



*of Companies*

**FIRST QUARTERLY ACCOUNTS  
2014 - 2015  
(UN - AUDITED)**

**UMER GROUP OF COMPANIES**

**BHANERO TEXTILE MILLS LIMITED**



## BHANERO TEXTILE MILLS LIMITED

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### DIRECTORS REVIEW

On behalf of the board of directors of **Bhanero Textiles Mills Limited**, I am pleased to present, the un-audited condensed interim financial statements for first quarter ended 30<sup>th</sup> September 2014.

#### **Operating Results**

During the first quarter ended 30<sup>th</sup> September 2014, the company's profit after tax came to PKR 41.398 million as compared to PKR 151.012 million for the first quarter ended 30<sup>th</sup> September 2013. The earnings per share (EPS) for the first quarter ended 30<sup>th</sup> September 2014 is PKR 13.80 (30<sup>th</sup> September 2013: PKR 50.34).

The company's financial position continues to remain solid supported by strong capital and revenue reserves. Break up value of shares is PKR 1,109.96 as at 30<sup>th</sup> September 2014 (30<sup>th</sup> June 2014: PKR 1,096.16).

During the quarter under review profit has decreased due to slowness in economic activities by reason of sluggish demand of yarn, political unrest and law and order situation.

#### **Future Outlook**

After significant decrease in cotton prices during the period of last six months, now cotton prices look stabilized in Pakistan and China, however it is tumbling in India over larger arrivals of the new crop.

Activity in textile spinning sector in Pakistan is almost dull which resulted in decrease in prices of cotton and yarn. After the stabilization of cotton prices, it would be expect that yarn prices will be stabilized and activity of spinning sector will revive.

Pakistani Rupee is now again depreciating which reflects the imbalance of trade payments. Depreciation of Pakistani Rupee is good for exporters but on other hand it also increases the inflation which resulted in increase of cost of sales of goods.

Energy crisis is still a major threat for economy of Pakistan. Government should take some immediate steps to resolve the energy crisis.

In the present scenario the results are likely to be adverse in coming quarter. The management of the company is doing its best efforts to maintain the profitability margin.

#### **Acknowledgement**

Yours directors record with appreciation, the efforts of the company's managers, technicians and workers who have worked vigorously to meet the target. Yours directors also extent their appreciation to the company's banker, buyers and suppliers for the cooperation extended by them.

On behalf of the Board  
**KHURRAM SALIM**  
Chief Executive / Director

Karachi: 28<sup>th</sup> October , 2014



BHANERO TEXTILE MILLS LIMITED

**Condensed Interim Balance Sheet (Un-Audited)  
As At September 30, 2014**

	Note	(Un-Audited) 30 <sup>th</sup> September, 2014 Rupees	(Audited) 30 <sup>th</sup> June, 2014 Rupees
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
<b>Authorized capital</b>			
6,000,000 (2014: 6,000,000) ordinary shares of Rs.10 each		<u>60,000,000</u>	<u>60,000,000</u>
Issued, subscribed and paid up capital		<b>30,000,000</b>	30,000,000
Reserves		<b>3,150,000,000</b>	3,150,000,000
Unappropriated profit		<b>149,885,684</b>	108,487,652
		<u><b>3,329,885,684</b></u>	<u>3,288,487,652</u>
<b>NON CURRENT LIABILITIES</b>			
Long term financing - secured		<b>613,763,326</b>	620,240,702
Deferred liabilities	4	<b>164,797,906</b>	158,111,719
		<b>778,561,232</b>	778,352,421
<b>CURRENT LIABILITIES</b>			
Trade and other payables		<b>533,084,443</b>	426,780,269
Mark-up accrued on loans and other payables		<b>22,730,688</b>	21,458,189
Short term borrowings - secured	5	<b>132,000,000</b>	802,212,479
Current portion of long term borrowings		<b>6,477,376</b>	-
		<b>694,292,507</b>	1,250,450,937
<b>CONTINGENCIES AND COMMITMENTS</b>	6	-	-
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>4,802,739,423</b></u>	<u>5,317,291,010</u>

The annexed notes form an integral part of these financial statements.

Karachi: 28<sup>th</sup> October , 2014

  
**KHURRUM SALIM**  
Chief Executive



BHANERO TEXTILE MILLS LIMITED

**Condensed Interim Balance Sheet (Un-Audited)  
As At September 30, 2014**

	(Un-Audited) 30 <sup>th</sup> September, 2014	(Audited) 30 <sup>th</sup> June, 2014
Note	Rupees	Rupees
<b>ASSETS</b>		
<b>NON CURRENT ASSETS</b>		
Property, plant and equipment	7 <b>1,462,484,233</b>	1,540,975,267
Capital work in progress	<b>741,872,391</b>	725,583,893
Long term deposit	<b>25,971,436</b>	11,220,436
	<b>2,230,328,060</b>	2,277,779,596
<b>CURRENT ASSETS</b>		
Stores, spares and loose tools	<b>89,969,297</b>	62,663,236
Stock in trade	<b>1,603,234,424</b>	2,164,138,832
Trade debts	<b>440,939,146</b>	500,932,916
Loans and advances	<b>69,872,096</b>	38,555,570
Trade deposits and short term prepayments	<b>41,344,056</b>	40,413,940
Other receivables	<b>8,817,280</b>	3,783,880
Income tax refundable	<b>76,265,226</b>	76,817,187
Sales tax refundable	<b>113,527,696</b>	121,771,262
Cash and bank balances	<b>128,442,142</b>	30,434,591
	<b>2,572,411,363</b>	3,039,511,414
<b>TOTAL ASSETS</b>	<b><u>4,802,739,423</u></b>	<b><u>5,317,291,010</u></b>

**MOHAMMAD SHAKEEL**  
Director



## BHANERO TEXTILE MILLS LIMITED

### Condensed Interim Profit and Loss Account (Un-Audited) For The First Quarter Ended 30<sup>th</sup> September, 2014

	30 <sup>th</sup> September, 2014 Rupees	30 <sup>th</sup> September, 2013 Rupees
Sales	1,698,159,266	1,834,923,151
Cost of goods sold	1,532,589,191	1,562,064,498
Gross profit	165,570,075	272,858,653
Other income	4,916,308	1,392,321
	170,486,383	274,250,974
Distribution cost	45,685,257	45,904,762
Administrative expenses	29,162,451	28,218,507
Other operating expenses	4,302,335	8,912,288
Finance cost	32,947,507	21,881,922
	112,097,550	104,917,479
Profit before tax	58,388,833	169,333,495
Provision for taxation	8	
Current year	16,990,801	18,321,313
Profit after tax	41,398,032	151,012,182
Earnings per share - basic and diluted	13.80	50.34

The annexed notes form an integral part of these financial statements.

**KHURRUM SALIM**  
Chief Executive

**MOHAMMAD SHAKEEL**  
Director

Karachi: 28<sup>th</sup> October , 2014



## BHANERO TEXTILE MILLS LIMITED

### Condensed Interim Cash Flow Statement For The First Quarter Ended 30<sup>th</sup> September, 2014

	30 <sup>th</sup> September, 2014 Rupees	30 <sup>th</sup> September, 2013 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	58,388,833	169,333,495
<b>Adjustments for:</b>		
Depreciation on property, plant and equipment	49,895,796	35,439,290
Provision for employees' benefits	9,855,000	8,580,000
Infrastructure fee	1,296,310	1,975,838
(Gain) on disposal of property, plant and equipment	(3,928,266)	(329,173)
Finance cost	32,947,507	21,881,922
<b>Operating cash flows before changes in working capital</b>	<b>148,455,180</b>	<b>236,881,372</b>
<b>(Increase)/decrease in current assets</b>		
Inventories	533,598,347	(90,736,038)
Trade debts	59,993,770	(20,816,768)
Loans and advances	(31,316,526)	(2,024,616)
Trade deposits	(930,116)	(3,398,407)
Other receivables	(5,033,400)	(6,181,395)
Sales tax refundable	8,243,566	(24,399,133)
	564,555,641	(147,556,357)
Increase in trade and other payables	106,766,701	73,633,192
<b>Cash generated by operations</b>	<b>819,777,522</b>	<b>162,958,207</b>
Finance cost paid	(31,675,008)	(23,594,071)
Employees' benefits paid	(4,465,123)	(7,174,814)
Income taxes paid	(16,438,840)	(14,971,704)
Long term deposits	(14,751,000)	-
	(67,329,971)	(45,740,589)
<b>Net cash generated from operating activities</b>	<b>752,447,551</b>	<b>117,217,618</b>



## BHANERO TEXTILE MILLS LIMITED

### Condensed Interim Cash Flow Statement For The First Quarter Ended 30<sup>th</sup> September, 2014

	30 <sup>th</sup> September, 2014 Rupees	30 <sup>th</sup> September, 2013 Rupees
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from disposal of property, plant and equipment	36,773,504	2,287,712
Purchase of property, plant and equipment	(20,538,498)	(61,577,086)
<b>Net cash used in investing activities</b>	<b>16,235,006</b>	<b>(59,289,374)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payment of liability against assets subject to finance lease	-	(595,214)
Short term bank borrowings	(670,212,479)	(4,389,049)
Dividend paid	(462,527)	-
<b>Net cash from financing activities</b>	<b>(670,675,006)</b>	<b>(4,984,263)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>98,007,551</b>	<b>52,943,981</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>30,434,591</b>	<b>53,183,616</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>128,442,142</b>	<b>106,127,597</b>

The annexed notes form an integral part of these financial statements.

**KHURRUM SALIM**  
Chief Executive

Karachi: 28<sup>th</sup> October , 2014

**MOHAMMAD SHAKEEL**  
Director



BHANERO TEXTILE MILLS LIMITED

**Condensed Interim Statement of Comprehensive Income (Un-Audited)  
For The First Quarter Ended 30<sup>th</sup> September, 2014**

	30 <sup>th</sup> September, 2014 Rupees	30 <sup>th</sup> September, 2013 Rupees
Profit for the period after taxation	41,398,032	151,012,182
Other comprehensive income after taxation	-	-
<b>Total comprehensive Income for the period</b>	<b>41,398,032</b>	<b>151,012,182</b>

*The annexed notes form an integral part of these financial statements.*

**KHURRUM SALIM**  
Chief Executive

**MOHAMMAD SHAKEEL**  
Director

Karachi: 28<sup>th</sup> October , 2014





BHANERO TEXTILE MILLS LIMITED

**Condensed Interim Statement of Changes in Equity (Un-Audited)  
For The First Quarter Ended 30<sup>th</sup> September, 2014**

	Share capital	General reserve	Available for sale financial assets	Unappropriated profits	Total
Rupees					
<b>Balance as at June 30, 2013</b>	30,000,000	2,800,180,000	(180,000)	117,357,337	2,947,357,337
Total comprehensive income for the quarter ended 30th September 2013	-	-	-	151,012,182	151,012,182
<b>Balance as at September 30, 2013</b>	30,000,000	2,800,180,000	(180,000)	268,369,519	3,098,369,519
Total comprehensive income for the remaining period	-	-	180,000	249,938,133	250,118,133
Transfer to general reserve	-	349,820,000	-	(349,820,000)	-
Final dividend paid for the year ended June 30, 2013 at the rate of PKR 20.0 per share	-	-	-	(60,000,000)	(60,000,000)
<b>Balance as at June 30, 2014</b>	30,000,000	3,150,000,000	-	108,487,652	3,288,487,652
Total comprehensive income for the quarter ended 30th September 2014	-	-	-	41,398,032	41,398,032
<b>Balance as at September 30, 2014</b>	<b>30,000,000</b>	<b>3,150,000,000</b>	<b>-</b>	<b>149,885,684</b>	<b>3,329,885,684</b>

The annexed notes form an integral part of these financial statements.

**KHURRUM SALIM**  
Chief Executive

**MOHAMMAD SHAKEEL**  
Director

Karachi: 28<sup>th</sup> October , 2014



## BHANERO TEXTILE MILLS LIMITED

### Condensed Interim Notes To Financial Statement (Un-audited) For The First Quarter Ended 30<sup>th</sup> September, 2014

#### 1 REPORTING ENTITY

Bhanero Textile Mills Limited ('the Company') is incorporated in Pakistan as a Public Limited Company under the Companies Ordinance, 1984 and is listed on Karachi Stock Exchange (Guarantee) Limited, Islamabad Stock Exchange (Guarantee) Limited and Lahore Stock Exchange (Guarantee) Limited. The Company is primarily a spinning unit 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 Sheikhpura in the Province of Punjab.

#### 2 BASIS OF PREPARATION

This interim financial information is not audited and has been presented in condensed form and does not include all the information as is required to be provided in a full set of annual financial statements. This condensed interim financial information should be read in conjunction with the audited financial statements of the Company for the year ended June 30, 2014.

##### 2.1 Statement of compliance

This condensed interim financial report has been prepared in accordance with the requirements of International Accounting Standard 34 - Interim Financial Reporting, and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of and directives issued under the Companies Ordinance, 1984 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 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 this condensed interim financial information are the same as those applied in the preparation of the financial statements of the Company for the year ended June 30, 2014.



## BHANERO TEXTILE MILLS LIMITED

### Condensed Interim Notes To Financial Statement (Un-audited) For The First Quarter Ended 30<sup>th</sup> September, 2014

		September 30, 2014	June 30, 2014
	<i>Note</i>	<i>Rupees</i> <i>(Un-Audited)</i>	<i>Rupees</i> <i>(Audited)</i>
<b>4 DEFERRED LIABILITIES</b>			
These include the following:			
Employees retirement benefits		109,011,271	103,621,394
Long term payables - Secured		35,881,910	34,585,600
Deferred taxation		<u>19,904,725</u>	<u>19,904,725</u>
		<u><b>164,797,906</b></u>	<u><b>158,111,719</b></u>
<b>5 SHORT TERM BORROWINGS</b>			
The aggregate available short term funded facilities amounts to Rs. 5,760 million (June 30, 2014: Rs. 5,360 million)			
<b>6 CONTINGENCIES AND COMMITMENTS</b>			
There is no material change in contingencies and commitments as disclosed in annual financial statements for the year ended June 30, 2014.			
<b>7 PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets			
- assets owned by the Company	7.1	1,462,484,233	1,540,975,267
- assets subject to finance lease	7.2	-	-
		<u>1,462,484,233</u>	<u>1,540,975,267</u>
Capital work in progress		<u>741,872,391</u>	<u>725,583,893</u>
		<u><b>2,204,356,624</b></u>	<u><b>2,266,559,160</b></u>
<b>7.1 Assets owned by the Company</b>			
Net book value at the beginning of the period/year		1,540,975,267	1,528,341,378
Additions during the period/year			
Freehold land		-	49,984,901
Factory buildings		-	350,800
Plant and machinery		4,250,000	70,992,163
Equipment and other assets		-	20,306,528
Vehicles		-	15,791,437
		<u>4,250,000</u>	<u>157,425,829</u>
Net book value of assets transferred from leased assets		-	3,549,609
Net book value of assets disposed during the period/year		(32,845,238)	(3,173,621)
Depreciation for the period/year		<u>(49,895,796)</u>	<u>(145,167,928)</u>
Net book value at the end of the period/year		<u><b>1,462,484,233</b></u>	<u><b>1,540,975,267</b></u>
<b>7.2 Assets subject to finance lease</b>			
Net book value at the beginning of the period/year		-	3,549,609
Additions during the period/year		-	-
Net book value of assets transferred to owned assets		-	(3,549,609)
Net book value at the end of the period/year		<u>-</u>	<u>-</u>



## BHANERO TEXTILE MILLS LIMITED

### Condensed Interim Notes To Financial Statement (Un-audited) For The First Quarter Ended 30<sup>th</sup> September, 2014

#### 8 PROVISION FOR TAXATION

- 8.1 Provision for current tax has been in accordance with the requirements of section 18 and section 154 of the Income Tax Ordinance, 2001.
- 8.2 No provision for deferred tax has been made as the impact of the same is considered immaterial.

#### 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 includes 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.

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

		Quarter ended	
		September 30, 2014	September 30, 2013
		Rupees (Un-Audited)	Rupees (Un-Audited)
<b>9.1 Transactions with related parties</b>			
<b>Nature of relationship</b>	<b>Nature of transaction</b>		
Associated companies	Purchases	86,546,422	22,142,802
	Sales	157,823,633	217,849,650
	Services Received	75,000	75,000
	Services Rendered	657,455	644,858
	Purchase of electricity	164,889,248	193,235,543
Key management personnel	Short term employee benefits	9,855,000	34,098,852

#### 9.2 Balances with related parties

There are no balances with related parties as at the reporting date.

#### 10 SEGMENT REPORTING

The Company has three 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	Manufactures and sale of yarn
Weaving	Manufactures and sale of woven fabric
Power	Generation and sale of electricity

Information about operating segments as at September 30, 2014 and for the quarter then ended is as follows:

	Quarter ended September 30, 2014			
	Spinning Rupees	Weaving Rupees	Power Rupees	Total Rupees
Revenue from external customers	1,126,330,971	571,828,295	-	1,698,159,266
Inter-segment revenues	25,254,536	-	21,078,215	46,332,751



## BHANERO TEXTILE MILLS LIMITED

### Condensed Interim Notes To Financial Statement (Un-audited) For The First Quarter Ended 30<sup>th</sup> September, 2014

	Quarter ended September 30, 2013			
	Spinning Rupees	Weaving Rupees	Power Rupees	Total Rupees
Revenue from external customers	1,219,514,044	615,409,107	-	1,834,923,151
Inter-segment revenues	19,810,200	-	30,061,799	49,871,999

#### As at September 30, 2014

	Spinning Rupees	Weaving Rupees	Power Rupees	Un-allocated Rupees	Total Rupees
Segment assets	3,258,435,641	1,235,227,777	93,311,647	215,764,358	4,802,739,423

#### As at June 30, 2014

	Spinning Rupees	Weaving Rupees	Power Rupees	Un-allocated Rupees	Total Rupees
Segment assets	3,786,264,165	1,222,077,038	99,140,922	209,808,885	5,317,291,010

#### As at September 30, 2014

	Spinning Rupees	Weaving Rupees	Power Rupees	Un-allocated Rupees	Total Rupees
Segment liabilities	270,059,514	215,980,296	16,787,710	970,026,219	1,472,853,739

#### As at June 30, 2014

	Spinning Rupees	Weaving Rupees	Power Rupees	Un-allocated Rupees	Total Rupees
Segment liabilities	213,399,737	155,857,925	15,471,709	1,644,073,987	2,028,803,358

#### 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.

11.2 The shareholder has approved cash dividend at the rate of 200% (i.e. Rs. 20.0 per share) on the ordinary shares as approved in 35th Annual General Meeting held on October 27, 2014.

#### 12 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information have been approved by the Board of Directors of the Company and authorized for issue on 28th October, 2014.

#### 13 GENERAL

13.1 There are no other significant activities since June 30, 2014 affecting the interim financial information.

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

13.3 Figures have been rounded off to the nearest Rupee.

**KHURRUM SALIM**  
Chief Executive

**MOHAMMAD SHAKEEL**  
Director

Karachi: 28<sup>th</sup> October, 2014

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