



*of Companies*

THIRD QUARTERLY 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 nine months ended March 31, 2022.

### Significant Financial Performance for the Nine Months Ended March 31, 2022;

Profit after tax for the nine months ended March 31, 2022 is PKR 2,023.891 million as compared to PKR 912.531 million in the corresponding period ended March 31, 2021.

Earnings per share for the nine months ended March 31, 2022 is PKR 674.63 (March 31 2021: PKR 304.18).

Break-up value of the share as on March 31, 2022 is PKR 2,857.48 (June 30, 2021: PKR 2,254.35).

The current ratio as on March 31, 2022 is 4.68 (June 30, 2021: 5.89).

### Overview of Agriculture Sector

Though Pakistan is an agriculture-based economy where more than sixty percent of its population directly or indirectly involved in this sector. There are numerous challenges that are faced by the agricultural sector of the country which are causing decline in contribution of agriculture to GDP over the years.

The lack of irrigation facilities whereas more than 60 per cent of irrigation water is lost during the conveyance and application in the field. We suggest that government should take various irrigation reforms such as construction of dams and water reservoirs. Besides, the establishment of a regulatory authority and improvement in water distribution networks will assist in improving water availability for agriculture.

The unavailability of research and development activities is also a major factor for decline in produce and in order to combat it's been suggested to build various research institutes to develop improved seeds and better farming rather following the conventional and orthodox techniques.

Only a very small percentage of farmers have access access towards financing option due to unawareness and lack of education. The government should take measure to create awareness and provide subsidized financing for the crops.

The government should take all sorts of measures to boost the exports of agriculture products by exploring new markets across the globe.

### New Spinning Unit

The letter of credits for the import of machinery are constantly retiring during the period ended March 31, 2022 under subsidized financing offered by the State Bank of Pakistan. The civil work for construction of infrastructure is also in full swing 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



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**Khurrum Salim**  
(Chief Executive Officer)

# Bhanero Textile Mills Limited

## Condensed Interim Statement of Financial Position (Un-Audited) As at Mar 31, 2022

		Mar 31, 2022	June 30, 2021			Mar 31, 2022	June 30, 2021
	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, 2021: 6,000,000) ordinary shares of Rs.10 each		<b>60,000,000</b>	60,000,000	Property, plant and equipment	6	<b>6,438,033,214</b>	3,092,486,248
Issued, subscribed and paid up capital		<b>30,000,000</b>	30,000,000	Long term deposits		<b>41,626,316</b>	28,559,816
Reserves		<b>6,300,000,000</b>	6,300,000,000			<b>6,479,659,530</b>	3,121,046,064
Unappropriated profit		<b>2,242,454,503</b>	433,063,770				
		<b>8,572,454,503</b>	6,763,063,770				
<b>NON CURRENT LIABILITIES</b>				<b>CURRENT ASSETS</b>			
Long term financing - secured		<b>2,740,101,523</b>	1,077,028,637	Stores, spares and loose tools		<b>169,014,677</b>	107,776,096
Long term payables	4	<b>247,750,950</b>	199,099,913	Stock in trade		<b>4,332,980,368</b>	2,659,408,838
Staff retirement benefits		<b>210,393,142</b>	181,861,570	Trade debts		<b>2,184,334,644</b>	1,628,119,912
Deferred taxation		<b>165,286,894</b>	165,286,894	Loans and advances		<b>60,464,905</b>	25,876,425
Deferred grant		<b>705,819,983</b>	24,407,257	Trade deposits and short term prepayments		<b>213,447,577</b>	137,166,690
		<b>4,069,352,492</b>	1,647,684,271	Other receivables		<b>6,131,018</b>	6,234,227
<b>CURRENT LIABILITIES</b>				Advance income tax / Income tax refundable		<b>-</b>	5,397,013
Trade and other payables		<b>1,278,261,894</b>	861,950,312	Sales tax refundable		<b>409,100,045</b>	63,204,674
Unclaimed dividend		<b>1,519,833</b>	1,342,699	Cash and bank balances		<b>459,454,390</b>	1,739,116,221
Accrued interest/markup		<b>30,253,423</b>	6,835,183			<b>7,834,927,624</b>	6,372,300,096
Short term borrowings - secured		<b>41,821</b>	-				
Current portion of non current liabilities		<b>342,621,452</b>	212,469,925				
Provision for taxation - net		<b>20,081,736</b>	-				
		<b>1,672,780,159</b>	1,082,598,119				
<b>CONTINGENCIES AND COMMITMENTS</b>							
	5	-	-				
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>14,314,587,154</b>	9,493,346,160	<b>TOTAL ASSETS</b>		<b>14,314,587,154</b>	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 Nine Months ended March 31, 2022

	Nine Months Ended		Three Months Ended	
	Mar 31, 2022	Mar 31, 2021	Mar 31, 2022	Mar 31, 2021
	Rupees	Rupees	Rupees	Rupees
Sales	<b>12,312,430,092</b>	8,813,677,612	<b>4,588,576,050</b>	2,914,776,242
Cost of sales	<b>9,625,578,474</b>	7,356,770,697	<b>3,659,670,835</b>	2,299,795,543
Gross profit	<b>2,686,851,618</b>	1,456,906,915	<b>928,905,215</b>	614,980,699
Other income	<b>231,748,422</b>	15,115,069	<b>13,223,230</b>	7,587,243
	<b>2,918,600,040</b>	1,472,021,984	<b>942,128,445</b>	622,567,942
Distribution cost	<b>315,741,562</b>	174,533,861	<b>150,725,273</b>	61,561,438
Administrative expenses	<b>158,133,659</b>	119,029,479	<b>57,922,740</b>	39,440,444
Other operating expenses	<b>152,863,116</b>	76,581,543	<b>48,863,133</b>	34,977,629
Finance cost	<b>86,380,741</b>	64,110,340	<b>22,159,923</b>	11,892,060
	<b>713,119,078</b>	434,255,223	<b>279,671,069</b>	147,871,571
Profit before tax	<b>2,205,480,962</b>	1,037,766,761	<b>662,457,376</b>	474,696,371
Provision for taxation	7 <b>181,590,229</b>	125,235,481	<b>73,251,415</b>	39,603,395
Profit after tax	<b>2,023,890,733</b>	912,531,280	<b>589,205,961</b>	435,092,976
Earnings per share - basic and diluted	<b>674.63</b>	304.18	<b>196.40</b>	145.03

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 Nine Months ended March 31, 2022

	Nine Months Ended		Three Months Ended	
	Mar 31, 2022	Mar 31, 2021	Mar 31, 2022	Mar 31, 2021
	Rupees	Rupees	Rupees	Rupees
Profit for the period after taxation	2,023,890,733	912,531,280	589,205,961	435,092,976
Other comprehensive income	-	-	-	-
<b>Total comprehensive Income for the period</b>	<b>2,023,890,733</b>	<b>912,531,280</b>	<b>589,205,961</b>	<b>435,092,976</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 Nine Months ended March 31, 2022

	Share capital	Revenue Reserves		Total
		General reserve	Unappropriated profits	
Rupees				
<b>Balance as at 1st July, 2020</b>	30,000,000	4,800,000,000	89,120,050	4,919,120,050
<b>Comprehensive income</b>				
Profit after taxation			912,531,280	912,531,280
Other comprehensive income			-	-
	-	-	912,531,280	912,531,280
<b>Balance as at Mar 31, 2021</b>	<u>30,000,000</u>	<u>4,800,000,000</u>	<u>1,001,651,330</u>	<u>5,831,651,330</u>
<b>Balance as at 1st July, 2021</b>	<b>30,000,000</b>	<b>6,300,000,000</b>	<b>433,063,770</b>	<b>6,763,063,770</b>
Final dividend paid for the year ended June 30, 2021 at the rate of PKR 71.50 per share	-	-	(214,500,000)	(214,500,000)
<b>Comprehensive income</b>				
Profit after taxation			2,023,890,733	2,023,890,733
Other comprehensive income			-	-
	-	-	2,023,890,733	2,023,890,733
<b>Balance as at Mar 31, 2022</b>	<u><b>30,000,000</b></u>	<u><b>6,300,000,000</b></u>	<u><b>2,242,454,503</b></u>	<u><b>8,572,454,503</b></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 Nine Months ended March 31, 2022

	Mar 31, 2022	Mar 31, 2021
	Rupees	Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	2,205,480,962	1,037,766,761
<b>Adjustments for:</b>		
Depreciation on property, plant and equipment	243,997,159	202,956,732
Provision for employees' benefits	55,620,000	45,675,000
Gain on disposal of property, plant and equipment	(193,200,668)	(459,032)
Finance cost	86,380,741	64,110,340
<b>Operating cash flows before changes in working capital</b>	<b>2,398,278,194</b>	<b>1,350,049,801</b>
<b>Working capital changes</b>		
Inventories	(1,734,810,111)	1,119,319,124
Trade debts	(556,214,732)	(226,900,128)
Loans and advances	(34,588,480)	(6,114,294)
Trade deposits & prepayments	(76,280,887)	(14,100,446)
Other receivables	103,209	(4,578,281)
Sales tax refundable	(345,895,371)	130,160,222
Long term payables	48,651,037	(8,246,844)
Trade and other payables	416,311,582	190,280,889
	<b>(2,282,723,753)</b>	<b>1,179,820,242</b>
<b>Cash generated from operations</b>	<b>115,554,441</b>	<b>2,529,870,043</b>
Finance cost paid	(62,962,501)	(89,051,656)
Employees' benefits paid	(27,088,428)	(27,319,014)
Income taxes paid	(156,111,480)	(63,877,578)
Long term deposits	(13,066,500)	-
	<b>(259,228,909)</b>	<b>(180,248,248)</b>
<b>Net cash (used in) / generated from operating activities</b>	<b>(143,674,468)</b>	<b>2,349,621,795</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from disposal of property, plant and equipment	258,252,480	866,000
Additions in property, plant and equipment	(3,654,014,180)	(187,116,561)
<b>Net cash used investing activities</b>	<b>(3,395,761,700)</b>	<b>(186,250,561)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of long term financing	(148,608,955)	(30,886,024)
Proceeds from long term loans	2,622,664,337	159,042,041
Increase / (decrease) in short term borrowings	41,821	(1,570,614,112)
Dividend paid	(214,322,866)	(54,094)
<b>Net cash generated from / (used in) financing activities</b>	<b>2,259,774,337</b>	<b>(1,442,512,189)</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(1,279,661,831)</b>	<b>720,859,045</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>1,739,116,221</b>	<b>114,394,432</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>459,454,390</b>	<b>835,253,477</b>

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 Nine Months ended March 31, 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, 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

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 PAYABLES

These include the following:

Infrastructure development cess payable - ETO  
Infrastructure fee payable - Gas

<u>Mar 31, 2022</u>	<u>June 30, 2021</u>
<i>Rupees</i>	<i>Rupees</i>
<i>(Un-Audited)</i>	<i>(Audited)</i>
<b>183,920,150</b>	133,551,958
<b>63,830,800</b>	65,547,955
<b>247,750,950</b>	199,099,913

#### 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, 2021 except following:

##### 5.1 Contingencies

Bills Discounted

<b>1,144,703,829</b>	539,912,451
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##### 5.2 Commitments

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

<b>5,358,442,263</b>	5,105,556,165
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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>30,534,408</b>	-
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- payments later than one year

<b>112,351,007</b>	-
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<b>142,885,415</b>	-
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	Note	Mar 31, 2022	June 30, 2021
		Rupees	Rupees
		(Un-Audited)	(Audited)
<b>6 PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	6.1	2,620,838,999	2,911,960,350
Capital work in progress		3,817,194,215	180,525,898
		<b>6,438,033,214</b>	<b>3,092,486,248</b>
<b>6.1 Operating fixed assets</b>			
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		1,564,605	190,497,419
Plant and machinery		-	16,975,487
Equipment and other assets		-	25,585,247
Vehicles		16,363,015	10,221,150
		<b>17,927,620</b>	243,279,303
Net book value of assets disposed during the period/year		(65,051,812)	(72,617,580)
Depreciation for the period/year		(243,997,159)	(263,363,945)
Net book value at the end of the period / year		<b>2,620,838,999</b>	<b>2,911,960,350</b>

#### 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		Three Months Ended	
	Mar 31, 2022	Mar 31, 2021	Mar 31, 2022	Mar 31, 2021
	Rupees	Rupees	Rupees	Rupees
Services received	231,750	231,750	77,250	77,250
Services rendered	-	723,509	-	-
Electricity purchased	321,998,308	315,327,992	111,771,114	111,362,803
Purchase of yarn, fabric, stores	229,814,923	337,708,478	116,692,586	19,760,405
Sales of cotton, yarn, fabric	787,347,187	954,731,999	223,223,228	318,895,979
Remuneration to Key Personal Management	16,200,000	16,200,000	5,400,000	5,400,000
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 Mar 31, 2022 is as follows:

	Nine Months Ended			
	31-Mar-22			
	Spinning Rupees	Weaving Rupees	Total Rupees	
Revenue from external customers	8,086,240,878	4,226,189,214	12,312,430,092	
Inter-segment transfers	364,957,935	-	364,957,935	
Segment results	1,803,527,860	641,196,959	2,444,724,819	
	Nine Months Ended			
	Mar 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	
	As at Mar 31, 2022			
	Spinning Rupees	Weaving Rupees	Un-allocated Rupees	Total Rupees
Segment assets	9,480,884,572	4,169,528,644	664,173,938	14,314,587,154
	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 Mar 31, 2022			
	Spinning Rupees	Weaving Rupees	Un-allocated Rupees	Total Rupees
Segment liabilities	1,754,233,590	3,637,172,184	350,726,877	5,742,132,651
	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

## 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 April 27, 2022.

## 13 GENERAL

13.1 There are no other significant activities since June 30, 2021 affecting the interim financial information.

13.2 Figures have been rounded off to the nearest Rupee.

  
CHIEF EXECUTIVE

  
DIRECTOR

  
CHIEF FINANCIAL OFFICER