



*of Companies*

FIRST QUARTERLY ACCOUNTS  
2022-2023  
(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, 2022.

### Significant Financial Performance for the First Quarter Ended September 30, 2022;

Profit after tax for the first quarter ended September 30, 2022 is PKR 334.494 million as compared to PKR 620.317 million in the corresponding period September 30, 2021.

Earnings per share for the first quarter ended September 30, 2022 is PKR 111.50 (Sep 30 2021: PKR 206.77).

Break-up value of the share as on September 30, 2022 is PKR 3,213.46 (June 30, 2022: PKR 3101.96).

The current ratio as on September 30, 2022 is 3.40 (June 30, 2022:4.31).

### Overview of Cotton

At the global economic arena where looming of worldwide recession seems apparent by the economist, Pakistan is facing a depressing economy, escalating inflation, political turmoil and aftermath of the most disastrous flooding the country has ever observed in history.

The cotton is a global commodity and in any given crop year, whenever some country or a group of countries face adverse weather conditions the other countries tend to have better weather. For the year 2022-23, Brazil and Australia along with China and India are anticipating growth in the cotton produce as compared to last year 2021-22. Contrary havoc with the standing crop of cotton in Pakistan due to torrential rain and drought sweeping in major cotton producing areas of US may cause a historical low produce in both Pakistan and US.

However, the agricultural experts and forecaster are predicting the net result of global production will be increased during the year 2022-23.

It's anticipated that most of the rain-related losses will be in Sindh, which produces almost 30 percent of the total crop in the country whereas Punjab, which produces the rest of the cotton crop, has received slightly heavy rainfall and may have largely survived with limited losses.

Since extreme weather fueled by climate change it is high time for the government to immediately take measures for research on cotton varieties that are climate resilient, and with varying degrees of adaptability. We can learn from the major cotton-producing countries such as Brazil and China which is an an example how technology can be harnessed to counter severe weather condition for cotton and other agriculture produce. Brazil has achieved the highest productivity average in the world by investing in technology and training of growers, and innovating in research and growing techniques.

### New Spinning Unit

So far, almost 90 percent of machinery reached at the unit whereas remaining machinery is expected to reach by December 2022. The management is trying their level best to commence the commercial production as per revised timeline of July 2023.

### Acknowledgement

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

### On behalf of the Board



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**Khurram Salim**  
(Chief Executive Officer)

# Bhanero Textile Mills Limited

## Condensed Interim Statement of Financial Position (Un-Audited) As at September 30, 2022

		September 30, 2022	June 30, 2022			September 30, 2022	June 30, 2022
	Note	Un-Audited Rupees	Audited Rupees		Note	Un-Audited Rupees	Audited Rupees
<b>EQUITY AND LIABILITIES</b>				<b>ASSETS</b>			
<b>SHARE CAPITAL AND RESERVES</b>				<b>NON CURRENT ASSETS</b>			
<b>Authorized capital</b> 6,000,000 (June 30, 2022: 6,000,000) ordinary shares of Rs.10 each		<b>60,000,000</b>	60,000,000	Property, plant and equipment	6	<b>8,179,337,490</b>	6,777,100,444
Issued, subscribed and paid up capital		<b>30,000,000</b>	30,000,000	Long term deposits		<b>41,596,116</b>	41,596,116
Reserves		<b>8,000,000,000</b>	8,000,000,000			<b>8,220,933,606</b>	6,818,696,560
Unappropriated profit		<b>1,610,388,374</b>	1,275,893,956				
		<b>9,640,388,374</b>	9,305,893,956				
<b>NON CURRENT LIABILITIES</b>				<b>CURRENT ASSETS</b>			
Long term financing - secured		<b>3,466,353,440</b>	2,816,943,750	Stores, spares and loose tools		<b>247,652,606</b>	150,348,628
Long term payables	4	<b>316,933,085</b>	285,713,297	Stock in trade		<b>5,860,119,253</b>	5,101,913,563
Staff retirement benefits		<b>221,949,038</b>	208,934,489	Trade debts		<b>1,502,578,173</b>	1,883,524,023
Deferred taxation		<b>231,555,260</b>	231,555,260	Loans and advances		<b>88,983,361</b>	65,701,413
Deferred grant		<b>1,100,058,624</b>	673,119,963	Trade deposits and short term prepayments		<b>322,074,947</b>	246,263,643
		<b>5,336,849,447</b>	4,216,266,759	Other receivables		<b>35,134,836</b>	28,945,773
<b>CURRENT LIABILITIES</b>				Sales tax refundable		<b>1,090,230,941</b>	608,870,900
Trade and other payables		<b>1,625,733,124</b>	1,579,460,996	Cash and bank balances		<b>427,025,775</b>	640,838,308
Unclaimed dividend		<b>1,519,833</b>	1,519,833			<b>9,573,799,892</b>	8,726,406,251
Accrued interest/markup		<b>59,852,097</b>	31,367,006				
Short term borrowings - secured		<b>750,000,000</b>	-				
Current portion of non current liabilities		<b>334,696,762</b>	336,847,787				
Provision for taxation - net		<b>45,693,861</b>	73,746,474				
		<b>2,817,495,677</b>	2,022,942,096				
<b>CONTINGENCIES AND COMMITMENTS</b>							
	5	-	-				
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>17,794,733,498</b>	15,545,102,811	<b>TOTAL ASSETS</b>		<b>17,794,733,498</b>	15,545,102,811

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 First Quarter Ended September 30, 2022

	Quarter Ended	
	September 30, 2022	September 30, 2021
	Rupees	Rupees
Sales	4,097,710,046	3,538,656,355
Cost of sales	3,534,710,614	2,758,609,462
Gross profit	562,999,432	780,046,893
Other income	99,566,137	67,024,511
	662,565,569	847,071,404
Distribution cost	118,968,814	53,778,307
Administrative expenses	64,620,903	44,068,208
Other operating expenses	29,642,570	49,249,963
Finance cost	48,588,267	28,712,893
	261,820,554	175,809,371
Profit before tax	400,745,015	671,262,033
Provision for taxation	7 66,250,597	50,944,568
Profit after tax	334,494,418	620,317,465
Earnings per share - basic and diluted	111.50	206.77

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 First Quarter Ended September 30, 2022

	Quarter Ended	
	September 30, 2022	September 30, 2021
	Rupees	Rupees
Profit for the period after taxation	334,494,418	620,317,465
Other comprehensive income	-	-
<b>Total comprehensive Income for the period</b>	<b>334,494,418</b>	<b>620,317,465</b>

*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 First Quarter Ended September 30, 2022

	Share capital	Revenue Reserves		Total
		General reserve	Unappropriated profits	
Rupees				
Balance as at July 01, 2021	30,000,000	6,300,000,000	433,063,770	6,763,063,770
<b>Comprehensive income</b>				
Profit after taxation			620,317,465	620,317,465
Other comprehensive income			-	-
	-	-	620,317,465	620,317,465
<b>Balance as at September 30, 2021</b>	<b>30,000,000</b>	<b>6,300,000,000</b>	<b>1,053,381,235</b>	<b>7,383,381,235</b>
Balance as at July 01, 2022	30,000,000	8,000,000,000	1,275,893,956	9,305,893,956
<b>Comprehensive income</b>				
Profit after taxation			334,494,418	334,494,418
Other comprehensive income			-	-
	-	-	334,494,418	334,494,418
<b>Balance as at September 30, 2022</b>	<b>30,000,000</b>	<b>8,000,000,000</b>	<b>1,610,388,374</b>	<b>9,640,388,374</b>

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 First Quarter Ended September 30, 2022

	September 30, 2022	September 30, 2021
	Rupees	Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	400,745,015	671,262,033
<b>Adjustments for:</b>		
Depreciation on property, plant and equipment	105,135,000	64,290,000
Provision for employees' benefits	19,776,000	18,540,000
Gain on disposal of property, plant and equipment	(1,105,595)	(38,759,807)
Finance cost	48,588,267	28,712,893
<b>Operating cash flows before changes in working capital</b>	<b>573,138,687</b>	<b>744,045,119</b>
<b>Working capital changes</b>		
Inventories	(855,509,668)	(2,003,304,934)
Trade debts	380,945,850	40,137,256
Loans and advances	(23,281,948)	(77,203,141)
Trade deposits & prepayments	(75,811,304)	(51,420,949)
Other receivables	(6,189,063)	594,231
Sales tax refundable	(481,360,041)	(230,642,109)
Long term payables	31,219,788	6,270,246
Trade and other payables	46,272,128	248,575,775
	<b>(983,714,258)</b>	<b>(2,066,993,625)</b>
<b>Cash used in operations</b>	<b>(410,575,571)</b>	<b>(1,322,948,506)</b>
Finance cost paid	(20,103,176)	(28,218,456)
Employees' benefits paid	(6,761,451)	(6,685,879)
Income taxes paid	(94,303,210)	(47,572,684)
Long term deposits	-	-
	<b>(121,167,837)</b>	<b>(82,477,019)</b>
<b>Net cash used in operating activities</b>	<b>(531,743,408)</b>	<b>(1,405,425,525)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from disposal of property, plant and equipment	7,600,000	50,701,354
Additions in property, plant and equipment	(1,513,866,451)	(1,105,909,892)
<b>Net cash used investing activities</b>	<b>(1,506,266,451)</b>	<b>(1,055,208,538)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of long term financing	(61,554,398)	(47,217,220)
Proceeds from long term loans	1,135,751,724	689,386,547
Increase in short term borrowings	750,000,000	344,510,714
<b>Net cash generated from financing activities</b>	<b>1,824,197,326</b>	<b>986,680,041</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(213,812,533)</b>	<b>(1,473,954,022)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>640,838,308</b>	<b>1,739,116,221</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>427,025,775</b>	<b>265,162,199</b>

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

  
CHIEF EXECUTIVE

  
DIRECTOR  
Bhanero Textile Mills Limited

  
CHIEF FINANCIAL OFFICER



# Bhanero Textile Mills Limited

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

For First Quarter Ended September 30, 2022

### 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 30<sup>th</sup> June, 2022.

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

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 2022.

#### 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, 2022.

### 4 LONG TERM PAYABLES

These include the following:

Infrastructure development cess payable - ETO  
Infrastructure fee payable - Gas

September 30, 2022	June 30, 2022
Rupees	Rupees
(Un-Audited)	(Audited)
258,800,156	225,316,807
58,132,929	60,396,490
<u>316,933,085</u>	<u>285,713,297</u>

### 5 CONTINGENCIES AND COMMITMENTS

There is no material change in contingencies and commitments as disclosed in annual financial statements for the year ended June 30, 2022 except following:

#### 5.1 Contingencies

Bills Discounted

<u>481,085,059</u>	<u>929,073,884</u>
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#### 5.2 Commitments

Letter of credit (for store, raw material and machinery)

<u>10,226,696,702</u>	<u>6,621,568,727</u>
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### 5.3 Commitments under ijarah contracts

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

- payments not later than one year	<b>33,516,096</b>	31,608,798
- payments later than one year	<b>104,266,616</b>	106,418,566
	<b><u>137,782,712</u></b>	<b><u>138,027,364</u></b>

	<i>Note</i>	<b>September 30, 2022</b>	June 30, 2022
		<i>Rupees</i>	<i>Rupees</i>
		<i>(Un-Audited)</i>	<i>(Audited)</i>
<b>6 PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	6.1	<b>4,495,856,912</b>	4,607,486,317
Capital work in progress		<b>3,683,480,578</b>	2,169,614,127
		<b><u>8,179,337,490</u></b>	<b><u>6,777,100,444</u></b>
<b>6.1 Operating fixed assets</b>			
Net book value at the beginning of the period/year		<b>4,607,486,317</b>	2,911,960,350
Additions during the period/year			
Freehold land		-	4,802,105
Factory buildings		-	130,438,591
Non factory buildings		-	20,976,134
Plant and machinery		-	1,898,050,008
Equipment and other assets		-	26,377,256
Office Equipment		-	7,728,000
Vehicles		-	16,363,005
		-	2,104,735,099
Net book value of assets disposed during the period/year		<b>(6,494,405)</b>	(69,065,511)
Depreciation for the period/year		<b>(105,135,000)</b>	(340,143,621)
		<b><u>4,495,856,912</u></b>	<b><u>4,607,486,317</u></b>
<b>7 PROVISION FOR TAXATION</b>			
7.1 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.			
<b>8 TRANSACTIONS AND BALANCES WITH RELATED PARTIES</b>			
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:			
<b>Name</b>	<b>Nature of relationship</b>	<b>Shareholding percentage</b>	
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	
		<b>Quarter Ended</b>	
		<b>September 30, 2022</b>	September 30, 2021
<b>Nature of transactions</b>		<i>Rupees</i>	<i>Rupees</i>
Services received		<b>77,250</b>	77,250
Electricity purchased		<b>143,208,266</b>	103,213,320
Purchase of yarn, fabric, stores		<b>223,170,804</b>	83,448,284
Sales of cotton, yarn, fabric		<b>640,297,315</b>	300,321,760
Remuneration to Key Personal Management		<b>5,400,000</b>	5,400,000
Balance with related party		<b>20,000</b>	20,000

## 9 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 September 30, 2022 is as follows:

	Quarter Ended September 30, 2022			
	Spinning Rupees	Weaving Rupees	Total Rupees	
Revenue from external customers	2,479,172,826	1,618,537,220	4,097,710,046	
Inter-segment transfers	126,858,000	-	126,858,000	
Segment results	303,706,068	175,269,784	478,975,852	
	Quarter Ended September 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	
	As at September 30, 2022			
	Spinning Rupees	Weaving Rupees	Un-allocated Rupees	Total Rupees
Segment assets	12,396,804,831	3,944,026,663	1,453,902,004	17,794,733,498
	As at Jun 30, 2022			
	Spinning Rupees	Weaving Rupees	Un-allocated Rupees	Total Rupees
Segment assets	10,781,465,731	3,866,906,421	896,730,659	15,545,102,811
	As at September 30, 2022			
	Spinning Rupees	Weaving Rupees	Un-allocated Rupees	Total Rupees
Segment liabilities	2,877,491,735	4,784,978,140	491,875,249	8,154,345,124
	As at Jun 30, 2022			
	Spinning Rupees	Weaving Rupees	Un-allocated Rupees	Total Rupees
Segment liabilities	3,020,460,959	2,760,355,996	458,391,900	6,239,208,855

## 10 EVENTS AFTER THE REPORTING PERIOD

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

## 11 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.

## 12 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 26, 2022.

## 13 GENERAL

13.1 There are no other significant activities since June 30, 2022 affecting the interim financial information.

13.2 Figures have been rounded off to the nearest Rupee.

  
CHIEF EXECUTIVE

  
DIRECTOR

  
CHIEF FINANCIAL OFFICER