



of Companies

FIRST QUARTERLY ACCOUNTS
2023-2024
(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, 2023.

Significant Financial Performance for the First Quarter Ended September 30, 2023;

Profit after tax for the first quarter ended September 30, 2023 is PKR 102.787 million as compared to PKR 334.494 million in the corresponding period September 30, 2022.

Earnings per share for the first quarter ended September 30, 2023 is PKR 33.80 (Sep 30 2022: PKR 110.00).

Break-up value of the share as on September 30, 2023 is PKR 3,564.09 (June 30, 2023: PKR 3,578.50).

The current ratio as on September 30, 2023 is 1.65 (June 30, 2023: 1.75).

Challenges for Textile Sector in Pakistan

The textile business employs millions of people in the country and a significant source of foreign exchange each year despite of the challenges the sector is currently facing in the country.

Our textile industry is confronted with a number of challenges, including global weakening demand, high inflation and high energy costs, rising labour costs, increased competition from regional peers, environmental regulations, infrastructure bottlenecks, outdated machinery and scarcity of raw cotton. Of the said impediments, the high energy cost, inflation, raw cotton shortage and high borrowing cost are the most critical factors for the textile sector.

The worldwide textile industry's biggest issue is dwindling demand owing to a several factors like Ukrainian conflict and supply chain disruptions. The global increased in inflation also leading consumers to spend less money on apparel and other textiles as a result there is global slowdown in textile products.

In Pakistan, high energy prices is a significant concern for the textile sector since the textile mills uses a lot of energy to run. The rising cost of electricity is making textile production more expensive resulting higher pricing for consumers and making it less competitive with global competitors.

The high interest rates are badly damaging the economic activities and industrialization in the country. These elevated borrowing rates probably the highest in the region are also having a significant negative influence on Pakistan's textile export industry. On the contrary, our regional competitors like Bangladesh, India Vietnam, Maldives, Sri Lanka are getting export refinance facilities at very low rates and making them more lucrative for international buyers.

In these circumstances our textile exporters are unable to compete in the international market as our competitors' costs on an average three times lower than Pakistan's which ultimately reducing their overall cost of doing business.

Acknowledgement

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

On behalf of the Board



Khurrum Salim - CEO

Dated: 27th October, 2023



Mohammad Salim - Director

Bhanero Textile Mills Limited

Condensed Interim Statement of Financial Position (Un-Audited)

As at September 30, 2023

	Note	September 30, 2023	June 30, 2023		Note	September 30, 2023	June 30, 2023
		Un-Audited Rupees	Audited Rupees			Un-Audited Rupees	Audited Rupees
EQUITY AND LIABILITIES				ASSETS			
SHARE CAPITAL AND RESERVES				NON CURRENT ASSETS			
Authorized capital				Property, plant and equipment	8	8,969,007,080	9,170,687,068
6,000,000 (June 30, 2023: 6,000,000) ordinary shares of Rs.10 each		60,000,000	60,000,000	Long term deposits		44,251,869	43,651,869
						9,013,258,949	9,214,338,937
Issued, subscribed and paid up capital		30,409,640	30,000,000				
Share premium		108,598,461	-				
Reserves		9,000,000,000	9,109,008,101				
Loan from directors and sponsors	5	149,618,200	149,618,200				
Unappropriated profit		1,549,646,652	1,446,859,398				
		10,838,272,953	10,735,485,699				
NON CURRENT LIABILITIES				CURRENT ASSETS			
Long term financing - secured	6	3,743,064,222	3,759,355,953	Stores, spares and loose tools		244,655,334	248,715,047
Long term payables		521,057,088	444,552,785	Stock in trade		13,475,050,916	12,298,227,957
Staff retirement benefits		278,512,781	263,229,037	Trade debts		3,276,244,960	2,519,846,485
Deferred taxation		367,425,858	367,425,858	Loans and advances		209,137,025	172,094,898
Deferred government grant		882,103,796	936,561,136	Trade deposits and short term prepayments		556,112,309	289,990,214
		5,792,163,745	5,771,124,769	Other receivables		44,214,279	88,419,626
				Advance income tax / Income tax refundable		145,227,283	164,296,451
				Sales tax refundable		922,136,160	878,834,820
				Cash and bank balances		539,045,861	348,929,291
						19,411,824,127	17,009,354,789
CURRENT LIABILITIES							
Trade and other payables		2,321,020,864	1,600,083,189				
Unclaimed dividend		1,722,649	1,722,649				
Accrued interest/markup		435,557,070	286,252,639				
Short term borrowings - secured		8,493,429,504	7,321,871,416				
Current portion of non current liabilities		542,916,291	507,153,365				
		11,794,646,378	9,717,083,258				
CONTINGENCIES AND COMMITMENTS							
	7	-	-				
TOTAL EQUITY AND LIABILITIES		28,425,083,076	26,223,693,726	TOTAL ASSETS		28,425,083,076	26,223,693,726

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

Condensed Interim Statement of Profit or Loss (Un-Audited) For The Three Months Period Ended September 30, 2023

	Three Months Ended	
	September 30, 2023	September 30, 2022
	Rupees	Rupees
Sales	8,367,474,044	4,097,710,046
Cost of sales	<u>(7,320,107,287)</u>	<u>(3,534,710,614)</u>
Gross profit	1,047,366,757	562,999,432
Distribution cost	<u>(184,240,464)</u>	<u>(118,968,814)</u>
Administrative expenses	<u>(72,179,301)</u>	<u>(64,620,903)</u>
	(256,419,765)	(183,589,717)
Other income	<u>37,772,970</u>	<u>99,566,137</u>
	828,719,962	478,975,852
Other operating expenses	<u>(16,757,422)</u>	<u>(29,642,570)</u>
Finance cost	<u>(588,670,839)</u>	<u>(48,588,267)</u>
	(605,428,261)	(78,230,837)
Profit before taxation	<u>223,291,701</u>	<u>400,745,015</u>
Provision for taxation	9 (120,504,447)	(66,250,597)
Profit after taxation	<u>102,787,254</u>	<u>334,494,418</u>
Earning per share - basic	<u>33.90</u>	<u>111.50</u>
Earning per share - diluted	<u>33.80</u>	<u>110.00</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 Comprehensive Income (Un-Audited) For The Three Months Period Ended September 30, 2023

	Three Months Ended	
	September 30, 2023	September 30, 2022
	Rupees	Rupees
Profit for the period after taxation	102,787,254	334,494,418
Other comprehensive income	-	-
Total comprehensive Income for the period	102,787,254	334,494,418

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 Three Months Period Ended September 30, 2023

	Share capital	Share premium	Reserve for issue of shares	Revenue Reserves		Loan from directors and sponsors	Total
				General reserve	Unappropriated profits		
Rupees							
Balance as at July 01, 2022	30,000,000	-	-	8,000,000,000	1,275,893,956	-	9,305,893,956
Comprehensive income							
Profit after taxation	-	-	-	-	334,494,418	-	334,494,418
Other comprehensive income	-	-	-	-	-	-	-
	-	-	-	-	334,494,418	-	334,494,418
Balance as at September 30, 2022	30,000,000	-	-	8,000,000,000	1,610,388,374	-	9,640,388,374
Balance as at July 01, 2023	30,000,000	-	109,008,101	9,000,000,000	1,446,859,398	149,618,200	10,735,485,699
Comprehensive income							
Profit after taxation	-	-	-	-	102,787,254	-	102,787,254
Other comprehensive income	-	-	-	-	-	-	-
	-	-	-	-	102,787,254	-	102,787,254
Issue of shares during the period	409,640	108,598,461	(109,008,101)	-	-	-	-
Balance as at September 30 2023	30,409,640	108,598,461	-	9,000,000,000	1,549,646,652	149,618,200	10,838,272,953

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 Three Months Period Ended September 30, 2023

	September 30, 2023	September 30, 2022
	Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	223,291,701	400,745,015
Adjustments for:		
Depreciation on property, plant and equipment	216,870,000	105,135,000
Provision for employees' benefits	29,145,000	19,776,000
Gain on disposal of property, plant and equipment	-	(1,105,595)
Finance cost	588,670,839	48,588,267
Operating cash flows before changes in working capital	1,057,977,540	573,138,687
Working capital changes		
Inventories	(1,172,763,246)	(855,509,668)
Trade debts	(756,398,475)	380,945,850
Loans and advances	(37,042,127)	(23,281,948)
Trade deposits & prepayments	(266,122,095)	(75,811,304)
Other receivables	44,205,347	(6,189,063)
Sales tax refundable	(43,301,340)	(481,360,041)
Long term payables	76,504,303	31,219,788
Trade and other payables	720,937,675	46,272,128
	(1,433,979,958)	(983,714,258)
Cash used in operations	(376,002,418)	(410,575,571)
Finance cost paid	(439,366,408)	(20,103,176)
Employees' benefits paid	(13,861,256)	(6,761,451)
Income taxes paid	(101,435,279)	(94,303,210)
Long term deposits	(600,000)	-
	(555,262,943)	(121,167,837)
Net cash used in operating activities	(931,265,361)	(531,743,408)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	-	7,600,000
Additions in property, plant and equipment	(15,190,012)	(1,513,866,451)
Net cash used in investing activities	(15,190,012)	(1,506,266,451)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long term financing	(34,986,145)	(61,554,398)
Proceeds from long term loans	-	1,135,751,724
Increase in short term borrowings	1,171,558,088	750,000,000
Net cash generated from financing activities	1,136,571,943	1,824,197,326
Net increase / (decrease) in cash and cash equivalents	190,116,570	(213,812,533)
Cash and cash equivalents at the beginning of the period	348,929,291	640,838,308
Cash and cash equivalents at the end of the period	539,045,861	427,025,775

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 Three Months Period Ended September 30, 2023

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, 2023.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirement of IAS 34, the provisions 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 2023.

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 MERGER, ACQUISITION AND ISSUE OF SHARES

The board of directors of the company ("BTML") in their meeting held on February 25, 2022 had approved to acquire Bhanero Energy Limited Unit-I Kotri, Sindh ("BEL-I") through a Scheme of Arrangement ("Scheme"). On grant of approval by the competent authority, the BTML will issue 40,964 ordinary shares to the shareholders of Bhanero Energy Limited against acquired assets, equivalent to PKR 109,008,101. As of May 31, 2023, this significant endeavor received the stamp of approval from the esteemed High Court of Sindh, Karachi. In line with the Scheme, BTML had successfully acquired valuable assets amounting PKR 109,008,101 with an effective date as of May 31, 2023. During the period, ordinary shares have been issued to shareholders of Bhanero Energy Limited.

5 LOAN FROM DIRECTORS AND SPONSORS

Directors and sponsors entered into a contract with the Company to provide funds to the Company. As per the contract, the loans are unsecured, interest free and repayable at the discretion of the Company. The loans are presented under equity as per Technical Release-32 of The Institute of Chartered Accountants of Pakistan.

6 LONG TERM PAYABLES

These include the following:

Infrastructure development cess payable - ETO
Infrastructure fee payable - Gas

Note	September 30, 2023	June 30, 2023
	Rupees	Rupees
	(Un-Audited)	(Audited)
	460,660,598	384,156,295
	60,396,490	60,396,490
	521,057,088	444,552,785

Bhanero Textile Mills Limited**Notes to the Condensed Interim Financial Information (Un-audited)****For The Three Months Period Ended September 30, 2023****7 CONTINGENCIES AND COMMITMENTS**

There is no material change in contingencies and commitments as disclosed in annual financial statements for the year ended June 30, 2023 except following:

7.1 Contingencies

Bills Discounted	3,483,113,263	2,250,370,965
------------------	----------------------	----------------------

7.2 Commitments

Letter of credit (for store, raw material and machinery)	450,645,431	5,205,219,332
--	--------------------	----------------------

7.3 Commitments under ijarah contracts

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

- payments not later than one year	45,849,294	54,100,801
- payments later than one year	95,090,298	137,266,768
	140,939,592	191,367,569

8 PROPERTY, PLANT AND EQUIPMENT

	<i>Note</i>	September 30, 2023	June 30, 2023
		<i>Rupees</i>	<i>Rupees</i>
		<i>(Un-Audited)</i>	<i>(Audited)</i>
Operating fixed assets	8.1	8,730,925,970	8,855,091,927
Capital work in progress		238,081,110	315,595,141
		8,969,007,080	9,170,687,068

8.1 Operating fixed assets

Net book value at the beginning of the period/year	8,855,091,927	4,607,486,306
Additions during the period / year		
Freehold land	-	-
Factory buildings	-	1,088,269,217
Non factory buildings	-	176,228,728
Plant and machinery	91,804,043	2,928,397,649
Equipment and other assets	-	22,494,329
Electric installation	-	504,177,323
Gas Pipe Lines	-	185,513
Boiler	-	11,000,000
Furniture & Fixtures - Factory	-	77,369
Vehicles	900,000	-
	92,704,043	4,730,830,128
Net book value of assets disposed during the period/year	-	(18,860,230)
Depreciation for the period/year	(216,870,000)	(464,364,277)
Net book value at the end of the period / year	8,730,925,970	8,855,091,927

9 PROVISION FOR TAXATION

9.1 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.

10 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

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

Name	Nature of relationship	Shareholding in the Company
Faisal Spinning Mills Limited	Associated companies	N/A
Blessed Textiles Limited	Associated companies	N/A
Bhanero Energy Limited	Associated companies	N/A
Umer Farms (Private) Limited	Associated companies	N/A
Admiral (Private) Limited	Associated companies	16.69%
Khurram Salim	Chief executive officer / Director	2.02%
Yasmin Begum	Directorship of close family member	1.01%
Farrukh Salim	Directorship of close family member	2.02%
Yousuf Salim	Directorship of close family member	1.69%
Saqib Salim	Directorship of close family member	1.68%

Bhanero Textile Mills Limited
Notes to the Condensed Interim Financial Information (Un-audited)
For The Three Months Period Ended September 30, 2023

Amna Khurram	Directorship of close family member	2.45%
Muhammad Umer	Directorship of close family member	N/A
Yahya Farrukh	Directorship of close family member	2.42%
Saba Yousaf	Directorship of close family member	2.76%
Saba Saqib	Directorship of close family member	2.76%
Samia Bilal	Directorship of close family member	11.14%

	Three Months Ended	
	September 30, 2023	September 30, 2022
Nature of transactions	Rupees	Rupees
Purchases	108,455,424	223,170,804
Sales	398,769,745	640,297,315
Services received	154,500	77,250
Purchase of electricity	1,192,290	143,208,266
Remuneration to key management personnel	5,400,000	5,400,000
Balance with related party	20,000	20,000
Loan from directors & sponsors	149,618,200	-

11 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, 2023 is as follows:

	Three Months Ended September 30, 2023		
	Spinning Rupees	Weaving Rupees	Total Rupees
Revenue from external customers	6,582,150,892	1,785,323,152	8,367,474,044
Inter-segment transfers	150,024,500	-	150,024,500
Segment results	512,879,177	278,067,815	790,946,992
Other operating income			37,772,970
Other operating expenses			(16,757,422)
Finance cost			(588,670,839)
			223,291,701

	Three Months 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	256,560,666	122,849,049	379,409,715
Other operating income			99,566,137
Other operating expenses			(29,642,570)
Finance cost			(48,588,267)
			400,745,015

	As at September 30, 2023			
	Spinning Rupees	Weaving Rupees	Un-allocated Rupees	Total Rupees
Segment assets	22,456,490,481	4,300,864,974	1,667,727,621	28,425,083,076

Bhanero Textile Mills Limited**Notes to the Condensed Interim Financial Information (Un-audited)****For The Three Months Period Ended September 30, 2023**

	As at June 30, 2023			Total Rupees
	Spinning Rupees	Weaving Rupees	Un-allocated Rupees	
Segment assets	21,239,994,674	3,606,925,698	1,376,773,354	26,223,693,726
	As at September 30, 2023			
	Spinning Rupees	Weaving Rupees	Un-allocated Rupees	Total Rupees
Segment liabilities	5,233,506,645	11,373,876,173	979,427,305	17,586,810,123
	As at June 30, 2023			
	Spinning Rupees	Weaving Rupees	Un-allocated Rupees	Total Rupees
Segment liabilities	11,980,244,470	2,754,658,755	753,304,802	15,488,208,027

12 EVENTS AFTER THE REPORTING PERIOD

12.1 There are no significant events after the reporting period that may require any adjustment or disclosure in this condensed interim financial report except as described in Note 4.

13 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.

14 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 27, 2023.

15 GENERAL

15 There are no other significant activities since June 30, 2023 affecting the interim financial information.

15 Figures have been rounded off to the nearest Rupee.



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER