیئر کی بریک اپ ویلیو ہے۔ اسی سال 30 جون ، 2018 کو ختم ہوا۔



ورکنگ کیپٹل مینجمنٹ

کمپنی اپنے عمل کو آسانی سے جاری رکھنے کی اپنی صلاحیت کو یقینی بناتی ہے اور اس میں طویل مدتی ذمہ داریوں ، قلیل مدتی قرض اور آئندہ آپریشنل اخراجات کی موجودہ پختگی کو پورا کرنے کی کافی صلاحیت ہے۔

طویل مدتی قرضوں کی وجہ سے پی کے آر 81.367 ملین کی ادائیگی سال 2019 کے دوران کی گئی ہے جبکہ کمپنی کے حصص یافتگان کو سال 2019 کے پی ڈی آر 192.553 ملین حصص کا فائدہ دیا گیا ہے۔



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ڈائریکٹرز کی رپورٹ

بنیرو ٹیکسٹائل ملز لمیٹڈ کے ڈائریکٹرز کو 30 جون ، 2019 کو ختم ہونے والی کمپنی کے مالی بیانات کے بارے میں آڈیٹرز کی رپورٹ کے ساتھ سالانہ رپورٹ پیش کرنے میں بے حد خوشی ہے۔

مالی نتائج۔ کمپنی کے مالی نتائج 30 جون 2019 کو ختم ہوئے۔



BHANERO TEXTILE of Companies MILLS LIMITED

	Rupees	Rupees
Sales	9,347,772,864	8,073,845,411
Cost of sales	8,054,100,783	7,205,449,439
Gross profit	1,293,672,081	868,395,972
Other Income	227,825,645	111,986,664
Less: Selling, Admin, Finan & Other Expenses	564,615,060	438,222,883
Profit before taxation	956,882,666	542,159,753
Less: Taxation		
Current year	91,837,659	27,378,416
Prior year	(34,512)	3,594,287
Deferred	32,669,693	29,150,541
	124,472,840	60,123,244
Profit after taxation	832,409,826	482,036,509
Basic and diluted earnings per share	277.47	160.68

مالیاتی کارکردگی

اللہ تعالیٰ کے فضل سے، کمپنی نے 30 جون، 2019 (2018: پی کے آر 482.036 ملین) کو ختم ہونے والے سال کے دوران پی کے آر 832.410 ملین ٹیکس کے بعد منافع حاصل کیا۔

تاریک معاشی منظرنامہ کے باوجود، کمپنی اللہ نے اپنے فضل و کرم سے 30 جون، 2019 کو ختم ہونے والے رواں سال میں اسی مدت کے اسی سال کے مقابلے میں اپنی فروخت اور منافع میں اضافہ کرنے میں کامیاب رہا۔

کمپنی کی فروخت پی کے آر 8,073.845 ملین سے بڑھ کر پی کے آر 9,347.773 ملین ہوگئی جبکہ مجموعی منافع اسی سال کے مقابلے میں 30 جون، 2019 کو ختم ہونے والے رواں سال کے دوران پی کے آر 868.396 ملین سے پی کے آر 1,293.672 ملین ہو گیا ہے۔



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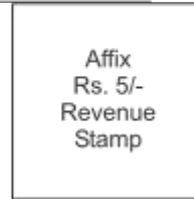
proxy to act on my/our behalf at the 40th Annual General Meeting of the Company to be held on

PROXY FORM

Saturday 26th October 2019 at 09:30 at Umer House, 23/1, Sector 23, S.M. Farooq Road, Korangi Industrial Area, Karachi. and/or at any adjournment thereof.

I/We _____
of _____
being a member of **BHANERO TEXTILE MILLS LIMITED** and holder of _____
ordinary shares as per Share Register Folio No. _____ and/or CDC Participant
ID No. _____ and Sub Account No. _____ hereby appoint
Mr./Mrs./Miss _____ of _____ or failing
him/her _____ of _____ as my / our

WITNESS
Signature
Name
Address



CNIC/Passport #

(Signature should agree with the
specimen signature registered
with the Company)

Signed this _____ day of _____ 2019

Notes:

If a member is unable to attend the meeting, they may complete and sign this form and sent it to the Company Secretary, **Bhanero Textile Mills Limited**, Umer House, 23/1, Sector 23, S.M. Farooq Road, Korangi Industrial Area, Karachi. so as to reach not less than 48 hours before the time scheduled for holding the meeting.

- (i) The Proxy form shall be witnessed by a person whose name, address and CNIC/Passport number should be stated on the form.
- (ii) Attested copy of CNIC or the Passport of the beneficial owner alongwith the Proxy form should also be submitted.
- (iii) The Proxy nominee shall produce his / her original CNIC or original Passport at the time of the meeting.
- (iv) In case of a Corporate entity, the Board of Directors Resolution/Power of Attorney with specimen signature should be submitted (unless it has been provided earlier) along with Proxy form to the Company.



BHANERO TEXTILE of Companies MILLS LIMITED

پراسی فارم

میں _____ کے _____
کے رکن اور عام شیئر کے حامل کی حیثیت کے _____ (شیئر کی تعداد)
رجسٹرڈ کارپوریٹڈ نمبر _____ اور ای سی ڈی سی فوئیو کا آئی ڈی نمبر _____ اور ڈیلی اکاؤنٹ نمبر _____ کے
یا _____ کے _____
کو کھنی کے سالانہ اجلاس جو 26 اکتوبر 2019 کو منعقد ہوگا، میں میرے اہلکار کے لئے اور میری اہلکاروں کی طرف سے بحیثیت اپنا پراسی، ووٹ دینے کے لئے نامزد کرتا ہوں کرتے ہیں۔

دستخط _____ بروز _____ تاریخ _____ / _____ / 2019۔
گواہان:

دستخط:

نام:

پتہ:

کمپیوٹرائزڈ قومی شناختی کارڈ نمبر:

پاسپورٹ نمبر:

دستخط شیئر ہولڈر

(دستخط کا کھنی میں رجسٹرڈ نمونے کے ہونے سے مطابقت ہونا ضروری ہے)

دستخط:

نام:

پتہ:

کمپیوٹرائزڈ قومی شناختی کارڈ نمبر:

پاسپورٹ نمبر:

نوٹ: نمائندے کو فعال بنانے کے لئے نامزدگی کا فارم میٹنگ سے کم از کم 48 گھنٹے قبل کھنی کو موصول ہو جانا چاہیے۔ نمائندے کو کھنی کا رکن ہونا ضروری نہیں۔
سی ڈی سی شیئر ہولڈرز اور ان کے نمائندوں سے فرد افراد درخواست ہے کہ وہ اپنے کمپیوٹرائزڈ قومی شناختی کارڈ تصدیق شدہ نقل یا پاسپورٹ، پراسی فارم داخل کرنے سے قبل اس کے ساتھ منسلک کریں۔

REGISTERED OFFICE

Umer House, 23/1, Sector 23, S.M. Farooq Road,
Korangi Industrial Area, Karachi-74900, Pakistan

Phones : 021 - 35115177 - 80

Fax No. : 021 - 35063002 - 3

E-mail : khioff@umergroup.com

Website : www.umergroup.com