



of Companies

FIRST QUARTERLY ACCOUNTS
2021-2022
(UN - AUDITED)

UMER GROUP OF COMPANIES

BHANERO TEXTILE MILLS LIMITED



Vision

A premier quality company providing quality products by maintaining an excellent level of ethical & professional standards.



Mission Statement

To become a leading manufacturer of textile products globally and explore the new era to achieve the highest level of success.

Directors' Review

On behalf of the board of directors of Bhanero Textile Mills Limited, I am pleased to present the unaudited condensed interim financial statements for the first quarter ended September 30, 2021.

Significant Financial Performance for the First Quarter Ended September 30, 2021;

Profit after tax for the first quarter ended September 30, 2021 is PKR 620.317 million as compared to PKR 102.892 million in the corresponding period ended September 30, 2020.

Earnings per share for the first quarter ended September 30, 2021 is PKR 206.77 (Sep 30 2020: PKR 34.30).

Break-up value of the share as on September 30, 2021 is PKR 2,461.13 (June 30, 2021: PKR 2,254.35).

The current ratio for first quarter ended September 30, 2021 is 4.21 (June 30, 2021: 5.89).

Outlook of Textile Sector

Pakistan being the fifth largest producer of cotton globally and having the third largest spinning industry in world after China and India is unable to cater the growing demand for the spinning sector over the years, resulting in the industry to recourse towards import of cotton.

The textile sector experienced the decreasing trend of the cotton production since more than a decade. Against the requirement of 15 million bales, the country just produced around 7 million bales last year due to constant negligence towards the major cash crop for several years coupled by other factors like climate change, pest attack, water scarcity, inferior pesticides and absence of quality seeds. This led the textile sector to import cotton every year to cater the demand of spinning sector.

Fortunately, after long period a silver lining seems to appear as we're expecting that cotton production might cross estimated 8.5 million bales for the current year. Till October 15, 2021 arrivals of around 5.208 million bales have already reached with ginners which is 94 percent increase on YoY basis.

This is definitely a positive sign for our textile exports which grew by 27 percent on YoY basis during Jul- Sep 2021 (\$4.4 billion). The increase in cotton arrival would accelerate business activities in many sectors. Besides textiles even the automobile reports have confirmed a sizable increase in tractor production due to hopeful prospects of crop that would encourage agriculture disbursement.

New Spinning Unit

Some of the letter of credits established for the import of machinery are successfully retired under the financing arrangements made with NBP whereas civil work for construction of infrastructure is in full swing and expected to be completed hopefully by June 2022.

Acknowledgement

The Board appreciates the contribution of employees and continual supports all financial institutions.

On behalf of the Board



Khurrum Salim

(Chief Executive Officer)

Karachi: October 28, 2021

Bhanero Textile Mills Limited

Condensed Interim Statement of Financial Position (Un-Audited)

As at Sep 30, 2021

		Sep 30, 2021	June 30, 2021			Sep 30, 2021	June 30, 2021
	Note	Un-Audited Rupees	Audited Rupees		Note	Un-Audited Rupees	Audited Rupees
EQUITY AND LIABILITIES				ASSETS			
SHARE CAPITAL AND RESERVES				NON CURRENT ASSETS			
Authorized capital				Property, plant and equipment	7	4,122,746,350	3,092,486,248
6,000,000 (June 30, 2021: 6,000,000) ordinary shares of Rs.10 each		60,000,000	60,000,000	Long term deposits		28,559,816	28,559,816
						4,151,306,166	3,121,046,064
Issued, subscribed and paid up capital		30,000,000	30,000,000				
Reserves		6,300,000,000	6,300,000,000				
Unappropriated profit		1,053,381,235	433,063,770				
		7,383,381,235	6,763,063,770				
NON CURRENT LIABILITIES				CURRENT ASSETS			
Long term financing - secured		1,480,039,637	1,077,028,637	Stores, spares and loose tools		109,950,947	107,776,096
Lease liability	4	45,571,898	-	Stock in trade		4,660,538,921	2,659,408,838
Long term payables	5	205,370,159	199,099,913	Trade debts		1,587,982,656	1,628,119,912
Staff retirement benefits		193,715,691	181,861,570	Loans and advances		103,079,566	25,876,425
Deferred taxation		165,286,894	165,286,894	Trade deposits and short term prepayments		188,587,639	137,166,690
Deferred grant		179,317,858	24,407,257	Other receivables		5,639,996	6,234,227
		2,269,302,137	1,647,684,271	Advance income tax / Income tax refundable		2,025,129	5,397,013
				Sales tax refundable		293,846,783	63,204,674
				Cash and bank balances		265,162,199	1,739,116,221
						7,216,813,836	6,372,300,096
CURRENT LIABILITIES							
Trade and other payables		1,110,526,087	861,950,312				
Unclaimed dividend		1,342,699	1,342,699				
Accrued interest/markup		7,329,620	6,835,183				
Short term borrowings - secured		344,510,714	-				
Current portion of non current liabilities		251,727,510	212,469,925				
		1,715,436,630	1,082,598,119				
CONTINGENCIES AND COMMITMENTS	6	-	-				
TOTAL EQUITY AND LIABILITIES		11,368,120,002	9,493,346,160	TOTAL ASSETS		11,368,120,002	9,493,346,160

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



CHIEF EXECUTIVE



DIRECTOR

Bhanero Textile Mills Ltd



CHIEF FINANCIAL OFFICER

Bhanero Textile Mills Limited

Condensed Interim Statement of Profit or Loss (Un-Audited) For The First Quarter Ended Sep 30, 2021

	Quarter Ended	
	Sep 30, 2021	Sep 30, 2020
	Rupees	Rupees
Sales	3,538,656,355	3,087,712,823
Cost of sales	2,758,609,462	2,803,344,527
Gross profit	780,046,893	284,368,296
Other income	67,024,511	3,145,563
	847,071,404	287,513,859
Distribution cost	53,778,307	59,631,712
Administrative expenses	44,068,208	38,954,194
Other operating expenses	49,249,963	10,808,168
Finance cost	28,712,893	32,991,668
	175,809,371	142,385,742
Profit before tax	671,262,033	145,128,117
Provision for taxation	8 50,944,568	42,236,435
Profit after tax	620,317,465	102,891,682
Earnings per share - basic and diluted	206.77	34.30

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



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

Bhanero Textile Mills Limited

Condensed Interim Statement of Comprehensive Income (Un-Audited) For The First Quarter Ended Sep 30, 2021

	Quarter Ended	
	Sep 30, 2021	Sep 30, 2020
	Rupees	Rupees
Profit for the period after taxation	620,317,465	102,891,682
Other comprehensive income	-	-
Total comprehensive Income for the period	620,317,465	102,891,682

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



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

Bhanero Textile Mills Limited

Condensed Interim Statement of Changes in Equity (Un-Audited) For The First Quarter Ended Sep 30, 2021

	Share capital	Revenue Reserves		Total
		General reserve	Unappropriated profits	
Rupees				
Balance as at 1st July, 2020	30,000,000	4,800,000,000	89,120,050	4,919,120,050
Comprehensive income				
Profit after taxation			102,891,682	102,891,682
Other comprehensive income			-	-
	-	-	102,891,682	102,891,682
Balance as at Sep 30, 2020	<u>30,000,000</u>	<u>4,800,000,000</u>	<u>192,011,732</u>	<u>5,022,011,732</u>
Balance as at 1st July, 2021	30,000,000	6,300,000,000	433,063,770	6,763,063,770
Comprehensive income				
Profit after taxation			620,317,465	620,317,465
Other comprehensive income			-	-
	-	-	620,317,465	620,317,465
Balance as at Sep 30, 2021	<u>30,000,000</u>	<u>6,300,000,000</u>	<u>1,053,381,235</u>	<u>7,383,381,235</u>

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



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

Bhanero Textile Mills Limited

Condensed Interim Statement of Cash Flows (Un-Audited) For The First Quarter Ended Sep 30, 2021

	Sep 30, 2021	Sep 30, 2020
	Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	671,262,033	145,128,117
Adjustments for:		
Depreciation on property, plant and equipment	64,290,000	67,650,000
Provision for employees' benefits	18,540,000	15,225,000
Infrastructure fee - ETO	6,270,246	48,741
Infrastructure fee - GIDC	-	(89,571)
Gain on disposal of property, plant and equipment	(38,759,807)	(162,817)
Finance cost	28,712,893	32,991,668
Operating cash flows before changes in working capital	750,315,365	260,791,138
(Increase) / decrease in current assets		
Inventories	(2,003,304,934)	899,416,101
Trade debts	40,137,256	(241,984,665)
Loans and advances	(77,203,141)	3,321,360
Trade deposits & prepayments	(51,420,949)	(17,206,614)
Other receivables	594,231	14,274,270
Sales tax refundable	(230,642,109)	127,365,179
	(2,321,839,646)	785,185,631
Increase in trade and other payables	248,575,775	117,232,585
Cash (used in) / generated from operations	(1,322,948,506)	1,163,209,354
Finance cost paid	(28,218,456)	(42,665,787)
Employees' benefits paid	(6,685,879)	(7,857,585)
Income taxes paid	(47,572,684)	(23,787,922)
Long term deposits	-	-
	(82,477,019)	(74,311,294)
Net cash (used in) / generated from operating activities	(1,405,425,525)	1,088,898,060
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	50,701,354	300,000
Additions in property, plant and equipment	(1,105,909,892)	(3,758,238)
Net cash used investing activities	(1,055,208,538)	(3,458,238)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long term financing	(47,217,220)	-
Proceeds from long term loans	689,386,547	116,040,834
Increase / (Decrease) in short term borrowings	344,510,714	(1,043,779,857)
Dividend paid	-	(17,000)
Net cash generated from / (used in) financing activities	986,680,041	(927,756,023)
Net (decrease) / increase in cash and cash equivalents	(1,473,954,022)	157,683,799
Cash and cash equivalents at the beginning of the period	1,739,116,221	114,394,432
Cash and cash equivalents at the end of the period	265,162,199	272,078,231

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



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

Bhanero Textile Mills Limited

Notes to the Condensed Interim Financial Information (Un-audited)

For The First Quarter Ended Sep 30, 2021

1 REPORTING ENTITY

Bhanero Textile Mills Limited ('the Company') is incorporated in Pakistan as a Public Limited Company under the Repealed Companies Ordinance, 1984, now Companies Act, 2017 and is listed on Pakistan Stock Exchange Limited. The Company is primarily spinning and weaving units engaged in the manufacture and sale of yarn and woven fabric however, it is also engaged in the generation of electricity for self consumption. The registered office of the Company is situated at Umer House, 23/1, Sector 23, S.M. Farooq Road, Korangi Industrial Area, Karachi. The manufacturing facility is located at Kotri District Jamshoro in the Province of Sindh and District Sheikhupura in the Province of Punjab.

2 BASIS OF PREPARATION

2.1 Statement of compliance

This condensed interim financial information is un-audited and has been prepared in accordance with the requirements of the IAS 34 Interim Financial Reporting and provisions of and directives issued under the Companies Act, 2017 as applicable in Pakistan. This condensed interim financial information does not include all of the information and disclosures required for annual financial statements and should be read in conjunction with the financial statements of the Company as at and for the year ended 30th June, 2021.

Where the provision of and directives issued under the Companies Act, 2017 differ with the requirement of IAS 34, the provision of and directives issued under the Companies Act, 2017 have been followed.

2.2 Basis of measurement

This condensed interim financial information has been prepared under the historical cost convention except for certain financial instruments at fair value, certain financial liabilities at amortized cost and employees retirement benefits at present value. In this financial information, except for the amounts reflected in the statement of cash flows, all transactions have been accounted for on accrual basis.

2.3 Judgments, estimates and assumptions

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

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

2.4 The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended 30 June 2021.

2.5 Functional currency

This financial information is prepared in Pak Rupees which is the Company's functional currency.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of these interim financial statements are the same as those applied in the preparation of preceding annual financial statements of the Company for the year ended June 30, 2021.

4 LEASE LIABILITY

During the period, the Company has entered into finance lease arrangements with Meezan Bank Limited for leased vehicles. The liabilities under these arrangements are payable in monthly installments. The effective interest rates used as the discounting factor is 7.92% (June 2021: Nil).

5 LONG TERM PAYABLES

These include the following:

Infrastructure development cess payable - ETO
Infrastructure fee payable - Gas

<u>Sep 30, 2021</u>	<u>June 30, 2021</u>
<i>Rupees</i>	<i>Rupees</i>
<i>(Un-Audited)</i>	<i>(Audited)</i>
139,822,204	133,551,958
<u>65,547,955</u>	<u>65,547,955</u>
<u><u>205,370,159</u></u>	<u><u>199,099,913</u></u>

6 CONTINGENCIES AND COMMITMENTS

There is no material change in contingencies and commitments as disclosed in annual financial statements for the year ended June 30, 2021 except following:

6.1 Contingencies

Bills Discounted		149,900,612	539,912,451
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6.2 Commitments

Letter of credit (for store, raw material and machinery)		5,786,769,121	5,105,556,165
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7 PROPERTY, PLANT AND EQUIPMENT

	<i>Note</i>	Sep 30, 2021	June 30, 2021
		<i>Rupees</i>	<i>Rupees</i>
		<i>(Un-Audited)</i>	<i>(Audited)</i>
Operating fixed assets	7.1	2,840,014,093	2,911,960,350
Right of use asset	7.2	57,000,000	-
Capital work in progress		1,225,732,257	180,525,898
		4,122,746,350	3,092,486,248

7.1 Operating fixed assets

Net book value at the beginning of the period/year		2,911,960,350	3,004,662,572
Additions during the period/year			
Freehold land		1,434,000	190,497,419
Plant and machinery		-	16,975,487
Equipment and other assets		-	25,585,247
Vehicles		2,851,290	10,221,150
		4,285,290	243,279,303
Net book value of assets disposed during the period/year		(11,941,547)	(72,617,580)
Depreciation for the period/year		(64,290,000)	(263,363,945)
Net book value at the end of the period / year		2,840,014,093	2,911,960,350

7.2 Right of Use Asset

Net book value at the beginning of the period/year		-	-
Additions during the period/year		57,000,000	-
Net book value of assets transferred to owned assets		-	-
Net book value at the end of the period/year		57,000,000	-

8 PROVISION FOR TAXATION

8.1 No provision for deferred tax has been made as the impact of the same is considered immaterial and provision for current tax has been made in accordance with the requirements of Income Tax Ordinance, 2001.

9 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties from the Company's perspective comprise associated companies and key management personnel. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, and include the Chief Executive and Directors of the Company.

Transactions with key management personnel are limited to payment of short term employee benefits only. The Company in the normal course of business carries out various transactions with associated companies and continues to have a policy whereby all such transactions are carried out on commercial terms and conditions which are equivalent to those prevailing in an arm's length transaction.

Names and details of transactions and balances with related parties are as follows:

Name	Nature of relationship	Shareholding percentage
Faisal Spinning Mills Limited	Associated companies	N/A
Blessed Textiles Limited	Associated companies	N/A
Bhanero Energy Limited	Associated companies	N/A
Admiral (Private) Limited	Associated companies	N/A
Umer Farms (Private) Limited	Associated companies	N/A

Nature of transactions	Quarter Ended	
	Sep 30, 2021	Sep 30, 2020
	Rupees	Rupees
Services received	77,250	77,250
Services rendered	-	180,877
Electricity purchased	103,213,320	98,390,654
Purchase of yarn, fabric	83,448,284	239,226,812
Sales of cotton, yarn, fabric	300,321,760	369,266,536
Remuneration to Key Personal Management	5,400,000	5,400,000
Balance with related party	20,000	20,000

10 SEGMENT REPORTING

The Company has two reportable segments, which offer different products and are managed separately. The following summary describes the operations in each of the company's reportable segments.

Reportable segment	Principal activity
Spinning	Manufacture and sale of yarn
Weaving	Manufacture and sale of woven fabric

Information about operating segments as at Sep 30, 2021 is as follows:

	First Quarter Sep 30, 2021		
	Spinning Rupees	Weaving Rupees	Total Rupees
Revenue from external customers	2,284,384,522	1,254,271,833	3,538,656,355
Inter-segment transfers	131,589,040	-	131,589,040
Segment results	531,482,356	217,953,984	749,436,340

	First Quarter Sep 30, 2020		
	Spinning Rupees	Weaving Rupees	Total Rupees
Revenue from external customers	2,073,541,414	1,014,171,409	3,087,712,823
Inter-segment transfers	149,523,000	-	149,523,000
Segment results	137,910,285	51,017,668	188,927,953

	As at Sep 30, 2021			
	Spinning Rupees	Weaving Rupees	Un-allocated Rupees	Total Rupees
Segment assets	7,607,387,588	3,247,713,047	513,019,367	11,368,120,002

	As at Jun 30, 2021			
	Spinning Rupees	Weaving Rupees	Un-allocated Rupees	Total Rupees
Segment assets	6,936,009,473	2,323,008,494	234,328,193	9,493,346,160

	As at Sep 30, 2021			
	Spinning Rupees	Weaving Rupees	Un-allocated Rupees	Total Rupees
Segment liabilities	2,309,862,747	1,368,424,223	306,451,797	3,984,738,767

	As at Jun 30, 2021			
	Spinning Rupees	Weaving Rupees	Un-allocated Rupees	Total Rupees
Segment liabilities	1,784,898,445	645,202,394	300,181,551	2,730,282,390

11 EVENTS AFTER THE REPORTING PERIOD

11.1 There are no significant events after the reporting period that may require any adjustment or disclosure in this condensed interim financial report.

12 RECOVERABLE AMOUNTS AND IMPAIRMENT

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

13 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information has been approved by the Board of Directors of the Company and authorized for issue on October 28, 2021.

14 GENERAL

14.1 There are no other significant activities since June 30, 2021 affecting the interim financial information.

14.2 Figures have been rounded off to the nearest Rupee.



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER