



of Companies

HALF YEARLY 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 half year ended December 31, 2021.

Significant Financial Performance for the Half Year Ended December 31, 2021;

Profit after tax for the half year ended December 31, 2021 is PKR 1,434.685 million as compared to PKR 477.438 million in the corresponding period ended December 31, 2020.

Earnings per share for the half year ended December 31, 2021 is PKR 478.23 (Dec 31 2020: PKR 159.15).

Break-up value of the share as on December 31, 2021 is PKR 2,661.08 (June 30, 2021: PKR 2,254.35).

The current ratio for half year ended December 31, 2021 is 4.88 (June 30, 2021: 5.89).

Overview of Textile Sector

There has been a significant increase of 44 percent in cotton production on year to year basis as output stood at 7.4 million bales as per Pakistan Cotton Ginners' Association (PCGA) report issued on 15th Dec, 2021. The textile exports also grew considerably by nearly 26 percent on year to year to \$9.4 billion in the first half of current fiscal year 2021-22 and fetched 62 percent of the overall export earnings. (Source PBS).

Even though the cotton production has shown an increasing, the cotton spinners are entering into foreign contracts for the import of cotton as domestic stock of the commodity is unable to cater demand of spinning units. It's anticipated the local stock will not be available after February, 2022 which will adversely impact the production capacity of textile mills in the country. Unfortunately, it seems that the increasing trend will not carry its pace in second half due to multiple reasons including the lack of good-quality cotton and inconsistency in gas supply which eventually led to production issues.

The textile industry emphasized that government should increase the target of cotton production and ensure supply of better-quality cotton in the market since the production target was fixed under 10 million bales for the ongoing fiscal year which is far below the overall requirement more than 15 million bales by the spinning sector. The textile industry also stressed the government to provide consistent energy resources to avoid delays in fulfillments of export orders and clear the vagueness on supply re-gasified liquefied natural gas (RLNG).

New Spinning Unit

Some more letter of credits for the import of machinery were successfully retired during the period ended December 31, 2021 under subsidized financing offered by the State Bank of Pakistan. The civil work for construction of infrastructure is operating as per agreed timelines of 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)

Independent auditor's review report to the members of Bhanero Textile Mills Limited

Report on the Review of the Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Bhanero Textile Mills Limited as at December 31, 2021 and the related condensed interim statement of profit or loss and condensed interim statement of comprehensive income, condensed interim statement of changes in equity, condensed interim statement of cash flows and notes to the financial statements for the six-months period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of this interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review.

The figures of the condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the quarters ended December 31, 2021 and December 31, 2020 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2021.

Scope of Review

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

Conclusion

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

The engagement partner on review resulting in this independent auditor's report is Zahid Hussain Zahid, FCA.


MUSHTAQ & CO
Chartered Accountants



Karachi.

Dated: 25 February, 2022

UDIN:RR202110043L2yEmGMBc

Bhanero Textile Mills Limited

Condensed Interim Statement of Financial Position As at December 31, 2021

	Note	Dec 31, 2021	June 30, 2021		Note	Dec 31, 2021	June 30, 2021
		Un-Audited Rupees	Audited Rupees			Un-Audited Rupees	Audited Rupees
EQUITY AND LIABILITIES				ASSETS			
SHARE CAPITAL AND RESERVES				NON CURRENT ASSETS			
Authorized capital 6,000,000 (June 30, 2021: 6,000,000) ordinary shares of Rs.10 each		60,000,000	60,000,000	Property, plant and equipment	7	5,613,876,070	3,092,486,248
Issued, subscribed and paid up capital		30,000,000	30,000,000	Long term deposits		41,621,816	28,559,816
Reserves		6,300,000,000	6,300,000,000			5,655,497,886	3,121,046,064
Unappropriated profit		1,653,248,542	433,063,770				
		7,983,248,542	6,763,063,770				
NON CURRENT LIABILITIES				CURRENT ASSETS			
Long term financing - secured	4	2,431,839,386	1,077,028,637	Stores, spares and loose tools		107,424,697	107,776,096
Long term payables	5	227,541,398	199,099,913	Stock in trade		4,525,320,782	2,659,408,838
Staff retirement benefits		204,843,286	181,861,570	Trade debts		1,835,119,346	1,628,119,912
Deferred taxation		165,286,894	165,286,894	Loans and advances		59,323,393	25,876,425
Deferred grant		482,031,299	24,407,257	Trade deposits and short term prepayments		214,069,936	137,166,690
		3,511,542,263	1,647,684,271	Other receivables		8,930,556	6,234,227
CURRENT LIABILITIES				Advance income tax / Income tax refundable		-	5,397,013
Trade and other payables		1,102,349,038	861,950,312	Sales tax refundable		298,507,057	63,204,674
Unclaimed dividend		1,720,632	1,342,699	Cash and bank balances		294,213,879	1,739,116,221
Accrued interest/markup		23,361,391	6,835,183			7,342,909,646	6,372,300,096
Short term borrowings - secured		31,297,475	-				
Current portion of non current liabilities		318,344,734	212,469,925				
Provision for taxation - net		26,543,457	-				
		1,503,616,727	1,082,598,119				
CONTINGENCIES AND COMMITMENTS							
	6						
TOTAL EQUITY AND LIABILITIES		12,998,407,532	9,493,346,160	TOTAL ASSETS		12,998,407,532	9,493,346,160

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 Profit or Loss (Un-Audited) For The Half Year Ended December 31, 2021

	Half Year Ended		Quarter Ended	
	Dec 31, 2021	Dec 31, 2020	Dec 31, 2021	Dec 31, 2020
	Rupees	Rupees	Rupees	Rupees
Sales	7,723,854,042	5,898,901,370	4,185,197,687	2,811,188,547
Cost of sales	5,965,907,639	5,056,975,154	3,207,298,177	2,253,630,627
Gross profit	1,757,946,403	841,926,216	977,899,510	557,557,920
Other income	218,525,192	7,527,826	151,500,681	4,382,263
	1,976,471,595	849,454,042	1,129,400,191	561,940,183
Distribution cost	165,016,289	112,972,423	111,237,982	53,340,711
Administrative expenses	100,210,919	79,589,035	56,142,711	40,634,841
Other operating expenses	103,999,983	41,603,914	54,750,020	30,795,746
Finance cost	64,220,818	52,218,280	35,507,925	19,226,612
	433,448,009	286,383,652	257,638,638	143,997,910
Profit before tax	1,543,023,586	563,070,390	871,761,553	417,942,273
Provision for taxation	8 108,338,814	85,632,086	57,394,246	43,395,651
Profit after tax	1,434,684,772	477,438,304	814,367,307	374,546,622
Earnings per share - basic and diluted	478.23	159.15	271.46	124.85

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 Half Year Ended December 31, 2021

	Half Year Ended		Quarter Ended	
	Dec 31, 2021	Dec 31, 2020	Dec 31, 2021	Dec 31, 2020
	Rupees	Rupees	Rupees	Rupees
Profit for the period after taxation	1,434,684,772	477,438,304	814,367,307	374,546,622
Other comprehensive income	-	-	-	-
Total comprehensive Income for the period	1,434,684,772	477,438,304	814,367,307	374,546,622

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 Half Year Ended December 31, 2021

	Revenue Reserves		Total	
	Share capital	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	-	-	477,438,304	477,438,304
Other comprehensive income	-	-	-	-
	-	-	477,438,304	477,438,304
Balance as at Dec 31, 2020	<u>30,000,000</u>	<u>4,800,000,000</u>	<u>566,558,354</u>	<u>5,396,558,354</u>
Balance as at 1st July, 2021	30,000,000	6,300,000,000	433,063,770	6,763,063,770
Final dividend for the year ended June 30, 2021 at the rate of PKR 71.50 per share	-	-	(214,500,000)	(214,500,000)
Comprehensive income				
Profit after taxation	-	-	1,434,684,772	1,434,684,772
Other comprehensive income	-	-	-	-
	-	-	1,434,684,772	1,434,684,772
Balance as at Dec 31, 2021	<u>30,000,000</u>	<u>6,300,000,000</u>	<u>1,653,248,542</u>	<u>7,983,248,542</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 Half Year Ended December 31, 2021

	Dec 31, 2021	Dec 31, 2020
	Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	1,543,023,586	563,070,390
Adjustments for:		
Depreciation on property, plant and equipment	131,980,000	135,300,000
Provision for employees' benefits	37,080,000	30,450,000
Infrastructure fee - ETO	28,441,485	1,980,988
Infrastructure fee - GIDC	-	(6,871,604)
Gain on disposal of property, plant and equipment	(188,385,561)	(162,817)
Finance cost	64,220,818	52,218,280
Operating cash flows before changes in working capital (Increase) / decrease in current assets	1,616,360,328	775,985,237
Inventories	(1,865,560,545)	1,092,254,632
Trade debts	(206,999,434)	(162,723,025)
Loans and advances	(33,446,968)	(3,239,515)
Trade deposits & prepayments	(76,903,246)	(11,189,794)
Other receivables	(2,696,329)	12,724,123
Sales tax refundable	(235,302,383)	156,116,927
	(2,420,908,905)	1,083,943,348
Increase in trade and other payables	240,398,726	90,410,873
Cash (used in) / generated from operations	(564,149,851)	1,950,339,458
Finance cost paid	(47,694,610)	(75,164,209)
Employees' benefits paid	(14,098,284)	(18,690,525)
Income taxes paid	(76,398,344)	(28,471,542)
Long term deposits	(13,062,000)	-
	(151,253,238)	(122,326,276)
Net cash (used in) / generated from operating activities	(715,403,089)	1,828,013,182
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	243,852,480	300,000
Additions in property, plant and equipment	(2,708,254,984)	(16,069,685)
Net cash used investing activities	(2,464,402,504)	(15,769,685)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long term financing	(94,470,617)	(3,298,375)
Proceeds from long term loans	2,012,198,460	158,452,497
Increase / (decrease) in short term borrowings	31,297,475	(1,570,585,500)
Dividend paid	(214,122,067)	(45,920)
Net cash generated from / (used in) financing activities	1,734,903,251	(1,415,477,298)
Net (decrease) / increase in cash and cash equivalents	(1,444,902,342)	396,766,199
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	294,213,879	511,160,631

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 Half Year Ended December 31, 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 Sheikhpura 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 LONG TERM FINANCING - SECURED

There is no material change in the terms and conditions of the long term loans as disclosed in the annual audited financial statements as at and for the year ended June 30, 2021 except that:

- the company obtained long-term facilities aggregating PK 1,898.8 million during the period under the Temporary Economic Refinance Facility (TERF) of the State Bank of Pakistan from two commercial banks. The loans are repayable in quarterly installments over a period of ten years which include a grace period of two years and are secured by way of hypothecation charge over specific plant and machinery of the Company. The facility carries markup ranging from 1.60% to 2.25%.
- the company further obtained loan facilities amounting to PKR 113.4 million from two commercial banks under the Long-Term Financing Facility of the State Bank of Pakistan at the markup 2.6%. These loans are repayable in quarterly installments over a period of ten years which include a grace period of two years and are secured by the way of hypothecation charge over specific plant and machinery of the Company.

5 LONG TERM PAYABLES

These include the following:

Infrastructure development cess payable - ETO
Infrastructure fee payable - Gas

<i>Note</i>	<u>Dec 31, 2021</u>	<u>June 30, 2021</u>
	<i>Rupees</i>	<i>Rupees</i>
	<i>(Un-Audited)</i>	<i>(Audited)</i>
	161,993,443	133,551,958
	<u>65,547,955</u>	<u>65,547,955</u>
	<u><u>227,541,398</u></u>	<u><u>199,099,913</u></u>

	Note	Dec 31, 2021	June 30, 2021
		Rupees	Rupees
		(Un-Audited)	(Audited)
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		481,946,001	539,912,451
6.2 Commitments			
6.2.1 Letter of credit (for store, raw material and machinery)		5,050,583,654	5,105,556,165
6.2.2 The Company has entered into Ijarah arrangements for vehicles with Meezan Bank Limited. These arrangements have been made for the period of five years. Such arrangements carry Bench Mark Rate of 0.5% per annum over the 3 Month KIBOR. The rate would be fixed for the first three months on the last working day before the first disbursement date and subsequently on each last working day immediately preceding the beginning of next three months. Lease rentals shall be revised in accordance with the change in KIBOR to appropriately reflect the Bench Mark. Future Ijarah payments due under these arrangements at the period end are as follows:			
Not later than one year		28,486,146	-
Later than one year & not later than five years		110,497,204	-
Later than five years		132,161	-
		139,115,511	-
	Note	Dec 31, 2021	June 30, 2021
		Rupees	Rupees
		(Un-Audited)	(Audited)
7 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	7.1	2,742,204,376	2,911,960,350
Capital work in progress	7.2	2,871,671,694	180,525,898
		5,613,876,070	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		16,256,945	10,221,150
		17,690,945	243,279,303
Net book value of assets disposed during the period/year		(55,466,919)	(72,617,580)
Depreciation for the period/year		(131,980,000)	(263,363,945)
Net book value at the end of the period / year		2,742,204,376	2,911,960,350
7.2 Capital Work in Progress			
Balance as at beginning of the period/year		180,525,898	21,893,326
Additions during the period/year		2,691,145,796	175,608,059
Transfer to operating fixed assets		-	(16,975,487)
Balance as at end of period / year		2,871,671,694	180,525,898
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	Half Year Ended		Quarter Ended	
	Dec 31, 2021	Dec 31, 2020	Dec 31, 2021	Dec 31, 2020
	Rupees	Rupees	Rupees	Rupees
Services received	154,500	154,500	77,250	77,250
Services rendered	-	723,509	-	542,632
Electricity purchased	210,227,194	203,965,189	107,013,874	105,574,535
Purchase of yarn, fabric	113,122,337	317,948,073	29,674,053	78,721,261
Sales of cotton, yarn, fabric	564,123,959	635,836,020	263,802,199	266,569,484
Remuneration to Key Personal Management	10,800,000	10,800,000	5,400,000	5,400,000
Balance with related party	20,000	20,000	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 Dec 31, 2021 is as follows:

	Half Year Ended Dec 31, 2021		
	Spinning Rupees	Weaving Rupees	Total Rupees
Revenue from external customers	5,243,837,681	2,480,016,361	7,723,854,042
Inter-segment transfers	230,375,865	-	230,375,865
Segment results	1,201,365,412	510,182,886	1,711,548,298

	Half Year Ended Dec 31, 2020		
	Spinning Rupees	Weaving Rupees	Total Rupees
Revenue from external customers	3,949,358,718	1,949,542,652	5,898,901,370
Inter-segment transfers	286,963,700	-	286,963,700
Segment results	496,195,326	160,697,258	656,892,584

	As at Dec 31, 2021			
	Spinning Rupees	Weaving Rupees	Un-allocated Rupees	Total Rupees
Segment assets	7,416,071,917	5,028,136,806	527,655,352	12,971,864,075

	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 Dec 31, 2021			
	Spinning Rupees	Weaving Rupees	Un-allocated Rupees	Total Rupees
Segment liabilities	1,839,131,916	2,820,482,648	329,000,969	4,988,615,533

	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 February 25, 2022.

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