



of Companies

THIRD QUARTERLY ACCOUNTS
2020-2021
(UN - AUDITED)

UMER GROUP OF COMPANIES

BHANERO TEXTILE MILLS LIMITED

VISION

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



MISION STATEMENT

To become a leading manufacturer of textile products in the international and local market & to explore 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 nine months ended March 31, 2021.

Significant Financial Performance for the Nine months Ended March 31, 2021;

Profit after tax for the nine months ended March 31, 2021 is PKR 912.531 million as compared to PKR 283.788 million in the corresponding period ended March 31, 2020.

Earnings per share for the nine months ended March 31, 2021 is PKR 304.18 (March 31 2020: PKR 94.60).

Break-up value of the share as on March 31, 2021 is PKR 1,943.88 (June 2020: PKR 1,639.71).

The current ratio for nine months ended March 31, 2021 is 5.19 (June 30, 2020: 2.54).

Economic Outlook of Textile Sector

Contrary to the World Bank projection of meagre 1.3 percent, the State Bank of Pakistan predicted the modest growth rate of around 3.0 percent during the fiscal year 2021 by upholding the policy rate for the consecutive third time to support an economy struggling with surging coronavirus cases and wary of increasing inflationary pressures.

The textile industry anxiously awaiting for an unveiling by the government of an ambitious Textile and Apparel Policy 2020-25 laden with cash subsidies and lower rates on utilities to boost production and exports of textile and clothing exports upto US Dollars 20.8 billion by 2025. The prominent feature of the policy is consideration for the revival of zero-rated regime for five export-oriented sectors to cope up with the impact of Covid-19. The introduction of EFS, LTFF & TERF refinancing schemes by the State Bank of Pakistan to support exports and industrial growth are highly commendable by the industry. Besides, the release of the long outstanding sales tax refunds of more than 97 billion enabling the sector to manage working capital requirements. The recent decision by the ECC of the cabinet to withdraw customs duty on import of cotton yarns will facilitate the value-added exporters.

At present almost all the major players in the country are availing the maximum benefits of various schemes offered by SBP to expand their capacity in a bid to create room for the growing number of export orders, in particular for home textile as conditions for Pakistan's textile industry are very favorable and it is working at full capacity. However, availability of raw material posing a severe threat for textile industry as cotton production suffered a massive decline of 37 percent as compared to last year due to substandard seeds, expensive fertilizers & pesticides, shrinkage in cultivation area and challenges posed by climate change (*Source PCGA*).

Establishment of a New Spinning Unit

The letter of credits for the import of plant and machinery have been established under the financing arrangements made with National Bank of Pakistan for the new spinning unit in Sheikhpura, Punjab.

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: April 28, 2021

Bhanero Textile Mills Limited

Condensed Interim Statement of Financial Position (Un-Audited)

As at March 31, 2021

		March 31, 2021	June 30, 2020			March 31, 2021	June 30, 2020
	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	6	3,010,308,759	3,026,555,898
6,000,000 (June 30, 2020: 6,000,000) ordinary shares of Rs.10 each		60,000,000	60,000,000	Long term deposits		28,553,816	28,553,816
						3,038,862,575	3,055,109,714
Issued, subscribed and paid up capital		30,000,000	30,000,000				
Reserves		4,800,000,000	4,800,000,000				
Unappropriated profit		1,001,651,330	89,120,050				
		5,831,651,330	4,919,120,050				
NON CURRENT LIABILITIES				CURRENT ASSETS			
Long term financing - secured		1,051,748,008	1,090,593,256	Stores, spares and loose tools		128,160,247	121,739,357
Deferred liabilities	4	511,329,900	522,252,463	Stock in trade		2,830,669,688	3,956,409,702
		1,563,077,908	1,612,845,719	Trade debts		1,184,394,317	957,494,189
				Loans and advances		22,407,904	16,293,610
CURRENT LIABILITIES				Trade deposits and short term prepayments		142,663,358	128,562,912
Trade and other payables		821,889,176	631,608,287	Other receivables		24,875,855	20,297,574
Unclaimed dividend		1,342,668	1,396,762	Advance income tax		161,511,437	222,869,340
Accrued interest/markup		6,829,324	31,770,640	Sales tax refundable		65,539,257	195,699,479
Short term borrowings - secured		-	1,570,614,112	Cash and bank balances		835,253,477	114,394,432
Current portion of non current liabilities		209,547,709	21,514,739			5,395,475,540	5,733,760,595
		1,039,608,877	2,256,904,540				
CONTINGENCIES AND COMMITMENTS	5	-	-				
TOTAL EQUITY AND LIABILITIES		8,434,338,115	8,788,870,309	TOTAL ASSETS		8,434,338,115	8,788,870,309

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 Nine Months Period Ended March 31, 2021

	Nine months Ended		Quarter Ended	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
	Rupees	Rupees	Rupees	Rupees
Sales	8,813,677,612	7,264,001,389	2,914,776,242	2,517,325,380
Cost of sales	7,356,770,697	6,477,290,807	2,299,795,543	2,310,637,947
Gross profit	1,456,906,915	786,710,582	614,980,699	206,687,433
Other income	15,115,069	7,814,883	7,587,243	4,239,037
	1,472,021,984	794,525,465	622,567,942	210,926,470
Distribution cost	174,533,861	133,830,926	61,561,438	55,734,569
Administrative expenses	119,029,479	120,752,001	39,440,444	42,247,993
Other operating expenses	76,581,543	28,390,208	34,977,629	4,564,168
Finance cost	64,110,340	130,266,010	11,892,060	46,437,473
	434,255,223	413,239,145	147,871,571	148,984,203
Profit before tax	1,037,766,761	381,286,320	474,696,371	61,942,267
Provision for taxation	7 125,235,481	97,497,954	39,603,395	33,282,903
Profit after tax	912,531,280	283,788,366	435,092,976	28,659,364
Earnings per share - basic and diluted	304.18	94.60	145.03	9.55

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 Nine Months Period Ended March 31, 2021

	Nine Months Ended		Quarter Ended	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
	Rupees	Rupees	Rupees	Rupees
Profit for the period after taxation	912,531,280	283,788,366	435,092,976	28,659,364
Other comprehensive income	-	-	-	-
Total comprehensive Income for the period	912,531,280	283,788,366	435,092,976	28,659,364

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 Nine Months Period Ended March 31, 2021

Share capital	Revenue Reserves		Total	
	General reserve	Unappropriated profits		
Rupees				
Balance as at 1st July, 2019	30,000,000	4,700,000,000	183,117,492	4,913,117,492
Final dividend paid for the year ended June 30, 2019 at the rate of PKR 55.80 per share	-	-	(167,400,038)	(167,400,038)
Interim dividend for the six months ended Dec 31, 2019 at the rate of PKR 50/= per share			(150,000,000)	(150,000,000)
Comprehensive income				
Profit after taxation			283,788,366	283,788,366
Other comprehensive income			-	-
	-	-	283,788,366	283,788,366
Balance as at Mach 31, 2020	<u>30,000,000</u>	<u>4,700,000,000</u>	<u>149,505,820</u>	<u>4,879,505,820</u>
Balance as at 1st July, 2020	<u>30,000,000</u>	<u>4,800,000,000</u>	<u>89,120,050</u>	<u>4,919,120,050</u>
Comprehensive income				
Profit after taxation			912,531,280	912,531,280
Other comprehensive income			-	-
	-	-	912,531,280	912,531,280
Balance as at March 31, 2021	<u>30,000,000</u>	<u>4,800,000,000</u>	<u>1,001,651,330</u>	<u>5,831,651,330</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 Nine Months Period Ended March 31, 2021

	March 31, 2021	March 31, 2020
	Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	1,037,766,761	381,286,320
Adjustments for:		
Depreciation on property, plant and equipment	202,956,732	216,725,000
Provision for employees' benefits	45,675,000	39,600,000
Infrastructure fee - ETO	3,248,489	8,095,270
Infrastructure fee - GIDC	(11,495,333)	-
Gain on disposal of property, plant and equipment	(459,032)	(830,902)
Finance cost	64,110,340	130,266,010
Operating cash flows before changes in working capital	1,341,802,957	775,141,698
(Increase) / decrease in current assets		
Inventories	1,119,319,124	21,309,438
Trade debts	(226,900,128)	(283,188,121)
Loans and advances	(6,114,294)	9,303,629
Trade deposits & prepayments	(14,100,446)	(7,607,068)
Other receivables	(4,578,281)	13,682,574
Sales tax refundable	130,160,222	62,026,003
	997,786,197	(184,473,545)
Increase in trade and other payables	190,280,889	46,532,593
Cash generated from operations	2,529,870,043	637,200,746
Finance cost paid	(89,051,656)	(145,319,466)
Employees' benefits paid	(27,319,014)	(24,671,053)
Income taxes paid	(63,877,578)	(76,464,464)
Long term deposits	-	(21,000)
	(180,248,248)	(246,475,983)
Net cash generated from operating activities	2,349,621,795	390,724,763
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	866,000	16,725,000
Additions in property, plant and equipment	(187,116,561)	(154,873,037)
Net cash used investing activities	(186,250,561)	(138,148,037)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long term financing	(30,886,024)	(234,700,079)
Proceeds from long term loans	159,042,041	47,467,526
(Decrease) / increase in short term borrowings	(1,570,614,112)	107,839,216
Dividend paid	(54,094)	(167,322,664)
Net cash used in financing activities	(1,442,512,189)	(246,716,001)
Net increase in cash and cash equivalents	720,859,045	5,860,725
Cash and cash equivalents at the beginning of the period	114,394,432	143,722,461
Cash and cash equivalents at the end of the period	835,253,477	149,583,186

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 Nine Months Period Ended March 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, 2020.

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 2020.

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, 2020.

4 DEFERRED LIABILITIES

These include the following:

	<u>March 31, 2021</u>	<u>June 30, 2020</u>
	<i>Rupees</i>	<i>Rupees</i>
	<i>(Un-Audited)</i>	<i>(Audited)</i>
Staff retirement benefits - gratuity	185,600,013	167,244,027
Deferred taxation	152,144,713	152,144,713
Infrastructure development cess payable - ETO	123,583,364	120,334,875
Infrastructure fee payable - Gas	4.1	48,572,402
Deferred grant	1,429,408	1,807,073
	<u>511,329,900</u>	<u>522,252,463</u>

4.1 Gas Infrastructure Development Cess [GIDC] was levied by Sui Northern Gas Pipelines Limited [SNGPL]. The Company and others have filed a suit before the Sindh High Court [SHC] challenging the levy. The SHC have granted the stay in favour of the Company and directed SNGPL and SSGC to avoid collection of GIDC. But the Company has decided to make payment in 24 equal installments in order to avoid Late Payment Surcharge (LPS), in the interest of all fairness, without prejudice and subject to all just exceptions, including the expected relief to be granted by the Government or the Court in due course. The liability has been recorded at fair value i.e present value of payments to be made in future. The difference of face value and the fair value of GIDC liability has been recognised as income.

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, 2020 except following:

5.1 Contingencies

Bills Discounted	<u>349,027,550</u>	<u>441,965,186</u>
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5.2 Commitments

Letter of credit (for store, raw material and machinery)	<u>5,437,891,646</u>	<u>-</u>
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	Note	March 31, 2021	June 30, 2020
		Rupees	Rupees
		(Un-Audited)	(Audited)
6 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	6.1	2,971,378,876	3,004,662,572
Capital Work in Process		38,929,883	21,893,326
		3,010,308,759	3,026,555,898
6.1 Operating fixed assets			
Net book value at the beginning of the period/year		3,004,662,572	3,168,486,197
Additions during the period/year			
Freehold land		147,906,119	61,032,589
Factory buildings		-	15,210,474
Non factory buildings		-	28,057,817
Plant and machinery		16,603,555	53,770,170
Equipment and other assets		-	15,357,146
Vehicles		5,570,330	5,154,330
		170,080,004	178,582,526
Net book value of assets disposed during the period/year		(406,968)	(57,750,564)
Depreciation for the period/year		(202,956,732)	(284,655,587)
Net book value at the end of the period / year		2,971,378,876	3,004,662,572
7 PROVISION FOR TAXATION			
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.	
8 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	Nine Months Ended		Quarter Ended	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
	Rupees	Rupees	Rupees	Rupees
Services received	231,750	231,750	77,250	77,250
Services rendered	723,509	531,993	-	177,331
Electricity purchased	315,327,992	278,063,961	111,362,803	86,501,147
Purchase of yarn, fabric	337,708,478	178,206,194	19,760,405	35,844,071
Sales of cotton, yarn, fabric	954,731,999	488,694,566	318,895,979	203,209,835
Balance with related party	20,000	20,000	20,000	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 March 31, 2021 is as follows:

	Third Quarter March 31, 2021		
	Spinning Rupees	Weaving Rupees	Total Rupees
Revenue from external customers	5,863,715,779	2,949,961,833	8,813,677,612
Inter-segment transfers	449,191,700	-	449,191,700
Segment results	948,830,750	229,627,894	1,178,458,644

	Third Quarter March 31, 2020		
	Spinning Rupees	Weaving Rupees	Total Rupees
Revenue from external customers	4,437,330,444	2,826,670,945	7,264,001,389
Inter-segment transfers	278,774,120	-	278,774,120
Segment results	382,320,600	157,621,938	539,942,538

	As at March 31, 2021			Total Rupees
	Spinning Rupees	Weaving Rupees	Un-allocated Rupees	
Segment assets	6,307,168,310	1,728,901,937	398,267,868	8,434,338,115

	As at Jun 30, 2020			Total Rupees
	Spinning Rupees	Weaving Rupees	Un-allocated Rupees	
Segment assets	6,772,248,376	1,440,936,386	575,685,547	8,788,870,309

	As at March 31, 2021			Total Rupees
	Spinning Rupees	Weaving Rupees	Un-allocated Rupees	
Segment liabilities	1,682,011,641	643,604,399	277,070,745	2,602,686,785

	As at Jun 30, 2020			Total Rupees
	Spinning Rupees	Weaving Rupees	Un-allocated Rupees	
Segment liabilities	2,938,837,756	660,305,634	273,876,350	3,873,019,740

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 have been approved by the Board of Directors of the Company and authorized for issue on April 28, 2021.

13 GENERAL

13.1 There are no other significant activities since June 30, 2020 affecting the interim financial information.

13.2 Figures have been rounded off to the nearest Rupee.


CHIEF EXECUTIVE


DIRECTOR


CHIEF FINANCIAL OFFICER