



of Companies

42nd Annual Report 2021

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 tile products globally and explore the new era to achieve the highest level of success.

Bhanero Textile Mills Limited

Index

Contents	Page No.
Corporate Information	4
Notice of Annual General Meeting	5-9
Chairman's Review Report	10-11
Director's Report	12-24
Statement of Compliance with the Best Practices	25-28
Auditors Review Report on Statement of Compliance with Code	29
Auditors Report on Annual Financial Statements	30-32
Statement of Financial Position	33
Statement of Profit or Loss Account	34
Statement of Comprehensive Income	35
Statement of Changes in Equity	36
Statement of Cash Flows	37
Notes to the Annual Financial Statements	38-68
Year Wise Financial & Operating Historical Data	69-70
Categories of Shareholders	71
List of Share Holders	72-73
Pattern of Holding	74
Jama Punji Logo	75
Directors Report - Urdu	76-89
Proxy Forms (English & Urdu)	90-91



Corporate Information

Governing Board

Mr. Mohammad Salim	Executive Director
Mr. Muhammad Shaheen	Non-Executive Director / Chairman
Mr. Hamza Shakeel	Non-Executive Director
Mr. Khurram Salim	Executive Director
Mr. Bilal Sharif	Non-Executive Director
Mr. Muhammad Amin	Non-Executive Director
Mrs. Saba Yousaf	Non-Executive Director
Mr. Iqbal Mehboob	Independent Director
Mr. Asif Elahi	Independent Director
Mr. Mustafa Tanvir	Independent Director

Chief Financial Officer

Mr. Asim Mirza	FCMA, CPA(Aust) , MBA
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Company Secretary

Mr. Mohammad Ahmed	M.A (Economics)
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Audit Committee

Mr. Iqbal Mehboob	Chairman
Mr. Hamza Shakeel	Member
Mr. Bilal Sharif	Member

Human Resource Committee

Mr. Iqbal Mehboob	Chairman
Mr. Muhammad Amin	Member
Mr. Hamza Shakeel	Member

Statutory Auditors

M/s Mushatq and Company (Chartered Accountants)
407, Commerce Centre, Hasrat Mohani Road, Karachi.

Legal Advisor

Mr. Imran Iqbal Khan - Advocate Sindh High Court

Bankers

Bank Alfalah Limited	Samba Bank Limited
Dubai Islamic Bank	United Bank Limited
Faysal Bank Ltd	Bank Islami Pakistan Ltd
Habib Bank Limited	Bank Al Habib Limited
MCB Bank Limited	Habib Metropolitan Bank Ltd
Meezan Bank Limited	National Bank of Pakistan

Share Registrar

Hameed Majeed Associated (Private) Limited
5th Floor Karachi Chamber, Karachi.

Registered Office

Umer House, 23/1, Sector 23, S. M. Farooq Road,
Korangi Industrial Area, Karachi, Pakistan
Tel : 021 35115177 - 80 ; Fax: 021 -35063002-3
Email: khioff@umergroup.com
URL : <http://www.umergroup.com>

Liaison / Correspondence Office

9th Floor, City Towers, 6-K, Main Boulevard
Gulberg - II, Lahore, Pakistan
Tel : 042 111 130 130 ; Fax: 042 -35770015
Email: lhroff@umergroup.com

Manufacturing Units

Spinning Unit - I is located at:
Kotri Distric Dadu, Sindh. Tel : 0223 870013

Spinning Unit - II and Weaving Unit - III are located at:
Feroz Watwan, Sheikhpura, Punjab. Tel: 056 3731723

Spinning Unit - IV is located at:
18 KM Sheikhpura, Faisalabad Road , Sheikhpura , Punjab.



NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 42nd Annual General Meeting of the members of **Bhanero Textile Mills Limited** will be held on Wednesday 27th October 2021 at 11:00 am.

As we are still struggling in containing severity of Covid 19 in country and there are deep concerns for the prevailing fourth wave that has grown, amid the emergence of the delta variant strain of coronavirus. Hence, in pursuant to Circular 6 dated March 3, 2021 issued by the Securities and Exchange Commission of Pakistan and to ensure the safety and well- being of our shareholders, the meeting will be held virtually through video link facility, "Zoom" which is available on Google Play and Apple App Store.

The following ordinary and special business is proposed to be conducted in the meeting:

Ordinary Business:

1. To confirm the minutes of the last Annual General Meeting held on 27th October, 2020.
2. To receive, consider and adopt the audited financial statements of the company for the year ended 30th June, 2021 together with the Auditors' and Directors' Report thereon.
3. To approve the cash dividends at 715.00% (PKR 71.50 per share) for the year ended 30th June, 2021, as recommended by the Board of Directors.
4. To appoint the auditors for the next term i.e. year 2021-2022 and fix their remuneration. The retiring auditor M/S Mushtaq and Company, Chartered Accountants, being eligible, offer themselves for reappointment.

5. Special Business:

(A) To approve by way of special resolution with or without modification the following resolutions in respect of related party transactions under the provisions of Section 208 of the Companies Act, 2017:

(i) "Resolved That Related Parties Transactions carried out during the year as disclosed in the note 47 of the financial statements for the year ended June 30, 2021, be and are hereby ratified, approved and confirmed."

(ii) "Resolved That the Board of Directors of the Company be and are hereby authorized to approve the transactions to be conducted with Related Parties on case to case basis during the financial year ending June 30, 2022.

Further Resolved That that transactions approved by Board shall be deemed to have been approved by the shareholders and shall be placed before the shareholders in the next general meeting for their formal ratification/approval."

(B) The consent of the members is hereby sought to approve the related party transactions conducted during the financial year ended June 30, 2019 and June 30, 2020.

(iii) "Resolved That Related Parties Transactions carried out at arm's length during the normal course of business activity during the fiscal year ended June 30, 2019 and 2020 as disclosed in the notes of financial statements of respective year be and are hereby ratified, approved and confirmed.

6. Any Other Business:

To transact any other business with the permission of the chairman.

The statement of material facts in relation to aforesaid special business as required under section 134(3) of the Act and SRO 423 (I)/2018 is enclosed.

Moreover, the notice along with statement of material fact have been dispatched to the shareholders by post and uploaded placed on company website at "www.umergroup.com".

The copy of minutes of the 41st annual general meeting of the company held on October 27, 2020 has also been enclosed and uploaded with aforesaid notice of AGM.

Karachi:

(By the order of the Board)

Dated: 27th September, 2021

**Mohammad Ahmed
Company Secretary**

Notes:

1. For attending meeting electronically due to COVID 19 Pandemic

In pursuance of Circular 6 date March 3, 2021 issued by SECP to facilitate the shareholder(s) for attending the Annual General Meeting (AGM) of the company electronically through video link facility, "Zoom" which is available on Google Play or Apple App Store. The entitled member(s) are requested to get themselves registered at least 2 working days before holding of the time of AGM at btm.corporate@umergroup.com by providing the details on the following format:

Name of Shareholder	CNIC No.	Folio No.	Cell No.	Email Address

- The company will send login details to the members email address for participation in AGM proceedings either through their smart phones or computer devices.
 - The login facility will be opened (10) ten minutes prior to the schedule of meeting for verification process.
 - While accessing the application "Zoom" members are requested to enter full name and folio number on the following format "Full Name - Folio Number" to mark proper attendance.
 - Members are requested to stay on 'Mute' and 'off Camera' unless moderator request for the members consent/comments/questions to approve the resolutions for ordinary and special business.
2. The Shares Transfer Books of the Company will remain closed from 19th October 2021 to 27th October, 2021 (both days inclusive). Transfers received in order at the registered office of the company situated at Umer House, 23/I, Sector 23, S. M. Farooq Road, Korangi Industrial Area, Karachi by 18th October 2021 will be treated in time for the purpose of entitlement to attend the Annual General Meeting of the company.
 3. Members interested to attend the virtual meeting through some other member as proxy are requested to send their proxy form (Enclosed) via email at btm.corporate@umergroup.com or at the registered office of the company not later than 48 hours before the time of holding the meeting.
 4. Pursuant to section 132(2) of Companies Act, 2017 the company shall facilitate its members to attend the annual general meeting through video-link by providing video-conference facility, if

BHANERO TEXTILE MILLS LIMITED

available, in the city where 10% or more shareholders of the company reside, provided that the Company receives their demand to participate in annual general meeting through video-link at least seven (07) days prior to the date of meeting.

In this regard, it is requested to fill the following Form and submit at the registered address of the Company at least 10 days before holding of the Annual General Meeting:

*"I/We, _____ being a member of **Bhanero Textile Mills Limited**, holder of _____ Ordinary Shares vide folio _____ hereby opt for video conference facility at _____."*

Signature of Member

5. In compliance of SRO 1013(1)/2017 dated 6th September, 2017 the claimant wise details of unclaimed shares and dividend or modarba certificates as on June 30, 2021 have been uploaded on our website: www.umergroup.com. In this regard, the said shareholders are requested to approach the Company Registered Office or Share Registrar Office with regard to any unclaimed dividend, shares or modarba certificates.
6. Members are requested to immediately inform of any change in their addresses and bank details to our share Registrar, Hameed Majeed Associates (Private) Limited.
7. Pursuant to Notification vide SRO 787(1)/2014 of September 08, 2014, SECP has directed to facilitate the members of the company receiving Annual Financial Statements and Notices through electronic mail system (e-mail). We are pleased to offer this facility to our members who desire to receive Annual Financial Statements and Notices of the Company through e-mail in future. In this respect members are hereby requested to convey their consent via e-mail on a standard request form which is available at the Company website i.e. www.umergroup.com. Please ensure that your e-mail has sufficient rights and space available to receive such e-mail which may be larger than 2MB file in size. Further, it is the responsibility of the member to timely update the Share Registrar of any change in the registered e-mail address.
8. E-Voting, members can exercise their right to demand a poll subject to meeting requirements of Section 143 -145 of Companies Act, 2017 and applicable clauses of Companies (Postal Ballot) Regulations 2018.
9. Under the provision of Section 72 of the Act, the shareholders are now required to replace their physical shares with book-entry form at earliest. Accordingly, the physical shares are now required to be converted into Book-Entry Form and kept by Shareholders in their Central Depository System (CDS) Accounts. The CDS Account can be opened and maintained by any CDC Participant {Stock Broker or CDC Investor Account Services Department (CDC IAS) of Central Depository Company of Pakistan Limited situated at Karachi, Lahore and Islamabad.

The following are key features of holding shares in book-entry form in CDC:

- Book-Entry shares cannot be lost, stolen or spoilt.
- No need for issuance of duplicate shares.
- Book-Entry shares can instantly be traded (Sell/Purchase) in Stock Market.
- No requirement of transfer deed for transfer/sale of Book-Entry shares.
- Book-Entry shares can be pledged for availing of any financing facility.

- Instant credit of Bonus and Right shares entitlements in Book-Entry form.
- 24/07 online access of CDS Accounts for reviewing portfolio information.
- Easy access of periodic Account statements of CDS Accounts.

Statement of Material Facts Under Section 134 (3) Of The Companies Act, 2017

Items pertaining to 5(A)(i) of the notice for ratification and approval of the related party transactions during the year ended June 30, 2021.

The related party transactions (RPT) were carried out at arm's length during the normal course of business activity during the year ended June 30, 2021 with its associated undertaking and related parties in accordance with its corporate policy, applicable laws, regulations compliance with the provisions of IAS 24. All the RPT reviewed and approved by the board of directors were duly placed before head of internal audit for approval, followed by the approval of audit committee

However, since common directorship exists between the related parties (by virtue of being the shareholder or common directorship), these transactions are being placed for the approval by shareholders in the Annual General Meeting. All transactions with related parties to be ratified have been disclosed in the note 47 to the financial statements for the year ended June 30, 2021

The transactions entered into with the related parties include, but are not limited to, sale & purchase of goods, dividends paid and received, investments and divestment made (in accordance with the approval of shareholders and board where applicable). The nature of relationship with these related parties has also been stated in the note 47 to the financial statements for the year ended June 30, 2021.

Items pertaining to 5(A)(ii) of the notice for board authorization to approve related party transactions that will be conducted during the period July 1, 2021 to June 30, 2022.

The Company shall be entering into transactions with its related parties during the year ending June 30, 2022 on an arm's length basis as per the approved policy with respect to 'transactions with related parties' in the normal course of business activity. Since, there has been common directorship in the related party transactions, the Board seeks member's consent to approve such transactions with the related parties from time-to-time on case to case basis for the year ending June 30, 2022 and such transactions shall be deemed to be approved by the shareholders. The nature and scope of such related party transactions is explained above and these transactions shall be placed before the shareholders in the next AGM for their formal approval/ratification.

Items pertaining to 5(B)(iii) of the notice for ratification and approval of the related party transactions retrospectively for the year ended June 30, 2019 and June 30, 2020.

The transactions were conducted at arm's length during the normal course of business activity as per company's policy in place along with adequate disclosure by complying the requirement under IAS 24. Since, common directorship exists between the related parties, the member's approval is hereby required to ratify the related party transactions retrospectively for the year ended June 30, 2019 and June 30, 2020.

BHANERO TEXTILE MILLS LIMITED

The transactions were duly disclosed in the notes to the respective financial years for 2019 and 2020 and unaltered extracts from financial statements of RPT are reproduced below:

TRANSACTIONS WITH RELATED PARTIES

The associated undertaking and related parties comprise associated companies, directors and key management personnel. Names, basis of relationship and transaction with associated undertakings and related parties, other than remuneration and benefits to key management personnel under the term of their employment as disclosed in note 37 are as follow:

Name of the Company	Basis of relationship	Percentage of shareholding		
Faisal Spinning Mills Limited	Common directorship	N/A		
Blessed Textiles Limited	Common directorship	N/A		
Bhanero Energy Limited	Common directorship	N/A		
Admiral (Private) Limited	Directorship of close family relative	N/A		

Nature of relationship	Nature of transactions	30-Jun-20 Rupees	30-Jun-19 Rupees
Associated undertaking	Sales of fabric	8,616,199	3,559,668
	Sales of Cotton	23,331,029	43,267,548
	Sales of yarn	581,623,165	547,957,137
	Purchase of yarn	259,271,769	114,990,899
	Purchase of stores	-	2,340,000
	Purchase of fabrics	117,823,519	7,721,587
	Services rendered	709,324	637,463
	Services received	309,000	309,000
	Electricity purchased	342,093,860	333,131,263

Chairman Review Report

I would like to take this opportunity to express my views in the enclosed Chairman Review Report for the year ended June 30, 2021 required under the provisions of section 192(4) of Companies Act, 2017 on overall performance and effectiveness of the board of Bhanero Textile Mills Limited “Board” in achieving its objectives.

The pandemic being a real crisis for the Board due to strained supply chains, liquidity concerns, financial strains, employee absenteeism, a move to remote working I mean there is a list of endless operating challenges faced by the company. However, the Board displayed immense composure, discipline and excellent judgments under the guidance and leadership of the chair to counter the crisis. The Board is fully aware when to step in, when to engage in external activity like communicating with stakeholders, regulators and others. The Board acts as the ultimate stewardship body of the company, both guiding and supporting management in decisions around the fight for survival but also ensuring the company positions itself to emerge from the crisis stronger and more resilient.

The Board members supported each other and their executive teams during this extraordinary challenge reinforced a culture of human concern for their mental and physical well-being which is needed more than ever. Besides, as the remote working during pandemic heightens cyber risks to the organization, the board has taken all possible measure for the deployment of robust internal control environment that will be placed sufficiently to protect and safeguard the assets of the organization. The Board has taken all the necessary steps and proper arrangement at work place by introducing enhanced measure toward the areas that are more prone to risks and have the potential to significantly disrupts the existing systems of internal controls. The Board in consultation with internal audit deployed agile functions to carry out activities remotely, with minimal risk impacts in a safe, secure and trusted environment.

The Board is fully aware of the economic effects during the times of pandemic crisis and concerns of investors and other stakeholders for the need of high-quality financial information more than ever. Consequently, the board has assured to provide clear financial reports and showed caution to review critically and cover every aspect of financial reporting framework. The Board continually review and evaluate present and future opportunities, threats and risks associated in the external environment due to pandemic situation related to the company with a special emphasis on determination of the best strategies and plans that underpin the overall corporate strategy.

The Board strictly adhered to the guidelines issued by the corporate regulators while conducting the general and board meeting, publications of notices, circulation of minutes, declaration and disbursement of the dividends and organizing CAB session for investor community. During the current year, the Board

has carried out the self-evaluation for itself, members and committees and the areas identified for further improvements in line with best global practices.

The Board ensured that good governance standards shall not be compromised even in pandemic situation and appropriate measures were taken to protect the interests of its stakeholders. The internal audit, corporate reporting, members general meeting, board and committee meetings, notices, circulation of minutes, elections of the directors and all other matters have been performed firmly under the directives issued by the corporate regulators.

Dated: 27, September 2021, Karachi.



Muhammad Shaheen
(Chairman)

Directors Report

The Directors of the Company are pleased to present the Annual Report on business and operation of the company along with audited financial statements of the company for the year ended June 30, 2021.

Financial Results

Financial results of company for the year ended to June 30, 2021 are as under;

Statement of Profit or Loss For The Year Ended June 30, 2021

	Note	June 30, 2021 Rupees	June 30, 2020 Rupees
Sales		12,158,113,068	8,923,611,447
Cost of sales		9,426,415,558	8,100,058,950
Gross profit		2,731,697,510	823,552,497
Other income		94,330,052	159,679,917
		2,826,027,562	983,232,414
Distribution cost		243,334,988	162,909,192
Administrative expenses		157,638,312	148,382,741
Other operating expenses		169,994,496	34,863,784
Finance cost		94,080,942	181,440,442
		665,048,738	527,596,159
Profit before tax		2,160,978,824	455,636,255
Taxation		310,272,621	126,237,374
Profit after taxation for the year		1,850,706,203	329,398,881
Earnings per share - basic and diluted		616.90	109.80

Key Financial Indicators

Nearly every business in the world has been affected by COVID-19 however, by the blessing of Almighty Allah the company performed remarkably and posted a profit after tax of PKR 1,850.706 million during the current year ended June 30, 2021 as compared to PKR 329.399 million in corresponding period, translating into EPS of PKR 616.90 for the current year (EPS 2020: PKR 109.80).

The company sales has been increased from PKR 8,923.611 million to PKR 12,158.113 million whereas gross profit is increased from PKR 823.552 million to PKR 2,731.697 million during the current year ended June 30, 2021 as compared to corresponding year.

Dividends & Reserves Appropriation

Albeit uncertainty still prevails across the globe due to the pandemic situation but the board of directors have decided to pay off the dividends to its shareholders due remarkable performance of the company during the current year.

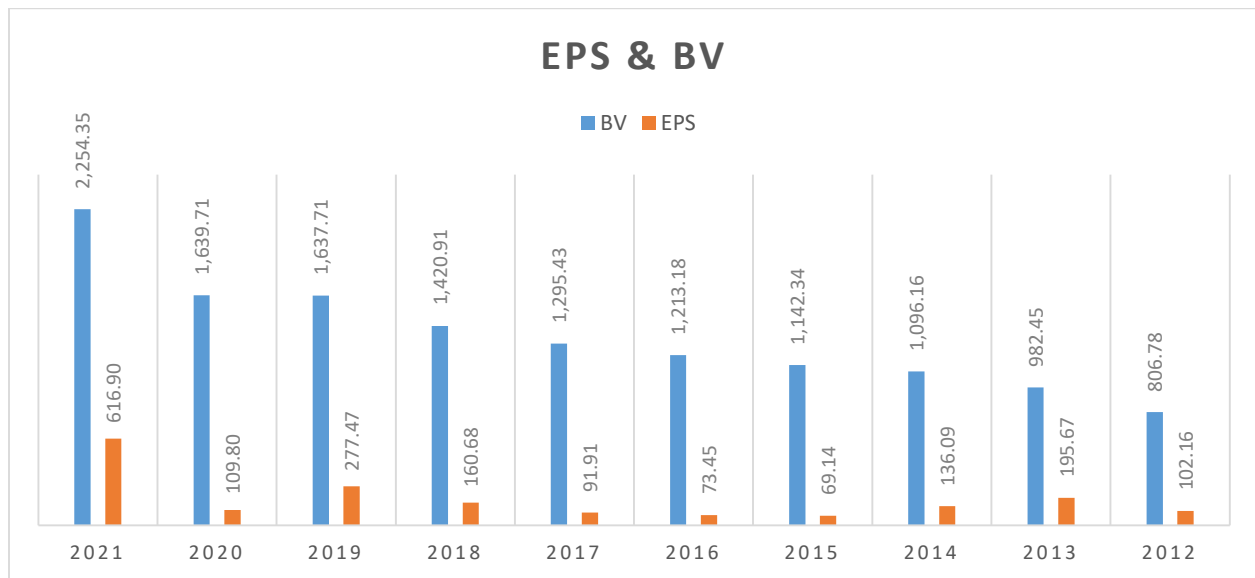
Consequently, the board of directors are pleased to approve the cash dividend of 715.00 percent i.e PKR 71.50 per share as recommendation by the audit committee subject to the approval shareholders in forthcoming annual general meeting scheduled for October 27, 2021.

Moreover, the directors proposed to transfer an amount of PKR 1,500.00 million to the general reserve to meet any unforeseen contingencies in future.

Earnings and Breakup Value per Share

The company considers shareholder value is of prime importance and both considerable time and efforts are taken while decisions making process that will affect the interests and wealth of its shareholders.

There is an increase in both EPS and BV of share by 461.84 percent and 37.49 percent respectively during the corresponding periods. The EPS and BV of the share during the current year ended June 30, 2021 stands at PKR 616.90 (2020: PKR 109.80) and PKR 2,254.35 (2020: PKR 1,639.71) respectively.



Working Capital Management

The working capital management is a process of managing short-term assets and liabilities to ensure that a company has sufficient liquidity to run its operations smoothly.

The repayments amounting to PKR 101.263 million on account of long-term loans have been made during the year 2021. The short-term liquidity of company is fairly steady as reflected by current ratio of 5.89 (2020: 2.54) is considered adequate for the year under review.

Capital Structure

The balanced capital structure is arguably one of its most important choices from a technical perspective that will determine the growth of the company.

The company managed an optimum mix of debt and equity to enhance the shareholders' value that renders healthier return to its investors.

The financial stability strength of company may be assessed with the fact that shareholder equity stood at PKR 6,763.064 million (2020: PKR 4,919.120 million) showing a phenomenal growth total equity during corresponding periods. The gearing ratio of 0.19 (2020: 0.55) during the current year ended June 30, 2021 is generally considered quite satisfactory with a low risk for well-established companies as per industry norms.

Balancing, Modernization and Replacement

During the year an amount of PKR 1400.00 million approximately approved by the board of directors in their meeting held on February 25, 2021 for BMR of 140 Picanol Air-Jet Looms for its weaving unit towards up gradation of machinery to keep pace with latest invention.

Establishment of a New Spinning Unit

The board of directors in their meeting held on February 25, 2021 have approved for setting up a new spinning unit of 19,584 spindles with the production capacity of 1,000 bags per day approximately in Sheikhpura, Punjab.

The civil work for construction of infrastructure is in full swing and expected to be completed hopefully by June 2022. The financing arrangement has been made with National Bank of Pakistan under the State Bank of Pakistan subsidized financing schemes, against letter of credits established for import of machinery.

The project is expected to commence its commercial production by September 2022.

Sale of Land

The board of directors under the powers conferred by the provisions of section 183 of the Companies Act, 2017, in their meeting held on June 21, 2021 approved the transaction for sale of total land measuring 67.74 acres. Of the total 67.74 acres, land measuring 37.93 acres having a cost of PKR 71.974 million has already been sold in June 2021 fetching a capital gain amounting to PKR 49.406 million which is reflected in the current year financial statements. The transaction was carried with the related party out at Arm's

length with M/s Umer Farms (Pvt) Limited Ltd in the most beneficial way and in the best interest of the company. Moreover, the negotiations were carried out on the basis of valuation conducted in June 2021 by independent surveyors and valuer's Messer's Josph Lobo (Pvt) Limited.

Credit Rating

The entity ratings for the current year assigned on May 27, 2021 has been maintained at A+/A 1 (Single A Plus / A One) as per last year by the Messer's VIS Credit Rating Company Limited.

Financial Statements

As required under Companies Act 2017, listing regulations of PSX and directives issued by the SECP the Chief Executive Officer and Chief Financial Officer presented the financial statements of the company for the year ended June 30, 2021, duly endorsed under their respective signatures for consideration, approval and authorization by the board of directors for issuance and circulation.

The financial statements of the company have been duly audited by the auditors of the company, Mushtaq & Company, Chartered Accountants and the auditors have issued clean audit report on the financial statements for the year ended 30th June 2021 and clean review report on Statement of Code of Corporate Governance Regulations, 2019 "Code". These reports are attached with the financial statements.

Accounting Standards

The accounting policies of the Company fully reflect the requirements of the Companies Act 2017 and such approved International Accounting Standards and International Financial Reporting Standards as have been notified under this Act as well as through directives issued by the Securities and Exchange Commission of Pakistan.

Outlook on Cotton

Being one of the major cotton producer worldwide, cotton is an integral part of Pakistan's economy contributing around 10 percent to GDP and serving as a core livelihood for 15 million cotton workers besides contributing major portion of foreign currency in national exchequer to the country.

In recent years the country's cotton crop has observed a drastic decline in production, the contributing factors to incessant decline are pests, weed infestation, low yield seed, climate change, obsolete technology, competing crops etc. The production of the crop has declined from over 12 million bales about a decade ago to less than 6 million bales at present resulting in mammoth losses to the cotton growers in particular Sindh where last year, about half of the cotton crop was destroyed due to untimely watering.

In this scenario where cotton growers are severely affected by the issues such as global warming, soil fertility and poor seed quality, the global experts suggest that organic cotton is a more sustainable option for us. The organic cotton is a good sustainable solution, which is grown without the use of pesticides

and from seeds which have not been genetically modified. Organic farming practices avoid using harmful chemicals while aiming for environmental sustainability through lesser utilization of water resources through drip irrigation technology, avoiding fossil fuel-based fertilizers and hazardous synthetic pesticides thus allowing the farmers to safely grow food crops along with their cotton crop.

Albeit cotton is grown throughout the world but conventional cotton is a chemically intensive crop with serious consequences on environment like air, water, soil, and climate as well as the health of farm workers and cotton processors. In contrast, organic cotton is grown, processed, dyed, and finished with methods that focus on building ecosystem health and reducing the use of toxic pesticides, synthetic fertilizers and hazardous processing chemicals. Besides, various studies also confirms that organic cotton is an excellent environmental alternative to conventional production and ongoing research reveals that organic cotton is critical for reducing pesticide use, preventing water contamination and reducing water use, supporting biodiversity, and helping to mitigate climate change.

The analysis found that producing profitable organic cotton does interest farmers, but that they need more government support in the provision of an organic agriculture loan facility, increased availability of bio-inputs and provision of an organic cotton premium.

Recommendations:

Seed development

Access to organic cotton seed is a barrier that restricts farmers from growing organic cotton. To counter this problem, organic cotton seed multiplication programmes need to be established to ensure availability towards organic seed varieties with a focus on immediate, medium-term, and long-term approaches by engaging research institutes, seed companies and farming communities.

Quality assurance

Contamination of seed samples in research institutes is another problem where GMO cotton seeds were found among non-GMO seeds. In order to combat seed quality assurance system needs to be implemented along the whole cotton seed supply chain by engaging organic cotton farming communities to identify their needs and look for viable ways forward.

Certification and laboratory testing system

There are a number of scenarios where accidental contamination between GMO and non-GMO seeds could occur at any point along the supply chain such as when the seeds are in transit, or cross-contamination from pesticides from neighbouring non-organic farms. To address this, free laboratory testing facilities for cotton seed and organic cotton samples of farmer's fields should be established, along with a national organic certification system for organic cotton textile products.

Private sector engagement

The private sector needs to be fully on board to flourish organic cotton supply chain and assists all the elements of the fledgling industry to emerge. Recent amendments to Pakistan's laws have enabled private seed companies to develop their own organic cotton variants with more freedom and legal security to protect the development of new biotechnology. The opportunity to engage with these new investors should not be missed.

Ease of access to a credit facilities

Farmers seeking a loan from commercial banks are restricted by legal formalities whereas studies depicts that most farmers are not literate enough and struggles to deal with bank formalities for agricultural loans. To counter the State Bank of Pakistan has an important role through commercial banks by ensuring a conducive environment with minimal regulatory requirements. The ease of credit for procurement of seeds and machinery to the farming communities will render long-term sustainability for their businesses.

Capacity building programme

Seed certification in Pakistan is mainly the responsibility of Federal Seed Certification and Registration Department, which suffers from a shortage of staff and lacks capacity for seed testing. The department together with other institutes engaged in cotton research and development, need to create capacity building programmes for organic cotton seed development and the production of biological inputs.

There are clearly many obstacles for the development of a sustainable organic cotton infrastructure in Pakistan but to gain benefits of an increasing demand for organic cotton firm commitment is required by the government. A long-term plan is required to be implemented to boost organic cotton production, establish an organic textile supply chain, develop high-yielding seed varieties and enable farmers to get good quality inputs, credit and fair prices for their produce. A strong desire among organic cotton farmers and a firm commitment from the government to invest and engage could be enough to give the industry a start that needs to become a sustainable and long-term option for farmers in Pakistan.

Compliance with Code of Corporate Governance

The statement of compliance under regulation 36(1) for listed companies with the Code of Corporate Governance Regulations, 2019 is annexed.

Statement on Corporate and Financial Reporting Framework:

The Directors of the company are fully aware of their responsibilities under Companies Act 2017, Regulations under Code of Corporate Governance 2019 "Code", Rule Book of the Pakistan Stock Exchange Limited and directives issued by Securities & Exchange Commission of Pakistan. As a part of the compliance to the regulators we confirm the following:

- These financial statements, prepared by the management of the company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of account of the company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
- The system of internal control was sound in design and has been effectively implemented and monitored.
- There were no significant doubts upon the company's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- We have prepared and circulated a Code of Conduct and business strategy among directors and employees.
- The Board of Directors has adopted a vision and mission statement and a statement of overall corporate strategy.
- All the directors have attended its board and general meeting either physically or through video conference unless preclude due to reasonable reason.
- All the directors are assigned with their responsibilities, roles, remuneration, powers and obligation at the commencement of their terms in accordance with Code of Corporate Governance, Companies Act and Article of Association.
- All the directors of the Company are accredited / exempted under Directors Training Program (DTP) as required by the Code of Corporate Governance Regulations, 2019.
- There has been a proper updated record of the significant policies duly approved by the board of directors on human resource, whistle blower, procurement, communication mechanism with stakeholders, environment, health and safety, director's remuneration, anti-money laundering and risk management etc.
- As required under Code of Corporate Governance Regulations, 2019 and Companies Act 2017 (Act), we have included the following information in this report:
 - Statement of pattern of shareholding has been given separately.
 - Statement of shares held by associated undertakings and related persons.
 - Statement of the board meetings and annual general meeting held during the year and attendance by each director has been given separately.
 - Chairman review report under the provisions of section 192(4) of the Act.
 - Statement of compliance duly signed by the chairman under regulation 36 of the Code.

- Key operating and financial statistics for last six years along with information for taxes and levies have been adequately disclosed in the annexed audited financial statements.
- The company strictly follow the guidelines issued by SECP on prohibition of insider trading for listed companies and no trading in the Company's shares was carried by its Directors, CEO, CFO, Company Secretary, Head of Internal Audit and their spouses and minor children except as disclosed in pattern of shareholding.

Pattern of Shareholding

The pattern of shareholding and relevant information thereon is annexed accordingly.

Related Party Transactions

The Related Party Transactions (RPT) and their status are adequately disclosed by complying the requirement under IAS 24. Moreover, there is a robust policy in place for all in pursuant to the notification issued by Securities and Exchange Commission of Pakistan vide SRO 768(1)2019 and the guidelines have been duly incorporated in the company policy with regard to transactions and maintenance of records.

The RPT were duly approved by the internal audit followed by the approval of the audit committee before presentation of the same in the board meeting, to ensure that all the transactions are at arm's length during the normal conduct of business activity. However, the board of directors in their meeting held on September 27, 2021 have concluded that the RPT approved by the board shall also be placed before the general meeting of the company for member's approval.

Furthermore, the board has also decided to avail the approval of members in the general meeting of the company for the transactions to be carried out during the fiscal year ending June 30, 2022 and same shall be placed before the shareholders in the next general meeting for their formal ratification/approval.

Board Evaluation

In compliance of the regulation 10(3)(v) of Code and to enriched clarity in the leadership roles and responsibilities, improved teamwork, greater accountability, effective decision-making and communication, the company carried out the evaluation process of the board internally for assessing the board performance, members of the board and its committee members.

A comprehensive review has been carried out accompanied by statutory documents, agenda of meetings, minutes of board and committee meetings, significant policies in place and other ancillary documents, questionnaires, interactions with the board and committee members.

Board Composition

As required under regulation 34 of Code the board of ten (10) directors is comprised as follows;

BHANERO TEXTILE MILLS LIMITED

Sr No	Category	Gender		Total
		Male	Female	
(i)	Independent Director	3	0	3
(ii)	Executive Directors	2	0	2
(ii)	Non- Executive Directors	4	1	5

Board and Audit Committee Meetings

- All the directors, eligible to attend the meeting have attended the general meetings of the company in person or through video conference under Regulation 10(6) of the Code unless precluded from doing so due to any reasonable
- Following are the number of meeting held and attended by board of directors, audit committee and human resource & remuneration committee during 2020-21:

Sr	Name of Directors	Board of Directors		Committees			
				Audit		Human Resource and Remuneration	
		Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended
1.	Mr. Muhammad Salim	5	5	-	-	-	-
2.	Mr. Muhammad Shaheen	5	5	-	-	-	-
3.	Mr. Khurrum Salim	5	5	-	-	-	-
4.	Mr. Bilal Sharif	5	5	6	6	-	-
5.	Mr. Muhammad Amin	5	5	-	-	1	1
6.	Mr. Hamza Shakeel	5	5	6	6	1	1
7.	Mr. Iqbal Mehboob	5	5	6	6	1	1
8.	Mr. Asif Elahi	5	5	-	-	-	-
9.	Mr. Mustafa Tanvir	5	5	-	-	-	-
10.	Mrs. Saba Yousaf	5	5	-	-	-	-

Audit Committee

Sr	Name	Designation	Category
i	Bilal Sharif	Member	Non- Executive Director
ii	Hamza Shakeel	Member	Non- Executive Director
iii	Iqbal Mehboob	Chairman	Independent Director

The audit committee comprises of three members of which chairman is an independent director whereas all the other are non-executive directors and discharge its responsibilities under terms of reference assigned by the board of directors.

The appointment of financial literate member has been made in line with Regulation 27(1)(iii) in the Chapter X of the Code.

The meetings of audit committee were held at regular intervals in compliance with the Regulation 27(2) of the Code to review the both interim and annual financial statements before the approval of board of directors along with an additional meeting once a year with an external auditor without the CFO and other with an internal auditor without the presence of the CFO and external auditor.

An audit committee (AC) of the company provides oversight of the financial reporting process and disclosures, the audit process, the company's system of internal controls and compliance with laws and regulations to the board. Besides, audit committee provides its recommendations to the board for appointment external auditors and maintaining smooth relationships with organizations internal audit team. The AC is also responsible to assure that company assets are appropriately safeguarded, validating interim and annual financial statements, approving related party transactions, reviewing management letter, ensuring effectiveness of internal controls, investigating and reporting on fraudulent activities, monitoring of accounting policies, oversight of any external auditors, regulatory compliance and the discussion of risk management policies with management.

The AC also play a significant role in setting the attitude of an organization by ensuring to nurture and implement a code of conduct and establish effective communication channels. The members of the committee must be aware of what management is doing to achieve compliance with laws and regulations, and they must be knowledgeable about issues such as ongoing investigations and disciplinary actions taken by the management.

Human Resource and Remuneration Committee

Sr	Name	Designation	Category
i	Iqbal Mehboob	Chairman	Independent Director
ii	Mohammad Amin	Member	Non- Executive Director
iii	Hamza Shakeel	Member	Non- Executive Director

The human resource and remuneration committee (HRRC) is comprised of three members of which all are non-executive directors whereas chairman is an independent director. The HRRC review compliance with any legislative guidelines relating to compensation and benefits, review compliance with employment, labor and human rights legislation.

The HRRC responsible for recommending human resource management policy to the Board. The Committee shall have overall responsibility for recommending selection, evaluation, compensation (including retirement benefits) and succession planning of CEO, CFO and Company Secretary.

The HRRC assists the Board and management in development and oversight of compensation and human resources strategies and policies, review, approve, or recommend for Board approval, decisions relating to the fair and competitive compensation of executives, directors, committee members and other key personnel.

Corporate Social Responsibility Policy

The company administers a comprehensive Corporate Social Responsibility (CRS) policy to operate in an economically, socially and environmentally sustainable manner by maintaining environmental with an aim to reduce pollution and greenhouse gas emissions, sustainable use of natural resources, minimizing and proper disposal of wastage, promoting re-cycling during manufacturing process. The company comprehend its duty towards society beyond their economic obligations to owners or stockholders and also beyond those prescribed by law or contract.

Challenged with the pandemic situation, the company has been quite responsive in philanthropic donations to those who were in dire need of assistance. Moreover, there has been establish programs that help employees balance the demands of work and personal life and be more satisfied and productive on the job which eventually led to reduces turnover, enhance employee morale.

The company ensures to maintain natural environment by following best practices for waste disposal, recycling, energy conservation and utilizing environmentally-friendly technologies and arranging reforestation excursions at regular intervals to create awareness.

Health, Safety and Environment Policy

The eruption of the pandemic in 2019 and its fatal waves have disrupted everyday life for everyone across the globe. Most businesses are forced to shut down its facilities under lockdown restrictions imposed by the government to mitigate the surge of virus and minimize of social interactions.

The company provided best available options to ensure their employees and workers health and safety measures in these testing times of pandemic situation.

The employees who contracted the virus are allowed with paid leaves along with complete medical treatment under existing health policies and to work from home. Besides, arranging disinfection of premises at regular intervals, conducting free testing of virus for employees, allowing leave with pay for those infected with virus, permitting flexible and shorten working hours, providing face-masks and proper sanitization at work place are some of the measure taken by the company.

One of the many challenges during the pandemic is to ensure continuity of day to day activities with appropriate decision making in compliance of the law and other regulatory frameworks. In this regard the company fully utilized the facilities available through of video meeting platforms and apps.

The company's health, safety and environment policy statement demonstrate a pleasant and workable environment by making every possible effort to remove or reduce the risks to the health, safety of all workers, contractors and visitors, and anyone else in the testing times of pandemic situation.

Directors Remuneration Policy

The feature of executive director's remuneration policy is prepared and recommended by human resource and remuneration committee (HRRC) to the board subject to the provisions of the Companies Act 2017, Companies' Article of Association and Code of Corporate Governance Regulations, 2019.

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives. Remuneration policies and decisions are made through a transparent and independent process. Moreover, the remuneration of the executive directors are determined by considering the market competitiveness which is identical in akin companies, whilst also considering level of competencies, experience, scope of the board assignments and yearly meetings.

The executive directors entitled for the fixed monthly remuneration and other perquisites recommended by HRRC which were duly approved by the board and followed by the approval of members in general meeting of the company.

No fee or remuneration has been paid either to non-executive or independent directors.

Statutory Auditors

The present auditor's M/s Mushtaq & Company, Chartered Accountants shall retire on the conclusion of the annual general meeting scheduled for October 27, 2021 however, being eligible they have offered themselves for re-appointment. The audit committee has suggested the appointment of M/s Mushtaq & Company, Chartered Accountants, as external auditor for the year ended 30th June 2022. The external auditor M/s Mushtaq & Company, Chartered Accountants have been given satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan. The firm

and all its partner are in compliance with the International Federation of Accountants' Guidelines on the Code of Ethics as adopted by Institute of Chartered Accountants of Pakistan and they are registered with Audit Oversight Board under section 36I of SECP Act, 1997.

The statutory auditors neither performed any of the decision making, internal audit or management functions nor they have any sort of relationship with any directors or executives of the company. The engagement partners were rotated after completion of every five years.

The Board of Directors also recommended the appointment of M/s Mushta & Company, Chartered Accountants, as external auditor for the year ended 30th June 2022 and the remuneration of the auditors has been fixed at PKR 2,065,000.00 for the year 2021-22 as recommended by the audit committee to the board under regulation 32(3) of the Code. The assignments include statutory audit, half yearly review and code of corporate governance review.

Material Changes and Commitments

No material changes and commitments affecting the financial position of the Company have occurred between the end of financial year of the Company to which the balance sheet relates and the date of directors' report.

Acknowledgement

I am highly indebted to Board of Directors, valued shareholders, customers, bankers, suppliers and other stakeholders for their support, trust and confidence. I also appreciate to all employees for their loyalty dedication and hard work which enabled the Company to achieve its objectives.

For and on behalf of the Board

Khurram Salim



Chief Executive Officer

Muhammad Salim



Director

Karachi: September 27, 2021

**STATEMENT OF COMPLIANCE WITH LISTED COMPANIES
(CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019**

The statement is being presented to comply with the requirement of regulation 36(1) contained in Code of Corporate Governance Regulations, 2019 for the purpose of establishing a framework of good corporate governance, whereby a company quoted at Pakistan Stock Exchange Limited is managed in compliance with best practices of corporate governance.

**Bhanero Textile Mills Limited
Year Ending June 30, 2021**

The company has complied with the requirements of the Regulations in the following manner:-

1. The total number of directors are ten (10) as per the following,-

- a. Male : Nine (9)
- b. Female : One(1)

2. The composition of the Board is as follows:

Sr	Category	Name
i)	Independent Directors (*)	Mr. Iqbal Mehboob Mr. Asif Elahi Mr. Mustafa Tanvir
iii)	Non- Executive Directors	Mr. Muhammad Shaheen Mr. Muhammad Amin Mr. Bilal Sharif Mr. Hamza Shakeel
ii)	Executive Directors	Mr. Khurram Salim Mr. Mohammad Salim
iv)	Female director	Mrs. Saba Yousaf

(*) Explanation required under Regulation 6(1) of Code:

While calculating the minimum number of ID directors the fraction was not rounded upwards to 1. The reason being that as per general rule only number exceeding 0.5 shall be rounded to next number.

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company;

4. The company has prepared a code of conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures;

5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the company;

6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/ shareholders as empowered by the relevant provisions of the Act and these Regulations;

7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;

8. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;

9. The Board has arranged Directors' Training program for the following:
The entire board is accredited under directors training program.
(Name of Executive & Designation - (N/A);

10. The Board has approved appointment of chief financial officer, company secretary and head of internal audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;

11. Chief financial officer and chief executive officer duly endorsed the financial statements before approval of the Board;

12. The Board has formed committees comprising of members given below.-

(a) Audit Committee

Name	Designation
Mr. Iqbal Mehboob	Chairman - Independent Director
Mr. Bilal Sharif	Member - Non- Executive Director
Mr. Hamza Shakeel	Member - Non- Executive Director

(b) Human Resource & Remuneration Committee

Name	Designation
Mr. Iqbal Mehboob	Chairman - Independent Director
Mr. Muhammad Amin	Member - Non- Executive Director
Mr. Hamza Shakeel	Member - Non- Executive Director

c) Nomination Committee (N/A)

Explanation

As the formation of Nomination Committee (NC) is not mandatory under regulation 29 of the Code, the functions and responsibilities of NC are performed by the Human Resources & Remuneration Committee.

d) Risk Management Committee (N/A)

Explanation

As the formation of Risk Management Committee (RMC) is not mandatory under regulation 30 of the Code, the functions and responsibilities of RMC are performed Audit Committee.

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance;

14. The frequency of meetings (quarterly/half yearly/ yearly) of the committee were as per following,-

Name of Committee	Frequency of Meeting
Audit Committee	Quarterly
HR and Remuneration Committee	Yearly
Nomination Committee	Not applicable
Risk Management Committee	Not applicable

15. The Board has set up an effective internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company;

16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company;

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;

18. We confirm that all requirements of regulations 3, 6, 7, 8, 27,32, 33 and 36 of the Regulations have been complied with; and

19. Explanation for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 are below (N/A):

For and on behalf of the Board



MUHAMMAD SHAHEEN

(Chairman)

Karachi

September 27, 2021

Independent Auditor's Review Report

To the members of Bhanero Textile Mills Limited on the Statement of Compliance with the Code of Corporate Governance

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Bhanero Textile Mills Limited for the year ended June 30, 2021 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2021.

Place: Karachi

Dated: 27 September, 2021


MUSHTAQ & COMPANY
Chartered Accountants
Engagement Partner
Zahid Hussain Zahid, FCA



Independent auditor's report to the members of

Bhanero Textile Mills Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **Bhanero Textile Mills Limited (the Company)**, which comprise the statement of financial position as at June 30, 2021 and the statement of profit or loss, the statements of other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2021 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter(s)

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined that there are no key audit matters to communicate in our report.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises director's report and last six years' financial analysis but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017(XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provided the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.


Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is **Zahid Hussain Zahid,**

FCA


MUSHTAQ & CO
Chartered Accountants



Karachi.

Dated: 27 September, 2021

**Statement of Financial Position
As At June 30, 2021**

		June 30, 2021	Jun 30, 2020			June 30, 2021	Jun 30, 2020
	Note	Rupees	Rupees		Note	Rupees	Rupees
EQUITY AND LIABILITIES				ASSETS			
SHARE CAPITAL AND RESERVES				NON CURRENT ASSETS			
Authorized capital				Property, plant and equipment	18	2,911,960,350	3,004,662,572
6,000,000 (2020: 6,000,000) ordinary shares of Rs.10 each		<u>60,000,000</u>	<u>60,000,000</u>	Capital work in progress	19	180,525,898	21,893,326
Issued, subscribed and paid up capital	5	30,000,000	30,000,000	Long term deposit	20	28,559,816	28,553,816
Reserves	6	6,300,000,000	4,800,000,000			3,121,046,064	3,055,109,714
Unappropriated profit		433,063,770	89,120,050				
		<u>6,763,063,770</u>	<u>4,919,120,050</u>				
NON CURRENT LIABILITIES				CURRENT ASSETS			
Long term financing - secured	7	1,077,028,637	1,090,593,256	Stores, spares and loose tools	21	107,776,096	121,739,357
Long term payables	8	199,099,913	201,056,650	Stock in trade	22	2,659,408,838	3,956,409,702
Staff retirement benefits	9	181,861,570	167,244,027	Trade debts	23	1,628,119,912	957,494,189
Deferred taxation	10	165,286,894	152,144,713	Loans and advances	24	25,876,425	16,293,610
Deferred Government grant	11	24,407,257	1,807,073	Trade deposits and prepayments	25	137,166,690	128,562,912
		<u>1,647,684,271</u>	<u>1,612,845,719</u>	Other receivables	26	6,234,227	20,297,574
				Income tax refundable	27	5,397,013	222,869,340
CURRENT LIABILITIES				Sales tax refundable	28	63,204,674	195,699,479
Trade and other payables	12	861,950,312	631,608,287	Bank balances	29	1,739,116,221	114,394,432
Unclaimed dividend	13	1,342,699	1,396,762			6,372,300,096	5,733,760,595
Accrued markup / interest	14	6,835,183	31,770,640				
Short term borrowings - secured	15	-	1,570,614,112				
Current portion of long term financing	16	212,469,925	21,514,739				
		<u>1,082,598,119</u>	<u>2,256,904,540</u>				
CONTINGENCIES AND COMMITMENTS	17						
TOTAL EQUITY AND LIABILITIES		<u>9,493,346,160</u>	<u>8,788,870,309</u>	TOTAL ASSETS		<u>9,493,346,160</u>	<u>8,788,870,309</u>

The annexed notes from 1 to 55 form an integral part of these financial statements.


CHIEF EXECUTIVE


DIRECTOR


CHIEF FINANCIAL OFFICER

**Statement of Profit or Loss
For The Year Ended June 30, 2021**

	Note	June 30, 2021 Rupees	June 30, 2020 Rupees
Sales	30	12,158,113,068	8,923,611,447
Cost of sales	31	9,426,415,558	8,100,058,950
Gross profit		2,731,697,510	823,552,497
Other income	32	94,330,052	159,679,917
		2,826,027,562	983,232,414
Distribution cost	33	243,334,988	162,909,192
Administrative expenses	34	157,638,312	148,382,741
Other operating expenses	35	169,994,496	34,863,784
Finance cost	36	94,080,942	181,440,442
		665,048,738	527,596,159
Profit before tax		2,160,978,824	455,636,255
Taxation	37	310,272,621	126,237,374
Profit after taxation for the year		1,850,706,203	329,398,881
Earnings per share - basic and diluted	38	616.90	109.80

The annexed notes from 1 to 55 form an integral part of these financial statements.


CHIEF EXECUTIVE


DIRECTOR


CHIEF FINANCIAL OFFICER

Bhanero Textile Mills Limited

**Statement of Comprehensive Income
For The Year Ended June 30, 2021**

	Note	June 30, 2021 Rupees	June 30, 2020 Rupees
Profit after taxation for the year		1,850,706,203	329,398,881
Other comprehensive income / (loss)			
Items that may be reclassified subsequently to profit and loss		-	-
Items that will not be reclassified subsequently to profit and loss			
Actuarial loss on remeasurement of employees retirement benefits - gratuity	9.2	(8,712,867)	(7,430,001)
Related deferred tax on remeasurement of employees retirement benefits - gratuity		1,950,384	1,433,716
		(6,762,483)	(5,996,285)
Total comprehensive Income for the year		1,843,943,720	323,402,596

The annexed notes from 1 to 55 form an integral part of these financial statements.


CHIEF EXECUTIVE


DIRECTOR


CHIEF FINANCIAL OFFICER

**Statement of Changes in Equity
For The Year Ended June 30, 2021**

Share capital	Revenue Reserves		Total
	General reserve	Unappropriated profits	

	Rupees			
Balance as at June 30, 2019	30,000,000	4,700,000,000	183,117,492	4,913,117,492
Total comprehensive income for the year				
Profit for the year	-	-	329,398,881	329,398,881
Other comprehensive loss	-	-	(5,996,285)	(5,996,285)
Transfer to general reserve	-	100,000,000	(100,000,000)	-
Transactions with owners:				
Interim dividend paid for the year ended June 30, 2020 at the rate of PKR 50.00 per share			(150,000,000)	(150,000,000)
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)
Balance as at June 30, 2020	30,000,000	4,800,000,000	89,120,050	4,919,120,050
Total comprehensive income for the year				
Profit for the year	-	-	1,850,706,203	1,850,706,203
Other comprehensive loss			(6,762,483)	(6,762,483)
Transfer to general reserve	-	1,500,000,000	(1,500,000,000)	-
Balance as at June 30, 2021	30,000,000	6,300,000,000	433,063,770	6,763,063,770

The annexed notes from 1 to 55 form an integral part of these financial statements.


CHIEF EXECUTIVE


DIRECTOR

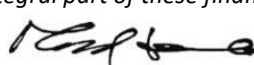

CHIEF FINANCIAL OFFICER

**Statement of Cash Flows
For The Year Ended June 30, 2021**

	June 30, 2021 Rupees	June 30, 2020 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	2,160,978,824	455,636,255
Adjustments for:		
Depreciation on property, plant and equipment	263,363,945	284,655,587
Provision for staff retirement benefits - gratuity	48,463,013	44,734,703
Provision for bad debts	10,372,084	5,627,595
Infrastructure fee - ETO	13,217,083	18,897,975
Infrastructure cess - Gas	(15,173,820)	4,020,841
Gain on disposal of property, plant and equipment	(50,228,420)	(145,380,936)
Finance cost	94,080,942	181,440,442
Operating cash flows before changes in working capital	2,525,073,651	849,632,462
Working capital changes		
(Increase) / decrease in current assets		
Inventories	1,310,964,125	(397,461,736)
Trade debts	(680,997,807)	(204,960,313)
Loans and advances	(9,582,815)	52,065,193
Trade deposits	(8,603,778)	(19,389,605)
Other receivables	14,063,347	(6,191,073)
Sales tax refundable	132,494,805	(24,830,919)
	758,337,877	(600,768,453)
Increase / (decrease) in trade and other payables	230,342,025	(94,368,438)
Cash generated by operations	3,513,753,553	154,495,571
Finance cost paid	(119,016,399)	(187,271,616)
Staff retirement benefits - gratuity paid	(42,558,337)	(33,765,581)
Income taxes paid	(77,707,729)	(103,208,774)
Long term deposits	(6,000)	(21,000)
	(239,288,465)	(324,266,971)
Net cash generated from / (used in) operating activities	3,274,465,088	(169,771,400)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	122,846,000	203,131,500
Additions in property, plant and equipment	(401,911,875)	(175,553,145)
Net cash (used in) / generated from investing activities	(279,065,875)	27,578,355
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long term financing	(101,262,819)	(253,146,967)
Proceeds from long term financing	301,253,570	105,163,315
Short term borrowings - net	(1,570,614,112)	577,957,121
Dividend paid	(54,063)	(317,108,453)
Net cash (used in) / generated from financing activities	(1,370,677,424)	112,865,016
Net increase / (decrease) in cash and cash equivalents	1,624,721,789	(29,328,029)
Cash and cash equivalents at the beginning of the year	114,394,432	143,722,461
Cash and cash equivalents at the end of the year	1,739,116,221	114,394,432

The annexed notes from 1 to 55 form an integral part of these financial statements.


CHIEF EXECUTIVE


DIRECTOR


CHIEF FINANCIAL OFFICER

**Notes to the financial statements
For the year ended June 30, 2021****1 THE COMPANY AND ITS OPERATIONS**

1.1 Bhanero Textile Mills Limited (the Company) was incorporated on 30th March 1980 as a public limited company in Pakistan under repealed Companies Ordinance, 1984 now the Companies Act, 2017 and is quoted on Pakistan Stock Exchanges Limited. The registered office of the Company is located at Umer House, 23/1, Sector 23, S. M. Farooq Road, Korangi Industrial Area Karachi.

1.2 The company is principally engaged in manufacturing and sales of yarn and fabric. The production facilities are located at Kotri, District Dadu in the province of Sindh and Feroze Wattwan, District Sheikhpura in the province of Punjab.

2 Basis of Preparation**2.1 Statement of compliance**

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017; and
- Provision of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 Basis of measurement

These financial statements have been prepared on the historical cost convention except for certain financial instruments at fair value and employees retirement benefits at present value. In these financial statements, except for cash flow statements, all transactions have been accounted for on accrual basis.

2.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupees which is also the company's functional currency. All financial information presented in Pakistan Rupees has been rounded off to the nearest Rupee.

2.4 Use of estimates and judgements

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by the management in the application of approved accounting standards, as applicable in Pakistan, that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 47 to these financial statements.

**Notes to the financial statements
For the year ended June 30, 2021****2.5 Standards, interpretations and amendments to published approved accounting standards****2.5.1 Standards, amendments to approved accounting standards and interpretations that are not yet effective and have not been early adopted by the company:**

	Effective date (annual reporting periods beginning
IAS 1 Presentation of financial statements (Amendments)	January 1, 2023
IAS 8 Accounting policies, changes in accounting estimates and	January 1, 2023
IAS 12 Income Taxes (Amendments)	January 1, 2023
IAS 16 Property, Plant and Equipment (Amendments)	January 1, 2022
IAS 37 Provisions, Contingent Liabilities and Contingent Assets	January 1, 2022
IFRS 3 Business Combinations (Amendments)	January 1, 2022
IFRS 7 Financial Instruments : Disclosures (Amendments)	January 1, 2021
IFRS 9 Financial Instruments (Amendments)	January 1, 2021
IFRS 16 Leases (Amendments)	January 1, 2021

The management anticipates that adoption of above standards, amendments and interpretations in future periods, will have no material impact on the financial statements other than in presentation / disclosures.

Further, the following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which are yet to be notified by the Securities and Exchange Commission of Pakistan (SECP), for the purpose of their applicability in Pakistan:

IFRS 1 First-time Adoption of International Financial Reporting Standards
IFRS 17 Insurance contracts

The following interpretation issued by the IASB has been waived off by SECP:

IFRIC Service concession arrangements

As per Securities and Exchange Commission of Pakistan (SECP) SRO 985 (1)/ 2019, dated September 2, 2019, for companies holding financial assets due from Government of Pakistan, the requirements contained in IFRS 9 with respect to expected credit losses method shall not be applicable till June 30, 2021, provided that such companies shall follow relevant requirements of IAS 39 – Financial Instruments: Recognition and Measurement, in respect of above referred financial assets during the exemption period. The Company has assessed that the above SRO does not have any significant impact on its financial statements.

3 Summary of Significant Accounting Policies**3.1 Borrowings**

Mark-up bearing borrowings are recognized initially at cost, less attributable transaction cost. Subsequent to initial recognition, mark-up bearing borrowings are stated at amortized cost with any difference between cost and redemption value being recognized in the income statement over the period of the borrowings on an effective interest basis.

3.2 Employee benefits**Short term employees benefits**

The company recognizes the undiscounted amount of short term employee benefits to be paid in exchange for services rendered by employees as a liability after deducting amount already paid and as an expense in profit or loss unless it is included in the cost of inventories or property, plant and equipment as permitted or required by the approved accounting standards. If the amount paid exceeds the undiscounted amount of benefits, the excess is recognized as an asset to the extent that the prepayment would lead to a reduction in future payments or cash refund.

The Company provides for compensated absences of its employees on unavailed balance of leaves in the period in which the leaves are earned.

**Notes to the financial statements
For the year ended June 30, 2021****Post retirement benefits****Defined benefit plans**

The Company operates an unfunded gratuity scheme (defined benefit plan) for all its permanent employees who have completed minimum qualifying period of service as defined under the respective scheme. Liability is adjusted annually to cover the obligation and the adjustment is charged to profit or loss. The determination of the Company's obligation under the scheme requires assumptions to be made of future outcomes, the principal ones being in respect of increases in remuneration, expected average remaining working lives of employees and discount rate used to derive present value of defined benefit obligation.

There is risk that the final salary at the time of cessation of service is greater than what the entity has assumed. Since the benefit is calculated on the final salary, the benefit amount would also increase proportionately.

Amounts recognized in the statement of financial position represent the present value of the defined benefit obligation as adjusted for unrecognized actuarial gains and losses and unrecognized past service. Actuarial gains and losses are recognized in comprehensive income for the period in which these arise.

3.3 Taxation

Income tax expense comprises current tax and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current

Current tax is the amount of tax payable on taxable income for the year, using tax rates enacted or substantively enacted by the reporting date, and any adjustment to the tax payable in respect of previous years. Provision for current tax is based on higher of the taxable income at current rates of taxation in Pakistan after taking into account tax credits, rebates and exemptions available, if any, or minimum of turnover. However, for income covered under final tax regime, taxation is based on applicable tax rates under such regime. The amount of unpaid income tax in respect of the current or prior periods is recognized as a liability. Any excess paid over what is due in respect of the current or prior periods is recognized as an asset.

Deferred

Deferred tax is accounted for using the statement of financial position liability method providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. In this regard, the effects on deferred taxation of the portion of income that is subject to final tax regime is also considered in accordance with the requirement of "Technical Release - 27" of the Institute of Chartered Accountants of Pakistan. Deferred tax is measured at rates that are expected to be applied to the temporary differences when they reverse, based on laws that have been enacted or substantively enacted by the reporting date. A deferred tax liability is recognized for all taxable temporary differences. A deferred tax asset is recognized for deductible temporary differences to the extent that future taxable profits will be available against which temporary differences can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax is not recognized for timing differences that are not expected to reverse and for the temporary differences arising from the initial recognition of goodwill and initial recognition of assets and liabilities in a transaction that is not a business combination and that at the time of transaction affects neither the accounting nor the taxable profit.

3.4 Provisions

A provision is recognized in the statement of financial position when the company has a legal or constructive obligation as a result of past events, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the

3.5 Trade and other payables

Liabilities for trade and other amounts payable are recognized and carried at cost, which is the fair value of the consideration to be paid in the future for goods and services received, whether or not invoices to the company.

**Notes to the financial statements
For the year ended June 30, 2021****3.6 Dividend**

Dividend is recognized as a liability in the period in which it is approved by shareholders.

3.7 Property, plant and equipment and depreciation**Owned assets**

Property, plant and equipment, except freehold land and capital work-in-progress are stated at cost less accumulated depreciation and impairment losses, if any. Freehold land and capital work-in-progress are stated at cost.

Subsequent cost

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

Depreciation

Depreciation is charged to income on reducing balance method over its estimated useful life at the rates specified in property, plant and equipment note except for equipment and other assets. Equipment and other assets are depreciated over the period of three years. Depreciation on additions to property, plant and equipment is charged from the month in which an item is acquired or capitalized while no depreciation is charged for the month in which the item is disposed off.

The assets' residual values and useful lives are reviewed at each financial year end and adjusted if impact on depreciation is material.

The gain or loss on disposal of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense.

Impairment

Where the carrying amount of asset exceeds its estimated recoverable amount it is written down immediately to its recoverable amount.

Leased assets**Recognition**

The Company recognizes a right-of-use asset and a lease liability at the commencement date. A commencement date is the date on which the lessor makes an underlying asset available for use by the lessee (the Company). The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases of all underlying assets that have a lease term of 12 months or less and leases for which the underlying asset, when new, is of low-value as per the threshold set by the Company. The Company recognizes the lease payments associated with these leases as an expense on straight-line basis over the lease term.

Initial measurement**Lease liability**

At the commencement date, the Company measures the lease liability at the present value of the lease payments that are not paid. The lease payments are discounted using the interest rate implicit in the lease, or the Company's incremental borrowing rate if the implicit rate is not readily available. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments comprise fixed payments less any lease incentives receivable; variable lease payments that depend on an index or a rate; amounts expected to be payable by the Company under residual value guarantees; the exercise price of a purchase option if the Company is reasonably certain to exercise that option; and payments of penalties for terminating the lease, if the lease term reflects the Company exercising an option to terminate the lease.

Right-of-use asset

The Company initially measures the right-of-use asset at cost. This cost comprises the amount of lease liability as initially measured, plus any lease payments made on or before the commencement date, less lease incentives received, initial direct costs and estimated terminal costs (i.e. dismantling or other site restoration costs required by the terms and conditions of the lease contract).

Notes to the financial statements**For the year ended June 30, 2021****Subsequent measurement****Lease liability**

After the commencement date, the Company re-measures the lease liability to reflect the affect of interest on outstanding lease liability, lease payments made, reassessments and lease modifications etc. Variable lease payments not included in the measurement of the lease liability and interest on lease liability are recognized in the statement of profit or loss account, unless these are included in the carrying amount of another asset.

Lease payments are apportioned between the finance charges and reduction of the lease liability using the incremental borrowing rate implicit in the lease to achieve a constant rate of interest on the remaining balance of the liability.

Right-of-use asset

After the commencement date, the Company measures the right-of-use asset at cost less accumulated depreciation and accumulated identified impairment losses, if any, adjusted for any remeasurement of the lease liability.

The Company depreciates the cost of right-of-use asset, net of residual value, from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. However, if the lease contract transfers ownership of the underlying asset to the Company by the end of the lease term or if the cost of the right-of-use asset reflects that the Company will exercise the purchase option, the Company depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset.

3.8 Capital work in progress

Capital work in progress and stores held for capital expenditure are stated at cost and represents expenditure incurred on property, plant and equipment during construction and installation. Cost includes borrowing cost as referred in accounting policy of borrowing cost. Transfers are made to relevant property, plant and equipment category as and when assets are available for use.

3.9 Financial assets and liabilities**Financial assets**

The Company classifies its financial assets at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

Amortised Cost

Assets that are held for collection of contractual cash flows where those cash flow represents solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets, impairment losses, foreign exchange gains and losses, and gain or loss arising on derecognition are recognised directly in profit or loss.

Fair value through other comprehensive income

Financial assets at fair value through other comprehensive income are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Fair value through profit or loss

Assets that do not meet the criteria for amortised cost or fair value through other comprehensive income or assets that are designated at fair value through profit or loss using fair value option, are measured at fair value through profit or loss. A gain or loss on debt investment that is subsequently measured at fair value through profit or loss is recognised in profit or loss in the period in which it arises. Equity instrument financial assets are measured at fair value and subsequent to initial recognition changes in fair value of these financial assets are normally recognised in profit or loss. Dividends from such investments continue to be recognised in profit or loss when the Company's right to receive payment is established. Where an election is made to present fair value gains and losses on equity instruments in other comprehensive income there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment.

Notes to the financial statements**For the year ended June 30, 2021**

Financial assets and liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently remeasured to fair value, amortized cost or cost as the case may be. Any gain or loss on the recognition and de-recognition of the financial assets and liabilities is included in the profit or loss for the period in which it arises.

Derecognition

Financial assets are derecognized when the Company loses control of the contractual rights that comprise the financial asset. Assets or liabilities that are not contractual in nature and that are created as a result of statutory requirements imposed by the Government are not the financial instruments of the Company.

Financial Liabilities

Financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities at amortised cost are initially measured at fair value less transaction costs. Financial liabilities at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed on profit or loss.

Financial liabilities, other than those at fair value through profit or loss, are subsequently measured at amortised cost using the effective yield method.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. Where an existing financial liability is replaced by another from the same lender or substantially different terms, or the terms of an existing liability are substantially modified, such an exchange and modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognised in profit or loss.

3.10 Impairment**Financial Assets**

The Company assesses on a forward looking basis the expected credit losses associated with its financial assets. The Company applies the simplified approach to recognise lifetime expected credit losses for trade debts, due from customers and contract assets. The Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Company considers a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Non-Financial Assets

The carrying amounts of non-financial assets are assessed at each reporting date to ascertain whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated to determine the extent of impairment loss, if any. An impairment loss is recognized as an expense in the profit or loss. The recoverable amount is the higher of an asset's fair value less cost of disposal and value-in-use. Value-in-use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risk specific to the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). An impairment loss is reversed if there is a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

3.11 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are set off and only the net amount is reported in the statement of financial position when there is a legally enforceable right to set off the recognized amount and the company intends to either settle on a net basis, or to realize the asset and settle the liability simultaneously.

Notes to the financial statements**For the year ended June 30, 2021****3.12 Stores and spares**

Stores and spares are valued at lower of cost and net realizable value. Cost is determined on a weighted average basis. Items in transit are valued at cost comprising invoice value plus other charges incurred thereon.

3.13 Stock-in-trade

Stock-in-trade is stated at the lower of cost and net realizable value except waste which is valued at net realizable value. Cost is determined as follows.

Raw material	At weighted average cost
Work in progress	At average manufacturing cost
Finished goods	At average manufacturing cost
Waste	Net realizable value

Valuation of raw material, work in process and finished goods as on 30th June 2020 have been valued at lower of cost and net realizable value as per the requirement of IAS 2.

Raw material in transit is stated at invoice price plus other charges paid thereon upto the statement of financial position date.

Average manufacturing cost in relation to work in process and finished goods, consist of direct material and proportion of manufacturing overheads based on normal capacity.

Net realizable value is the estimated selling price in the ordinary course of business less costs of completion and selling expenses.

3.14 Trade debts and other receivables

These are classified at amortized cost and are initially recognised when they are originated and measured at fair value of consideration receivable. These assets are written off when there is no reasonable expectation of recovery.

3.15 Cash and cash equivalents

Cash and cash equivalents comprise cash balances, cash in transit and balances with bank for the purpose of cash flow statement.

3.16 Revenue recognition

According to the core principles of IFRS-15, the company recognizes the revenue from sale when the company satisfies a performance obligation (at a point of time) by transferring promised goods to customers being when the goods are dispatched to customers. Revenue is measured at fair value of the consideration received or receivable and is reduced for allowances such as taxes, duties, commission, sales returns and discounts.

Interest income is recognized on the basis of constant periodic rate of return.

Dividend income is recognized when the right to receive dividend is established i.e. the book closure date of the investee company declaring the dividend.

Unrealised gains / (losses) arising on revaluation of securities classified as 'fair value through other comprehensive income' are included in other comprehensive income in the period in which they arise.

Unrealised gains / (losses) arising on revaluation of securities classified as 'fair value through profit or loss' are included in profit or loss in the period in which they arise.

3.17 Borrowing costs

Borrowing costs incurred on long term finances directly attributable for the construction / acquisition of qualifying assets are capitalized up to the date, the respective assets are available for the intended use. All other mark-up, interest and other related charges are taken to the profit and loss account currently.

3.18 Foreign currency translation

Foreign currency transactions are translated into Pak Rupees at exchange rates prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are retranslated into Pak Rupees at the rates of exchange prevailing at the statement of financial position date.

Exchange differences, if any, are taken to profit and loss account.

Notes to the financial statements**For the year ended June 30, 2021****3.19 Transactions with related party**

Transactions with related parties are priced at comparable uncontrolled market price. All transactions involving related parties arising in the normal course business are conducted at arm's length using valuation modes, as admissible. Parties are said to be related when they meet the definition as provided in the Companies Act, 2017.

3.20 Segment reporting

Segment reporting is based on the operating (business) segments of the company. An operating segment is a component of the company that engages in a business activities from which it may earn revenues and incur expenses, including revenues and expenses that relates to transactions with any of the company's other components. An operating segment's operating results are reviewed by the CEO to make decision about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

Segment results that are reported to the CEO includes items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprises mainly corporate assets, income tax assets, liabilities and related income and expenditure. Segment capital expenditure is the total cost incurred during the period to acquire property , plant and equipment.

The business segments are engaged in providing products and services which are subject to risks and rewards which differ from the risk and reward of other segment. Segments reported are Spinning, Weaving and Power Generation, Which also reflects the management structure of company.

3.21 Government Grant

Government grants are transfers of resources to an entity by a government entity in return for compliance with certain past or future conditions related to the entity's operating activities - e.g. a government subsidy. The Company recognises government grants when there is reasonable assurance that grants will be received and the Company will be able to comply with conditions associated with grants. Government grants are recognised at fair value, as deferred income. Grants that compensate the Company for expenses incurred are amortised on a systematic basis in the income for the year in which the related expenses are recognized. Grants that compensate for the cost of an asset are recognized in income on a systematic basis over the expected useful life of the related asset.

4 Capital Management

The company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The board of directors monitors the return on capital and level of dividends to ordinary shareholders. The company seeks to keep a balance between the higher return that might be possible with higher level of borrowings and the advantages and security afforded by a sound capital position. There were no changes in the company's approach to capital management during the year. Further, the company is not subject to externally imposed capital requirements.

Bhanero Textile Mills Limited
**Notes to the Financial Statements
For The Year Ended June 30, 2021**

5 ISSUED, SUBSCRIBED AND PAID UP CAPITAL			30-Jun-21	30-Jun-20
			Rupees	Rupees
30-Jun-21	30-Jun-20			
Number of shares				
1,762,500	1,762,500	Ordinary shares of PKR 10 each allotted for consideration'- fully paid in cash	17,625,000	17,625,000
1,237,500	1,237,500	Ordinary shares of Rs 10. each allotted as bonus shares	12,375,000	12,375,000
<u>3,000,000</u>	<u>3,000,000</u>		<u>30,000,000</u>	<u>30,000,000</u>

5.1 Associated company holds 500,600 (2020: 500,600) ordinary shares of Rs. 10 each in the company.

5.2 The shareholders' are entitled to receive all distributions to them including dividend and other entitlements in the form of bonus and right shares as and when declared by the company. All shares carry "one vote" per share without restriction. There is no movement in share capital during the year.

6 RESERVES			30-Jun-21	30-Jun-20
General reserve - Revenue reserve			6,300,000,000	4,800,000,000
			<u>6,300,000,000</u>	<u>4,800,000,000</u>

7 LONG TERM FINANCING - SECURED
From Financial Institutions

	Note	LTFF / TERF Loans Rupees	Non - LTFF Loans Rupees	30-Jun-21 Rupees	30-Jun-20 Rupees
Bank Al Habib Limited - Term Finance	7.01	13,081,250	-	13,081,250	13,081,250
Bank Al Habib Limited - Term Finance	7.02	9,703,125	-	9,703,125	9,703,125
MCB Bank Limited - Term Finance	7.03	68,512,500	-	68,512,500	68,512,500
MCB Bank Limited - Term Finance	7.04	9,598,752	-	9,598,752	9,598,752
MCB Bank Limited - Term Finance	7.05	18,043,376	-	18,043,376	18,043,376
MCB Bank Limited - Term Finance	7.06	-	15,091,120	15,091,120	15,091,120
MCB Bank Limited - Term Finance	7.07	89,098,875	-	89,098,875	89,098,875
MCB Bank Limited - Term Finance	7.08	65,375,061	-	65,375,061	65,375,061
MCB Bank Limited - Term Finance	7.09	92,354,500	-	92,354,500	98,951,250
MCB Bank Limited - Term Finance	7.10	3,827,093	-	3,827,093	3,959,062
MCB Bank Limited - Term Finance	7.11	-	4,227,600	4,227,600	4,227,600
MCB Bank Limited - Term Finance	7.12	-	7,469,200	7,469,200	7,469,200
MCB Bank Limited - Term Finance	7.13	-	6,921,900	6,921,900	6,921,900
MCB Bank Limited - Term Finance	7.14	218,295,000	-	218,295,000	218,295,000
MCB Bank Limited - Term Finance	7.15	3,957,188	-	3,957,188	3,957,188
MCB Bank Limited - Term Finance	7.16	118,600,000	-	118,600,000	118,600,000
MCB Bank Limited - Term Finance	7.17	100,267,000	-	100,267,000	100,267,000
MCB Bank Limited - Term Finance	7.18	61,397,000	-	61,397,000	61,397,000
MCB Bank Limited - Term Finance	7.19	78,842,000	-	78,842,000	78,842,000
Bank Al Habib Limited - Term Finance	7.20	17,504,000	-	17,504,000	17,504,000
MCB Bank Limited - Term Finance	7.21	22,899,000	-	22,899,000	22,899,000
MCB Bank Limited - Term Finance	7.22	20,287,526	-	20,287,526	20,287,526
MCB Bank Limited - Term Finance	7.23	4,281,000	-	4,281,000	4,281,000
Bank Al Falah Limited - Refinance salaries	7.24	-	19,755,953	19,755,953	24,987,717
Bank Al Falah Limited - Refinance salaries	7.25	-	21,663,918	21,663,918	27,387,107
Bank Al Falah Limited - Refinance salaries	7.26	-	20,774,568	20,774,568	
Bank Al Falah Limited - Refinance salaries	7.27	-	31,445,299	31,445,299	
Bank Al Falah Limited - Refinance salaries	7.28	-	31,081,499	31,081,499	
Bank Al Falah Limited - Refinance salaries	7.29	-	30,406,817	30,406,817	
Faysal Bank Limited - Term Finance	7.30	73,993,912	-	73,993,912	
		<u>1,089,918,158</u>	<u>188,837,874</u>	<u>1,278,756,032</u>	<u>1,108,737,609</u>
Less: current maturity shown under current liabilities		<u>(98,318,059)</u>	<u>(103,409,336)</u>	<u>(201,727,395)</u>	<u>(18,144,353)</u>
		<u>991,600,099</u>	<u>85,428,538</u>	<u>1,077,028,637</u>	<u>1,090,593,256</u>

Notes to the Financial Statements
For The Year Ended June 30, 2021

	Security	Repayment	Mark-up on LTFF / TERF	Mark-up Rates on Non- LTFF/TERF
7.01	Hypothecation charge on plant and machinery of PKR 267.0 million of unit III located at Ferrozwatton, Sheikhpura- Faisalabad Road, Sheikhpura.	Repayable in thirty two quarterly installments, commencing from February 22, 2019.	2.4% (2020: 2.4%)	
7.02	Covered under securities for term finance 7.01	Repayable in thirty two quarterly instalments, commencing from April 20, 2019.	2.4% (2020: 2.4%)	
7.03	Hypothecation charge on plant and machinery of PKR 1,734 million of unit II located at Ferrozwatton, Sheikhpura Faisalabad Road, Sheikhpura.	Repayable in thirty two quarterly installments, commencing from April 30, 2019.	2.4% (2020: 2.4%)	
7.04	Covered under securities for term finance 7.03	Repayable in thirty two quarterly installments, commencing from July 07, 2019.	2.4% (2020: 2.4%)	
7.05	Covered under securities for term finance 7.03	Repayable in thirty two quarterly installments, commencing from September 02, 2019.	2.4% (2020: 2.4%)	
7.06	Covered under securities for term finance 7.03	Repayable in thirty two quarterly installments, commencing from July 26, 2019.	-	3 Months KIBOR + 0.4% (2020: 3 Months KIBOR + 0.4%)
7.07	Covered under securities for term finance 7.03	Repayable in Thirty two quarterly installments, commencing from October 14, 2019.	2.4% (2020: 2.4%)	
7.08	Covered under securities for term finance 7.03	Repayable in Thirty two quarterly installments, commencing from November 17, 2019.	2.4% (2020: 2.4%)	
7.09	Covered under securities for term finance 7.03	Repayable in Thirty two quarterly installments, commencing from December 11, 2019.	2.4% (2020: 2.4%)	
7.10	Covered under securities for term finance 7.03	Repayable in Thirty two quarterly installments, commencing from December 27, 2019.	2.4% (2020: 2.4%)	
7.11	Covered under securities for term finance 7.03	Repayable in Thirty two quarterly installments, commencing from October 28, 2019.		3 Months KIBOR + 0.4% (2020: 3 Months KIBOR + 0.4%)
7.12	Covered under securities for term finance 7.03	Repayable in Thirty two quarterly installments, commencing from November 4, 2019.		3 Months KIBOR + 0.4% (2020: 3 Months KIBOR + 0.4%)
7.13	Covered under securities for term finance 7.03	Repayable in Thirty two quarterly installments, commencing from November 9, 2019.		3 Months KIBOR + 0.4% (2020: 3 Months KIBOR + 0.4%)
7.14	Covered under securities for term finance 7.03	Repayable in Thirty two quarterly installments, commencing from January 06, 2020.	2.4% (2020: 2.4%)	
7.15	Covered under securities for term finance 7.03	Repayable in Thirty two quarterly installments, commencing from January 10, 2020.	2.4% (2020: 2.4%)	
7.16	Covered under securities for term finance 7.03	Repayable in Thirty two quarterly installments, commencing from May 07, 2022.	2.4% (2020: 2.4%)	
7.17	Covered under securities for term finance 7.03	Repayable in Thirty two quarterly installments, commencing from May 06, 2022.	2.4% (2020: 2.4%)	

Notes to the Financial Statements
For The Year Ended June 30, 2021

	Security	Repayment	Mark-up on LTFF / TERF	Mark-up Rates on Non- LTFF/TERF
7.18	Covered under securities for term finance 7.03	Repayable in Thirty two quarterly installments, commencing from January 15, 2022.	2.4% (2020: 2.4%)	
7.19	Covered under securities for term finance 7.03	Repayable in Thirty two quarterly installments, commencing from May 6, 2022.	2.4% (2020: 2.4%)	
7.20	Covered under securities for term finance 7.01	Repayable in Thirty two quarterly installments, commencing from July 22, 2022.	3.5% (2020: 3.5%)	
7.21	Covered under securities for term finance 7.03	Repayable in Thirty two quarterly installments, commencing from February 19, 2022.	2.4% (2020: 2.4%)	
7.22	Covered under securities for term finance 7.03	Repayable in Thirty two quarterly installments, commencing from March 13, 2022.	2.4% (2020: 2.4%)	
7.23	Covered under securities for term finance 7.03	Repayable in Thirty two quarterly installments, commencing from March 6, 2022.	2.4% (2020: 2.4%)	
7.24	Ranking Charge over current assets of unit I located at Kotri, Sindh to the extent of PKR. 352 million.	Repayable in Eight quarterly installments, commencing from January 1, 2021.		0.75% (2020: 0.75%)
7.25	Covered under securities for term finance 7.24	Repayable in Eight quarterly installments, commencing from January 1, 2021.		0.75% (2020: 0.75%)
7.26	Covered under securities for term finance 7.24	Repayable in Eight quarterly installments, commencing from January 1, 2021.		0.75% (2020: Nil)
7.27	Covered under securities for term finance 7.24	Repayable in Eight quarterly installments, commencing from January 1, 2021.		0.75% (2020: Nil)
7.28	Covered under securities for term finance 7.24	Repayable in Eight quarterly installments, commencing from January 1, 2021.		0.75% (2020: Nil)
7.29	Covered under securities for term finance 7.24	Repayable in Eight quarterly installments, commencing from January 1, 2021.		0.75% (2020: Nil)
7.30	Hypothecation charge over plant and machinery of PKR 2,267 million of unit III located at Ferrozwatton, Sheikhpura-Faisalabad Road, Sheikhpura.	Repayable in Thirty two quarterly installments, commencing from April 26, 2023.	1.60% (2020: Nil)	

8 Long term payables

Infrastructure fee payable - ETO
Infrastructure cess payable - Gas

Note	30-Jun-21 Rupees	30-Jun-20 Rupees
8.1	133,551,958	120,334,875
8.2	65,547,955	80,721,775
	199,099,913	201,056,650

8.1 Movement in net liability recognized in the statement of financial position

Balance at beginning of the year	120,334,875	101,436,900
Accrued for the year	26,432,803	37,792,509
Paid during the year	(13,215,720)	(18,894,534)
Balance at the end of the year	133,551,958	120,334,875

Sindh Infrastructure Cess was levied by Excise and Taxation Officer ['ETO'] Government of Sindh on movement of imported goods entering the Sindh Province from outside Pakistan and Punjab Infrastructure Tax levied by ETO Government of Punjab on movement of imported goods entering the Punjab Province from outside Pakistan. The Company filed petitions in Sindh High Court and Lahore High Court against the levy. During the year, Sindh High Court decided the case against the Company and directed to pay the outstanding amount to Excise and Taxation Department. The Company has filed petitions vide CP No. 4301 of 2021, 4305 of 2021, 4497 of 2021 in Supreme Court of Pakistan subsequent to year end and obtained stay on the recovery of these levies. During the pendency of final judgement on this, the Honorable Courts granting stay have directed the petitioners to pay 50% of liability for levies to ETO and to arrange bank guarantees for the remaining amount in favour of ETO. The liability represents 50% of levies against which guarantees have been arranged in favour of ETO. The company has provided bank guarantees amounting to PKR 136.91 Million (June 30, 2020: PKR 123.21 Million) in respect of unpaid infrastructure fee.

8.2 Movement in liability recognized in the statement of financial position

	Note	30-Jun-21 Rupees	30-Jun-20 Rupees
Balance at beginning of the year		80,721,775	76,700,934
Accrued for the year		2,351,855	4,020,841
Paid during the year		(17,525,675)	-
Balance at the end of the year		<u>65,547,955</u>	<u>80,721,775</u>

The Company vide petition 1234/2021 filed before the High Court of Sindh challenged the recovery of GIDC installments. The High Court of Sindh vide its order dated 22 November 2020 has suspended the recovery of GIDC installments. No further date is fixed for hearing. Further, the Company vide petition 1848/2021 dated 30 August 2021 filed before the High Court of Sindh challenged the levy of GIDC on the ground of the Government's failure to comply with the Supreme Court's judgment dated 13 August 2020 in relation to commencement of work on specified projects. Date of hearing is fixed for 26 November 2021.

9 Staff retirement benefits

		30-Jun-21 Rupees	30-Jun-20 Rupees
Staff retirement benefits - gratuity	9.1	<u>181,861,570</u>	<u>167,244,027</u>
		<u>181,861,570</u>	<u>167,244,027</u>

9.1 Movement in net liability recognized in the balance sheet

Present value of defined benefits obligation - at the beginning of the year		167,244,027	148,844,904
Charged to profit and loss account and comprehensive income	9.2	57,175,880	52,164,704
Benefits paid during the year		(42,558,337)	(33,765,581)
Present value of defined benefits obligation - at the end of the year		<u>181,861,570</u>	<u>167,244,027</u>

9.2 Amount charged to profit and loss account / other comprehensive income

Current service cost		35,123,158	34,321,411
Interest cost		13,339,855	10,413,292
Remeasurement charged to other comprehensive income		8,712,867	7,430,001
		<u>57,175,880</u>	<u>52,164,704</u>

9.3 The company operates an unfunded gratuity scheme (defined benefit plan) for all its permanent employees who have completed minimum qualifying period of service as defined under the respective scheme. Provisions are made annually to cover the obligation under the scheme on the basis of actuarial valuation and are charged to income. Actuarial valuation has been carried out by independent valuer as at June 30, 2021 using the projected unit credit method assuming a discount rate of 10% (2020: 8.5%) per annum and expected rate of increase in salaries at 9% (2020: 7.5%) per annum.

9.4 There is no unrecognized actuarial loss / gain.

9.5 Historical information

	2020 Rupees	2019 Rupees	2018 Rupees	2017 Rupees
Present value of defined benefits obligation	<u>167,244,027</u>	<u>148,844,904</u>	<u>149,566,641</u>	<u>131,861,347</u>
Experience adjustments on plan liabilities	<u>7,430,001</u>	<u>(13,487,793)</u>	<u>(5,902,811)</u>	<u>(1,254,616)</u>

9.6 Sensitivity analysis of actuarial assumptions

The calculation of defined benefit obligation is sensitive to assumptions given above. The below information summarizes how the defined benefit obligation at the end of the reporting period would have increased / (decreased) as a result of change in respective assumptions by 100 basis point.

	Increase in assumption	Decrease in assumption
Discount rate	(8,864,105)	9,983,021
Expected rate of increase in future salary	9,983,021	(9,019,001)

9.7 The expected gratuity expense comprising of service cost and net interest for the year ending 30th June 2022 works out to PKR 57,348,225 million.

9.8 The average duration of defined benefit obligation is 6 years.

10 Deferred Taxation

		30-Jun-21 Rupees	30-Jun-20 Rupees
Deferred tax liability on taxable temporary differences	10.1	225,786,408	201,936,843
Deferred tax asset on deductible temporary differences		(60,499,514)	(49,792,130)
		<u>165,286,894</u>	<u>152,144,713</u>

10.1 Deferred taxation

Deferred tax liability / (assets) arising in respect of:

2021			
As at July 01 2020	Recognized in profit and loss	Recognized in other comprehensive income	As at June 30 ,2021
Taxable temporary differences			
Accelerated tax depreciation on owned assets	201,936,843	23,849,565	-
	201,936,843	23,849,565	-
Deductible temporary differences			
Provision for employee benefit	(32,271,926)	(6,487,584)	(1,950,384)
Provision for doubtful debts and advances	(17,520,204)	(2,269,416)	-
	(49,792,130)	(8,757,000)	(1,950,384)
	152,144,713	15,092,565	(1,950,384)
			<u>165,286,894</u>

2020			
As at July 01 2019	Recognized in profit and loss	Recognized in other comprehensive income	As at June 30 ,2020
Taxable temporary differences			
Accelerated tax depreciation on owned assets	192,811,379	9,125,464	-
	192,811,379	9,125,464	-
Deductible temporary differences			
Provision for employee benefit	(28,881,746)	(1,956,464)	(1,433,716)
Provision for doubtful debts and advances	(17,341,420)	(178,784)	-
	(46,223,166)	(2,135,248)	(1,433,716)
	146,588,213	6,990,216	(1,433,716)
			<u>152,144,713</u>

10.1.2 Revenue from export sales of the Company is subject to taxation under the final tax regime, while the remaining portion of revenue attracts assessment under normal provisions of the Ordinance. Deferred tax is provided for only that portion of timing differences that represent income taxable under normal provisions of the Ordinance. These differences are calculated at that proportion of total timing differences that the local sales, other than the indirect exports taxable under section 154 (3) of the Ordinance, bear to the total sales revenue based on historical and future trends. Deferred tax has been calculated at 29% of the timing differences so determined based on tax rates notified by the Government of Pakistan for future tax years.

11 Deferred Government grant

		30-Jun-21 Rupees	30-Jun-20 Rupees
Deferred Government grant	11.1	24,407,257	1,807,073
		<u>24,407,257</u>	<u>1,807,073</u>

11.1 Deferred Revenue - Govt Grant

	30-Jun-21 Rupees	30-Jun-20 Rupees
Balance at beginning of year	5,177,459	-
During the year	41,048,438	5,320,965
Amortization during the year	(11,076,110)	(143,506)
	<u>35,149,787</u>	<u>5,177,459</u>
Less: current portion	(10,742,530)	(3,370,386)
Balance at the end of the year	<u>24,407,257</u>	<u>1,807,073</u>

Notes to the Financial Statements
For The Year Ended June 30, 2021

11.1.1 The Company obtained term loan / SBP COVID-19 relief facility under "SBP refinance scheme for payment of wages and salaries" introduced by Government of Pakistan in order to prevent entities from laying-off employees during COVID-19 outbreak. The Company obtained Rs. 215.408 million, for paying salaries for the months from April 2020 to September 2020. The loan is repayable in eight equal quarterly installments, starting from January 2021. This long term financing facility is secured by way of hypothecation charge over current assets of the Company. The facility carries mark-up at State Bank of Pakistan (SBP) rate (currently 0%) plus bank's spread of 0.75% per annum starting from the date of disbursement and is payable in arrears on quarterly basis. The loan has been measured at its fair value in accordance with IFRS 9 (Financial Instruments) using market rates at SBP approval dates of each tranche. The difference between fair value of loan and loan proceeds has been recognized as deferred grant as per requirements of IAS 20 (Accounting for Government Grants and Disclosure of Government Assistance) and as per Circular 11/2020 issued by the Institute of Chartered Accountants of Pakistan.

11.1.2 During the year, the Company entered into long-term loan agreement with Faysal Bank Limited amounting to PKR 102.333 million (2020: Nil) million under "SBP Temporary Economic Refinance Facility" for additions of new plant & machinery. The facility carries mark-up at State Bank of Pakistan (SBP) rate 1% plus bank's spread of 0.60% per annum starting from the date of disbursement and is payable in arrears on quarterly basis. The loan has been measured at its fair value in accordance with IFRS 9 (Financial Instruments) using market rates at SBP approval dates of each tranche. The difference between fair value of loan and loan proceeds has been recognized as deferred grant as per requirements of IAS 20 (Accounting for Government Grants and Disclosure of Government Assistance) and as per selected opinion issued in November 2020 by the Institute of Chartered Accountants of Pakistan.

12 TRADE AND OTHER PAYABLES	Note	30-Jun-21 Rupees	30-Jun-20 Rupees
Creditors		377,216,036	333,163,472
Advance from customers & others	12.2	18,552,740	7,764,374
Accrued liabilities		179,824,594	190,474,516
Workers' Profit Participation Fund	12.3	116,211,377	24,524,276
Sales tax payable		53,060,404	-
Workers Welfare Fund		113,029,906	69,810,329
Others		4,055,255	5,871,320
		861,950,312	631,608,287

12.1 These include amounts due to following related party in the normal course of business.

Name of Company	Relationship	30-Jun-21 Rupees	30-Jun-20 Rupees
Bhanero Energy Limited	Associated Company	44,963,139	-

12.2 Advance received from customer is recognised as revenue when the performance obligation in accordance with the policy is satisfied. Revenue for an amount of Rs. 7,095,799 (2020: Rs. 50,916,757) has been recognised in current year in respect of advances from customers at the beginning of period.

12.3 Workers' profit participation fund	Note	30-Jun-21 Rupees	30-Jun-20 Rupees
Opening balance		24,524,276	51,043,799
Interest on funds utilized in the Company's business	12.3.1	2,899,944	5,907,509
		27,424,220	56,951,308
Paid to the fund		(27,424,220)	(56,951,308)
		-	-
Allocation for the year	35	116,211,377	24,524,276
		116,211,377	24,524,276

12.3.1 Interest on workers' profit participation fund has been provided @ 375.5% (2020: 418.50%) per annum.

13 UNCLAIMED DIVIDEND

Unclaimed dividend	1,342,699	1,396,762
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14 ACCRUED MARKUP / INTEREST

Mark-up accrued on secured:			
- long term financing		6,813,685	6,989,327
- short term borrowings		21,498	24,781,313
		6,835,183	31,770,640

14.1 During the year company has capitalized the markup of Rs. Nil (2020: 293,903).

15 SHORT TERM BORROWINGS - SECURED

From banking companies			
Short term loans / Running finance	15.2	-	1,570,614,112
		-	1,570,614,112

15.1 The aggregate approved short term borrowing facilities amounting to PKR 8.94 billion (2020: PKR 6.39 billion). These facilities are not availed at reporting date.

15.2 These facilities are subject to mark-up ranging from 1 to 3 month KIBOR + spreads between 0.1% to 2% (2020: 1 to 3 month KIBOR + spreads between 0.1% to 2%) per annum payable quarterly. These are secured against hypothecation charge on current assets of the Company.

Bhanero Textile Mills Limited**Notes to the Financial Statements**

For The Year Ended June 30, 2021

	Note	30-Jun-21 Rupees	30-Jun-20 Rupees
16 CURRENT PORTION OF LONG TERM BORROWINGS			
Long-term financing	7	201,727,395	18,144,353
Deferred govt. grant	11.1	10,742,530	3,370,386
		<u>212,469,925</u>	<u>21,514,739</u>
17 CONTINGENCIES AND COMMITMENTS			
Contingencies			
17.1 The Company has issued post dated cheques amounting to PKR 688,661,450 (2020: PKR 619,531,567) in favour of Collector of Customs in lieu of custom levies against various statutory notifications. The post dated cheques furnished by the company are likely to be released after the fulfilment of term of related SROs.			
17.2 Bank guarantee issued to Sui Northern Gas Pipeline Company Limited amounting to PKR 230.168 Million (2020: PKR 230.168 million) and Pakistan State Oil PKR 2.25 million (2020: PKR 2.25 million).			
17.3 In addition to above mentioned guarantees there are guarantees which are disclosed in note (8.1) .			
17.4 The Company vide petition ICA 239111 of 2018 filed before the High Court of Lahore challenged the recovery of Cotton Cess against the judgment passed in writ petition No. 311009 of 2016 and writ petition No. 214708 of 2018 respectively. Presently the recovery of cess has been stayed by the High Court of Lahore. No further date is fixed for hearing.			
17.5 Bills discounted		<u>539,912,451</u>	<u>441,965,186</u>
Commitments			
Letter of credit (for store, raw material and fixed assets)		<u>5,105,556,165</u>	-
Commitments for capital expenditure		<u>758,430,450</u>	-

Bhanero Textile Mills Limited

Notes to the Financial Statements
For The Year Ended June 30, 2021

18 PROPERTY, PLANT AND EQUIPMENT

PARTICULARS	COST				DEPRECIATION				Book value as at June 30, 2021	Rate
	As at July 01, 2020	Additions / (disposals)	Transfers	As at June 30, 2021	As at July 01, 2020	For the year	Transfers / (disposal)	As at June 30, 2021		
	Rupees									
Company owned										
Leasehold land	433,414	-	-	433,414	-	-	-	433,414	-	
Freehold land	542,200,660	190,497,419 (71,974,074)	-	660,724,005	-	-	-	660,724,005	-	
Building on leasehold land	174,351,730	-	-	174,351,730	114,131,709	6,107,934	-	120,239,643	54,112,087	10%
Building on freehold land	473,447,260	-	-	473,447,260	270,452,426	20,299,483	-	290,751,909	182,695,351	10%
Office premises on leasehold land	29,894,675	-	-	29,894,675	18,272,845	581,092	-	18,853,937	11,040,738	5%
Office premises on freehold land	112,306,388	-	-	112,306,388	46,021,838	3,314,228	-	49,336,066	62,970,322	5%
Plant and machinery	4,270,425,229	-	16,975,487	4,287,400,716	2,279,858,496	200,708,008	-	2,480,566,504	1,806,834,212	10%
Equipments and other assets	131,851,201	25,585,247	-	157,436,448	110,873,726	16,203,749	-	127,077,475	30,358,973	Three years
Electric Installation	78,506,475	-	-	78,506,475	40,440,605	3,732,784	-	44,173,389	34,333,086	10%
Gas Line & Pipe	7,180,289	-	-	7,180,289	5,559,964	162,033	-	5,721,997	1,458,292	10%
Cooling towers	5,223,570	-	-	5,223,570	4,004,479	121,909	-	4,126,388	1,097,182	10%
Ventilation system	2,094,912	-	-	2,094,912	1,180,027	91,489	-	1,271,516	823,396	10%
Boiler	24,032,925	-	-	24,032,925	14,505,193	952,773	-	15,457,966	8,574,959	10%
Factory equipments	5,650,258	-	-	5,650,258	5,007,968	64,229	-	5,072,197	578,061	10%
Furniture and fixtures - Factory	6,458,676	-	-	6,458,676	4,860,682	159,798	-	5,020,480	1,438,196	10%
Office equipments	29,257,136	-	-	29,257,136	20,084,163	917,298	-	21,001,461	8,255,675	10%
Furniture and fixtures - Office	2,657,972	-	-	2,657,972	1,203,973	145,400	-	1,349,373	1,308,599	10%
Vehicles	114,943,114	10,221,150 (5,978,280)	-	119,185,984	69,795,218	9,801,738	-	74,262,182	44,923,802	20%
June 30, 2021	6,010,915,884	226,303,816 (77,952,354)	16,975,487	6,176,242,833	3,006,253,312	263,363,945	(5,334,774)	3,264,282,483	2,911,960,350	

Bhanero Textile Mills Limited

 Notes to the Financial Statements
 For The Year Ended June 30, 2021

Year Ended June 30, 2020

PROPERTY, PLANT AND EQUIPMENT

PARTICULARS	COST				DEPRECIATION				Book value as at June 30, 2020	Rate
	As at July 01, 2019	Additions / (disposals)	Transfers	As at June 30, 2020	As at July 01, 2019	For the year	Transfers / (disposal)	As at June 30, 2020		
Rupees										
Company owned										
Leasehold land	433,414	-	-	433,414	-	-	-	-	433,414	-
Freehold land	523,024,537	61,032,589 (41,856,466)	-	542,200,660	-	-	-	-	542,200,660	-
Building on leasehold land	174,351,730	-	-	174,351,730	107,416,725	6,714,984	-	114,131,709	60,220,021	10%
Building on freehold land	458,236,786	15,210,474	-	473,447,260	249,446,660	21,005,766	-	270,452,426	202,994,834	10%
Office premises on leasehold land	29,894,675	-	-	29,894,675	17,661,170	611,675	-	18,272,845	11,621,830	5%
Office premises on freehold land	84,248,571	-	28,057,817	112,306,388	43,886,844	2,134,994	-	46,021,838	66,284,550	5%
		-	-				-		-	
Plant and machinery	4,283,664,987	859,319 (67,009,928)	52,910,851	4,270,425,229	2,111,816,962	219,274,621 (51,233,087)	-	2,279,858,496	1,990,566,733	10%
Equipments and other assets	116,494,055	15,357,146	-	131,851,201	93,940,453	16,933,273	-	110,873,726	20,977,475	Three years
Electric Installation	78,506,475	-	-	78,506,475	36,293,067	4,147,538	-	40,440,605	38,065,870	10%
Gas line and pipe	7,180,289	-	-	7,180,289	5,379,928	180,036	-	5,559,964	1,620,325	10%
Cooling towers	5,223,570	-	-	5,223,570	3,869,025	135,454	-	4,004,479	1,219,091	10%
Ventilation system	2,094,912	-	-	2,094,912	1,078,374	101,653	-	1,180,027	914,885	10%
Boiler	24,032,925	-	-	24,032,925	13,446,556	1,058,637	-	14,505,193	9,527,732	10%
Factory equipment	5,650,258	-	-	5,650,258	4,936,603	71,365	-	5,007,968	642,290	10%
Furniture and fixtures - Factory	6,458,676	-	-	6,458,676	4,683,129	177,553	-	4,860,682	1,597,994	10%
Office equipments	29,257,136	-	-	29,257,136	19,064,942	1,019,221	-	20,084,163	9,172,973	10%
Furniture and fixtures - Office	2,657,972	-	-	2,657,972	1,042,418	161,555	-	1,203,973	1,453,999	10%
Vehicles	110,667,909	5,154,330 (879,125)	-	114,943,114	59,629,824	10,927,262 (761,868)	-	69,795,218	45,147,896	10%
							-		-	20%
June 30, 2020	5,942,078,877	97,613,858	80,968,668	6,010,915,884	2,773,592,680	284,655,587	-	3,006,253,312	3,004,662,572	
ANNUAL REPORT 2021	-	(109,745,519)	-	-	-	(51,994,955)	-	-	-	

Bhanero Textile Mills Limited
**Notes to the Financial Statements
For The Year Ended June 30, 2021**

18.1 Equipment and other assets includes assets amounting to PKR 15,710,241 (2020: PKR 15,710,241) which has been fully depreciated.

18.2 The depreciation charge for the year has been allocated as follows:

	June 30, 2021	June 30, 2020
	Rupees	Rupees
Cost of sales	31 252,485,111	272,531,551
Administrative expenses	34 10,878,834	12,124,036
	<u>263,363,945</u>	<u>284,655,587</u>

18.3 Freehold lands of the Company are located at Feroze Wattoan Sheikhpura with an area of 880 kanal 8 marla (2020: 1083 Kanal), at Gajumata Kasur 48 Kanal (2020: 48 Kanal) and Leasehold land are located at Kotri with an area of 104 Kanal (2020: 104 Kanal).

18.4 DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT

Year Ended June 30, 2021							
Description	Cost	Accumulated depreciation	Written down value	Proceeds from disposal of property, plant and equipment	Gain on disposal of property, plant and equipment	Mode of disposal	Particulars of buyer
Rupees							
Land	71,974,074	-	71,974,074	121,380,000	49,405,926	Negotiation	Umer Farms (Private) Limited, Lahore - Associated Company
	71,974,074	-	71,974,074	121,380,000	49,405,926		
Vehicles							
Toyota Corolla LEA-10 5338	1,443,630	1,306,447	137,183	300,000	162,817	Negotiation	Mr. Ansar Mehmood, PO Jand Mahlu, Gojar Khan, Rawalpindi
Suzuki Bolan CT 1507	565,690	514,718	50,972	166,000	115,028	Negotiation	Mr. Zafar Iqbal, Mohalla Sher Baba, Kawas, District Ziarat
Toyota Corolla LEC 2596	1,530,390	1,311,577	218,813	400,000	181,187	Negotiation	Mr. Altaf, H # 68 Railway Colony Walton, Lahore
Toyota Corolla LEC-12 2454	1,525,890	1,316,111	209,779	400,000	190,221	Negotiation	Mr. Altaf, H # 68 Railway Colony Walton, Lahore
Toyota Corolla LWL 8925	912,680	885,921	26,759	200,000	173,241	Negotiation	Mr. Altaf, H # 68 Railway Colony Walton, Lahore
	5,978,280	5,334,774	643,506	1,466,000	822,494		
30-Jun-21	77,952,354	5,334,774	72,617,580	122,846,000	50,228,420		
Year ended June 30, 2020							
Description	Cost	Accumulated depreciation	Written down value	Proceeds from disposal of property, plant and equipment	Gain on disposal of property, plant and equipment	Mode of disposal	Particulars of buyer
Rupees							
Office premises on lease hold land							
Land	18,721,383	-	18,721,383	83,375,000	64,653,617	Negotiation	AM Dairy & Cattle Farm (Pvt) Ltd. H#69/3, Green Villas, Maratib Ali Road Lahore
Land	23,135,083	-	23,135,083	103,031,500	79,896,417	Negotiation	AM Steel Industries (Pvt) Ltd. H#69/3, Green Villas, Maratib Ali Road Lahore
	41,856,466	-	41,856,466	186,406,500	144,550,034		
Machinery							
Waukesha Gen Set	67,009,928	51,233,087	15,776,841	16,500,000	723,159	Negotiation	Tariq Glass Industries Ltd 128-J Model Town Lahore
	67,009,928	51,233,087	15,776,841	16,500,000	723,159		
Vehicles							
Suzuki Cultus LE11-6106	879,125	761,868	117,257	225,000	107,743	Negotiation	Mr. Waseem Abbas, Ali Block, Chak # 92/6 R, Dak Khana Khas, Sahiwal
	879,125	761,868	117,257	225,000	107,743		
ANNUAL REPORT 2021	30-06-2020	109,745,519	51,994,955	57,750,564	203,131,500	145,380,936	

Bhanero Textile Mills Limited
Notes to the Financial Statements
For The Year Ended June 30, 2021
19 CAPITAL WORK IN PROGRESS

	2021			
	As at July 01, 2020	Additions	Transfers	As at June 30, 2021
	PKR	PKR	PKR	PKR
Building and other civil works	5,680,909	67,370,714	-	73,051,623
Plant and machinery	16,212,417	108,237,345	16,975,487	107,474,275
	<u>21,893,326</u>	<u>175,608,059</u>	<u>16,975,487</u>	<u>180,525,898</u>

	2020			
	As at July 01, 2019	Additions	Transfers	As at June 30, 2020
	PKR	PKR	PKR	PKR
Building and other civil works	24,632,107	-	18,951,198	5,680,909
Plant and machinery	290,600	15,921,817	-	16,212,417
	<u>24,922,707</u>	<u>15,921,817</u>	<u>18,951,198</u>	<u>21,893,326</u>

20 LONG TERM DEPOSITS

	Note	30-Jun-21 Rupees	30-Jun-20 Rupees
Electricity		28,107,540	28,107,540
Telephone		33,600	33,600
Others	20.1	418,676	412,676
		<u>28,559,816</u>	<u>28,553,816</u>

20.1 It includes security deposit amounting to Rs. 20,000 (June 2020: 20,000) given to Admiral (Private) Limited, an associated company, against rent of building.

21 STORES, SPARES AND LOOSE TOOLS

Stores and spares	95,176,831	114,340,062
Packing material	12,599,265	7,399,295
	<u>107,776,096</u>	<u>121,739,357</u>

21.1 No item of stores, spares and loose tools is pledged as security as at reporting date.

22 STOCK IN TRADE

Raw material	22.1	2,018,860,353	2,940,887,298
Work in process		185,829,049	158,886,287
Finished goods	22.2	414,294,683	855,256,063
Waste		1,877,916	1,380,054
		<u>2,659,408,838</u>	<u>3,956,409,702</u>

22.1 Raw material stock cost PKR: Nil (2020: PKR 3,099,902,730) have been valued at PKR: Nil (2020: PKR 2,804,200,606) being the replacement cost of raw material. The amount charge to profit and loss in respect of raw material written down to net realizable value is PKR: Nil (2020: PKR 295,702,124).

22.2 Finished Goods stock cost PKR: Nil (2020: 48,497,790) have been valued at PKR: Nil (2020: PKR 44,374,385) being the net realizable value of finished goods. The amount charge to profit and loss in respect of Finished Goods written down to net realizable value is PKR: Nil (2020: 4,123,405).

22.3 No item of stock in trade is pledged as security as at reporting date.

23 TRADE DEBTS

	Note	30-Jun-21 Rupees	30-Jun-20 Rupees
Foreign - secured against letter of credit		174,002,310	132,814,407
Local - unsecured - considered good		1,454,117,602	824,679,782
Local - unsecured - considered doubtful		83,553,311	85,943,604
		1,711,673,223	1,043,437,793
Allowance for ECL on trade debts	23.1	(83,553,311)	(85,943,604)
		<u>1,628,119,912</u>	<u>957,494,189</u>
23.1 Particulars of allowance for ECL on trade debts			
Balance at beginning of the year		85,943,604	84,316,009
Charge during the year	35	10,372,084	5,627,595
Allowance no longer required / recovered		(12,762,377)	(4,000,000)
Balance at the end of the year		<u>83,553,311</u>	<u>85,943,604</u>

Bhanero Textile Mills Limited
**Notes to the Financial Statements
For The Year Ended June 30, 2021**
24 LOANS AND ADVANCES

Advances to :			
Suppliers - Unsecured (considered good)		13,191,152	9,473,414
Employees - Secured (considered good)		6,406,465	6,809,479
Employees - Un-secured (considered doubtful)		1,165,000	1,165,000
L/C in transit		6,278,808	10,717
		<u>27,041,425</u>	<u>17,458,610</u>
Provision for doubtful advances	24.1	(1,165,000)	(1,165,000)
		<u>25,876,425</u>	<u>16,293,610</u>
		30-Jun-21	30-Jun-20
		Rupees	Rupees
24.1 Provision for doubtful advances	Note		
Balance at beginning of the year		1,165,000	1,367,681
Charge during the year		-	-
Provision no longer required/ recovered		-	(202,681)
Balance at the ended of the year		<u>1,165,000</u>	<u>1,165,000</u>

25 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS

Deposits against infrastructure fees	25.1	136,444,861	122,744,861
Prepaid expenses		389,502	3,388,731
Margin against letter of credit		332,327	2,429,320
		<u>137,166,690</u>	<u>128,562,912</u>

25.1 Effective mark up rate on these deposits range from 4.70% to 11.83 % per annum (June 30, 2020: 10.25% to 11.28% per annum).

26 OTHER RECEIVABLES - UNSECURED

KMC refundable - Considered doubtful		680,624	680,624
Other receivables - Considered good		6,234,227	20,297,574
		6,914,851	20,978,198
Provision for doubtful receivables		(680,624)	(680,624)
		<u>6,234,227</u>	<u>20,297,574</u>

27 INCOME TAX REFUNDABLE

Income tax refundable / adjustable		296,372,069	342,116,498
Provision for taxation - Current year		(290,975,056)	(119,247,158)
Provision for taxation - Prior years		-	-
		<u>(290,975,056)</u>	<u>(119,247,158)</u>
		<u>5,397,013</u>	<u>222,869,340</u>

28 SALES TAX REFUNDABLE

Sales tax and federal excise duty refundable		63,204,674	195,699,479
Federal excise duty and 1% Special excise duty refundable - considered doubtful		3,006,390	3,006,390
Provision for non refundable		(3,006,390)	(3,006,390)
		-	-
		<u>63,204,674</u>	<u>195,699,479</u>

29 BANK BALANCES

Balances with banks on:			
Current accounts		1,736,582,020	111,442,657
Foreign currency account - current		2,534,201	2,951,775
		<u>1,739,116,221</u>	<u>114,394,432</u>

30 SALES - NET

Export			
Yarn		985,021,426	782,834,636
Fabric		2,059,815,464	1,998,745,525
		3,044,836,890	2,781,580,161
Export Rebate		382,043	3,843,214
		<u>3,045,218,933</u>	<u>2,785,423,375</u>
Local			
Yarn		8,122,292,559	5,119,104,232
Fabric		2,356,006,136	1,895,182,122
Cotton and polyester		12,337,111	23,331,029
Scrap		5,433,123	3,643,828
Waste and others		165,659,084	139,264,537
		<u>10,661,728,013</u>	<u>7,180,525,748</u>
		<u>13,706,946,946</u>	<u>9,965,949,123</u>
Discount		(31,084)	(105,542)
Sales tax		(1,548,802,794)	(1,042,232,134)
		<u>(1,548,833,878)</u>	<u>(1,042,337,676)</u>
		<u>12,158,113,068</u>	<u>8,923,611,447</u>

30.1 Export sales includes exchange gain of PKR 111 million (2020: PKR 102.71 million).

Bhanero Textile Mills Limited
**Notes to the Financial Statements
For The Year Ended June 30, 2021**

31 COST OF SALES	Note	30-Jun-21 Rupees	30-Jun-20 Rupees
Raw material consumed	31.1	6,301,666,632	5,997,746,799
Packing material consumed		87,635,263	76,917,790
Stores, spares and loose tools		209,934,800	184,440,840
Salaries, wages and benefits	31.2	785,431,331	753,808,844
Fees and subscription		1,123,062	1,569,583
Fuel .power and water		1,133,805,420	1,063,067,338
Insurance		25,521,424	24,645,131
Vehicle running and maintenance		9,852,560	10,401,443
Rent, rate and taxes		625,410	730,263
Repairs and maintenance		22,322,941	18,692,597
Communication		793,937	835,033
Traveling and conveyance		2,354,498	2,366,760
Depreciation	18.2	252,485,111	272,531,551
Others		3,022,148	5,444,517
		<u>8,836,574,537</u>	<u>8,413,198,489</u>
Work in process			
Opening stock		158,886,287	167,175,804
Closing stock		(185,829,049)	(158,886,287)
		<u>(26,942,762)</u>	<u>8,289,517</u>
Cost of goods manufactured		<u>8,809,631,775</u>	<u>8,421,488,006</u>
Cost of raw material sold	31.3	10,682,909	18,825,295
Finished stocks			
Opening stock		856,636,117	408,054,114
Finished goods purchases		165,637,356	108,327,652
Closing stock		(416,172,599)	(856,636,117)
		<u>606,100,874</u>	<u>(340,254,351)</u>
		<u>9,426,415,558</u>	<u>8,100,058,950</u>
	Note	30-Jun-21 Rupees	30-Jun-20 Rupees
31.1 Raw material consumed			
Opening stock		2,940,887,298	2,993,788,566
Purchases - net		5,439,499,392	5,970,904,920
		<u>8,380,386,690</u>	<u>8,964,693,486</u>
Cost of raw material sold		(21,312,868)	(26,059,389)
Closing stock		(2,057,407,190)	(2,940,887,298)
		<u>6,301,666,632</u>	<u>5,997,746,799</u>
31.2 Salaries, wages and benefits includes employees benefits amounting to PKR 42,164,682 (June 30, 2020: PKR 40,053,584).			
31.3 Cost of cotton sold			
Cost of purchases		10,522,293	18,435,633
Direct expenses		160,616	389,662
		<u>10,682,909</u>	<u>18,825,295</u>
32 OTHER INCOME			
Income from financial assets			
Interest income		19,539,636	9,317,055
Exchange gain on foreign currency accounts		-	69,921
Amortization of deferred grant		11,076,110	-
Reversal of provision for ECL & advance		12,762,377	4,202,681
		<u>43,378,123</u>	<u>13,589,657</u>
Income from other than financial assets			
Gain on disposal of property, plant and equipment	18.4	50,228,420	145,380,936
Rental income		723,509	709,324
		<u>50,951,929</u>	<u>146,090,260</u>
		<u>94,330,052</u>	<u>159,679,917</u>

Bhanero Textile Mills Limited
**Notes to the Financial Statements
For The Year Ended June 30, 2021**

	Note	30-Jun-21 Rupees	30-Jun-20 Rupees
33 DISTRIBUTION COST			
Export			
Freight on export sales		82,879,584	46,961,963
Commission on export sales		40,846,643	18,012,656
Export development surcharge		7,425,573	23,957,867
Sales Promotion Expenses		-	179,369
Others		2,353,528	1,908,156
		133,505,328	91,020,011
Local			
Salaries and wages		1,006,921	1,111,063
Freight on local sales		17,901,902	27,781,404
Commission on local sales		89,373,335	41,879,221
Quality claim		657,898	-
Others		889,604	1,117,493
		109,829,660	71,889,181
		243,334,988	162,909,192
34 ADMINISTRATIVE EXPENSES			
Directors' remuneration	40	21,600,000	19,600,000
Staff salaries and benefits	34.1	83,038,318	73,298,217
Traveling, conveyance and entertainment		5,452,555	9,026,730
Printing and stationery		2,854,491	2,764,771
Communication		1,142,681	1,462,829
Vehicles running and maintenance		8,177,512	8,380,104
Legal and professional		4,502,223	3,290,500
Auditors' remuneration	34.2	1,758,000	1,758,000
Fee and subscription		8,593,255	8,890,065
Repair and maintenance		851,409	951,837
Depreciation	18.2	10,878,834	12,124,036
Rent, rates and utilities		1,826,241	1,502,442
Donation	34.3	600,000	1,250,000
Others		6,362,793	4,083,210
		157,638,312	148,382,741
34.1 Salaries, wages and benefits includes employees benefits amounting to PKR 6,298,331 (June 30, 2020: PKR 4,681,120).			
34.2 Auditors' remuneration			
Annual statutory audit		1,529,000	1,529,000
Half yearly review		189,000	189,000
Code of Corporate Governance review		40,000	40,000
		1,758,000	1,758,000
34.3 No director or his spouse had any interest in the donee.			
35 OTHER OPERATING EXPENSES			
Workers' Profit Participation Fund	12.3	116,211,377	24,524,276
Workers' Welfare Fund		43,219,577	4,711,913
Allowance for ECL on trade debts	23.1	10,372,084	5,627,595
Exchange loss		191,458	-
		169,994,496	34,863,784
36 FINANCE COST	Note	30-Jun-21 Rupees	30-Jun-20 Rupees
Mark-up on:			
- long-term financing		39,289,156	46,439,823
- short-term borrowings		22,185,921	107,225,610
- workers' profit participation fund	12.3	2,899,944	5,907,509
		64,375,021	159,572,942
Bank charges and commission		5,177,145	4,501,591
Letter of credits discounting		24,528,776	17,365,909
		94,080,942	181,440,442

Bhanero Textile Mills Limited**Notes to the Financial Statements
For The Year Ended June 30, 2021**

37 PROVISION FOR TAXATION	Note	30-Jun-21 Rupees	30-Jun-20 Rupees
Current			
- for the year	37.1	290,975,056	119,247,158
- for prior years		4,205,000	-
		295,180,056	119,247,158
Deferred - current year	10.1	15,092,565	6,990,216
		<u>310,272,621</u>	<u>126,237,374</u>

37.1 Provision for current tax for the year has been made in accordance with section 18 and section 154 of the Income Tax Ordinance 2001. Income tax assessment of company has been finalized upto tax year 2020.

37.2 Numerical reconciliation between the average tax rate and the applicable tax rate	30-Jun-21	30-Jun-20
	%	%
Applicable tax rate	29.00	29.00
Tax effect of amounts that are:		
adjustment of the prior years	0.20	-
income chargeable to tax at different rate	(15.54)	(2.83)
deferred tax	0.70	1.53
	<u>(14.64)</u>	<u>(1.30)</u>
Effective tax rate	<u>14.36</u>	<u>27.70</u>

38 EARNINGS PER SHARE - BASIC AND DILUTED

There is no dilutive effect on the basic earning per share of the company which is based on;

Earnings

Earnings for the purpose of basic earnings per share (net profit after tax for the year)	<u>1,850,706,203</u>	<u>329,398,881</u>
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Number of shares

Weighted average number of ordinary shares for the purpose of basic earnings per share	<u>3,000,000</u>	<u>3,000,000</u>
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Basic earnings per share have been computed by dividing earnings as stated above with weighted average number of ordinary shares.

Basic earnings per share	Rupees	<u>616.90</u>	<u>109.80</u>
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No figure for diluted earnings per share has been presented as the Company has not issued any instruments carrying options which would have an impact on earnings per share when exercised.

39 NON ADJUSTING EVENTS AFTER THE REPORTING PERIOD

In respect of current period, the board of directors in their meeting held on 27 September, 2021 has proposed to pay cash dividend of @ 715% i.e. PKR 71.5 per ordinary share of PKR 10 each. This dividend is subject to approval by the shareholders at the forthcoming annual general meeting.

40 REMUNERATION OF CHIEF EXECUTIVE, DIRECTOR AND EXECUTIVES

	Chief Executive	Director	Executives	Chief Executive	Director	Executives
	2021 Rupees	2021 Rupees	2021 Rupees	2020 Rupees	2020 Rupees	2020 Rupees
Remuneration	9,600,000	12,000,000	21,098,914	9,000,000	10,600,000	15,785,008
Perquisites	-	-	3,416,848	-	-	2,766,472
Post employment benefits	-	-	3,236,541	-	-	2,379,366
	<u>9,600,000</u>	<u>12,000,000</u>	<u>27,752,303</u>	<u>9,000,000</u>	<u>10,600,000</u>	<u>20,930,846</u>
Number of persons	<u>1</u>	<u>1</u>	<u>9</u>	<u>1</u>	<u>1</u>	<u>7</u>

40.1 In addition the Chief Executive, directors are provided with free use of Company maintained cars and telephone for business use.

40.2 No remuneration to non executive directors has been paid.

Notes to the financial statements

For The Year Ended June 30, 2021

41 Segment Analysis

 The segment information for the reportable segments for the year ended 30th June 2021 is as follows:

41.1 Operating Results

	Note	Spinning		Weaving		Total	
		30-Jun-21	30-Jun-20	30-Jun-21	30-Jun-20	30-Jun-21	30-Jun-20
Sales							
Export sales		985,021,426	782,834,636	2,059,815,464	1,998,745,525	3,044,836,890	2,781,580,161
Local sales		8,285,188,553	5,267,870,147	2,376,539,460	1,912,655,601	10,661,728,013	7,180,525,748
Custom rebate		385	2,193,783	381,658	1,649,431	382,043	3,843,214
Inter-segment sales		577,540,200	327,567,620	-	-	577,540,200	327,567,620
		<u>9,847,750,564</u>	<u>6,380,466,186</u>	<u>4,436,736,582</u>	<u>3,913,050,557</u>	<u>14,284,487,146</u>	<u>10,293,516,743</u>
Discount and sales tax							
Regularity Duty		-	-	-	-	-	-
Discount		(31,084)	(105,542)	-	-	(31,084)	(105,542)
Sales tax		(1,203,482,792)	(764,314,386)	(345,320,002)	(277,917,748)	(1,548,802,794)	(1,042,232,134)
		<u>(1,203,513,876)</u>	<u>(764,419,928)</u>	<u>(345,320,002)</u>	<u>(277,917,748)</u>	<u>(1,548,833,878)</u>	<u>(1,042,337,676)</u>
Net sales		8,644,236,688	5,616,046,258	4,091,416,580	3,635,132,809	12,735,653,268	9,251,179,067
Cost of sales		6,269,352,676	5,164,397,092	3,734,603,082	3,263,229,478	10,003,955,758	8,427,626,570
Gross profit		2,374,884,012	451,649,166	356,813,498	371,903,331	2,731,697,510	823,552,497
Other operating income/(expense)		83,107,910	154,886,837	11,030,684	4,793,080	94,138,594	159,679,917
		<u>2,457,991,922</u>	<u>606,536,003</u>	<u>367,844,182</u>	<u>376,696,411</u>	<u>2,825,836,104</u>	<u>983,232,414</u>
Distribution cost		144,656,334	87,275,724	98,678,654	75,633,468	243,334,988	162,909,192
Administrative cost		127,623,394	118,099,015	30,014,918	30,283,726	157,638,312	148,382,741
		<u>272,279,728</u>	<u>205,374,739</u>	<u>128,693,572</u>	<u>105,917,194</u>	<u>400,973,300</u>	<u>311,291,933</u>
Operating result		<u>2,185,712,194</u>	<u>401,161,264</u>	<u>239,150,610</u>	<u>270,779,217</u>	<u>2,424,862,804</u>	<u>671,940,481</u>
41.2 Segment assets		6,936,009,473	6,772,248,376	2,323,008,494	1,440,936,386	9,259,017,967	8,213,184,762
Unallocated assets						234,328,193	575,685,547
						<u>9,493,346,160</u>	<u>8,788,870,309</u>
41.3 Segment liabilities		1,784,898,445	2,938,837,756	645,202,394	657,036,153	2,430,100,839	3,595,873,909
Unallocated liabilities						300,181,551	273,876,350
						<u>2,730,282,390</u>	<u>3,869,750,259</u>

41.4 Inter-segment pricing

Transactions among the business segments are recorded at arm's length prices using admissible valuation methods.

There were no major customer of company which formed 10 percent or more of the company's revenue.

41.5 Geographic Information

The geographic information analyses the entity's revenue and non-current assets by the Company's country of domicile and other countries. In presenting the geographic information, segment revenue has been based on the geographic location of customers and segment assets were based on the geographic location

	2021
	Rupees
Portugal	943,380,727
Korea	634,646,882
Japan	502,367,137
Italy	398,054,573
Other Countries	566,387,571
Pakistan	10,661,728,013
	<u>13,706,564,903</u>
Export Rebate	382,043
Discount	(31,084)
Sales tax	(1,548,802,794)
	<u>12,158,113,068</u>

41.5.1 Company do not have any non current assets outside Pakistan.

Notes to the financial statements

For The Year Ended June 30, 2021

42 Reconciliation of reportable segment turnover, cost of sales, assets and liabilities	2021 Rupees	2020 Rupees
42.1 Turnover		
Total turnover for reportable segments	12,735,653,268	9,251,179,067
Elimination of inter-segment turnover	(577,540,200)	(327,567,620)
Total turnover	<u>12,158,113,068</u>	<u>8,923,611,447</u>
42.2 Cost of sales		
Total cost of sales for reportable segments	10,003,955,758	8,427,626,570
Elimination of inter-segment revenue	(577,540,200)	(327,567,620)
Total cost of sales	<u>9,426,415,558</u>	<u>8,100,058,950</u>
42.3 Profit or loss		
Total profit for reportable segments	2,424,862,804	671,940,481
Other operating expenses	(169,803,038)	(34,863,784)
Interest expense	(94,080,942)	(181,440,442)
Total profit before tax	<u>2,160,978,824</u>	<u>455,636,255</u>
42.4 Assets		
Total assets for reportable segments	9,259,017,967	8,213,184,762
Taxation recoverable	5,397,013	222,869,340
Sales tax refundable	63,204,674	195,699,479
Trade deposits	137,166,690	128,562,912
Long term deposit	28,559,816	28,553,816
Total assets	<u>9,493,346,160</u>	<u>8,788,870,309</u>
42.5 Liabilities		
Total liabilities for reportable segments	2,430,100,839	3,595,873,909
Unclaimed dividends	1,342,699	1,396,762
Infrastructure fee	133,551,958	120,334,875
Deferred taxation	165,286,894	152,144,713
Total liabilities	<u>2,730,282,390</u>	<u>3,869,750,259</u>

	Note	Spinning		Weaving		Total	
		30-Jun-21	30-Jun-20	30-Jun-21	30-Jun-20	30-Jun-21	30-Jun-20
43 Cost of sales							
Raw material consumed	43	3,882,418,693	3,782,069,825	2,996,788,139	2,543,244,594	6,879,206,832	6,325,314,419
Packing material consumed		79,635,505	68,188,384	7,999,758	8,729,406	87,635,263	76,917,790
Stores and spare parts		126,872,194	96,543,915	83,062,606	87,896,925	209,934,800	184,440,840
Salaries, wages and benefits		582,877,891	574,020,216	202,553,440	179,788,628	785,431,331	753,808,844
Fees and subscription		191,140	377,216	931,922	1,192,367	1,123,062	1,569,583
Fuel, power and water							
Inter-segment		-	-	-	-	-	-
Others		829,153,976	812,751,645	304,651,444	250,315,693	1,133,805,420	1,063,067,338
		829,153,976	812,751,645	304,651,444	250,315,693	1,133,805,420	1,063,067,338
Insurance		20,069,992	18,530,666	5,451,432	6,114,465	25,521,424	24,645,131
Vehicle running and maintenance		7,463,378	7,497,402	2,389,182	2,904,041	9,852,560	10,401,443
Rent, rates and taxes		556,918	661,133	68,492	69,130	625,410	730,263
Repair and maintenance		19,646,318	14,182,409	2,676,623	4,510,188	22,322,941	18,692,597
Communication		519,272	544,142	274,665	290,891	793,937	835,033
Travelling and conveyance and entertainme		1,693,652	1,797,376	660,846	569,384	2,354,498	2,366,760
Depreciation		177,633,834	189,696,813	74,851,277	82,834,738	252,485,111	272,531,551
Others		1,949,698	2,830,282	1,072,450	2,614,235	3,022,148	5,444,517
		5,730,682,461	5,569,691,424	3,683,432,276	3,171,074,685	9,414,114,737	8,740,766,109
Work in process							
Opening stock		66,249,447	64,544,578	92,636,840	102,631,226	158,886,287	167,175,804
Closing stock		(77,390,972)	(66,249,447)	(108,438,077)	(92,636,840)	(185,829,049)	(158,886,287)
		(11,141,525)	(1,704,869)	(15,801,237)	9,994,386	(26,942,762)	8,289,517
Cost of goods manufactured		5,719,540,936	5,567,986,555	3,667,631,039	3,181,069,071	9,387,171,975	8,749,055,626
Cost of raw material sold		10,682,909	18,825,295	10,790,575	7,623,756	21,473,484	26,449,051
Finished stocks							
Opening stock		686,450,058	264,035,300	170,186,059	144,018,814	856,636,117	408,054,114
Finished goods purchased		7,600,047	-	147,246,734	100,703,896	154,846,781	100,703,896
Closing stock		(154,921,274)	(686,450,058)	(261,251,325)	(170,186,059)	(416,172,599)	(856,636,117)
		539,128,831	(422,414,758)	56,181,468	74,536,651	595,310,299	(347,878,107)
		<u>6,269,352,676</u>	<u>5,164,397,092</u>	<u>3,734,603,082</u>	<u>3,263,229,478</u>	<u>10,003,955,758</u>	<u>8,427,626,570</u>

Notes to the financial statements

For The Year Ended June 30, 2021

Note	Spinning		Weaving		Total	
	30-Jun-21	30-Jun-20	30-Jun-21	30-Jun-20	30-Jun-21	30-Jun-20
43.1 Raw material consumed						
Opening stock	2,859,392,612	2,834,123,459	81,494,686	159,665,107	2,940,887,298	2,993,788,566
Purchases						
Inter-segment	130,500	-	577,409,700	327,567,620	577,540,200	327,567,620
Others	2,863,247,929	3,825,774,611	2,576,251,463	2,145,130,309	5,439,499,392	5,970,904,920
	2,863,378,429	3,825,774,611	3,153,661,163	2,472,697,929	6,017,039,592	6,298,472,540
Raw material sold - cotton	(10,522,293)	(18,435,633)	-	-	(10,522,293)	(18,435,633)
Raw material sold - yarn	-	-	(10,790,575)	(7,623,756)	(10,790,575)	(7,623,756)
Closing stock	(1,829,830,055)	(2,859,392,612)	(227,577,135)	(81,494,686)	(2,057,407,190)	(2,940,887,298)
	<u>3,882,418,693</u>	<u>3,782,069,825</u>	<u>2,996,788,139</u>	<u>2,543,244,594</u>	<u>6,879,206,832</u>	<u>6,325,314,419</u>
43.2 Cost of raw material sold						
Cost of purchase	10,522,293	18,435,633	10,790,575	7,623,756	21,312,868	26,059,389
Salaries, wages and other benefits	10,500	27,000	-	-	10,500	27,000
Loading and unloading	697	649	-	-	697	649
Insurance	8,183	19,826	-	-	8,183	19,826
Finance cost	141,236	342,187	-	-	141,236	342,187
	<u>10,682,909</u>	<u>18,825,295</u>	<u>10,790,575</u>	<u>7,623,756</u>	<u>21,473,484</u>	<u>26,449,051</u>
44 Distribution cost						
Export						
Ocean freight and forwarding	30,705,482	14,626,873	52,174,102	32,335,090	82,879,584	46,961,963
Commission	18,274,911	13,079,981	22,571,732	4,932,675	40,846,643	18,012,656
Export development surcharge	2,336,326	1,934,737	5,089,247	22,023,130	7,425,573	23,957,867
Sales Promotion Expenses	-	179,369	-	-	-	179,369
Others	972,777	731,547	1,380,751	1,176,609	2,353,528	1,908,156
	52,289,496	30,552,507	81,215,832	60,467,504	133,505,328	91,020,011
Local						
Salaries and wages	889,493	793,263	117,428	317,800	1,006,921	1,111,063
Inland transportation	17,901,902	12,607,613	-	15,173,791	17,901,902	27,781,404
Commission	72,687,916	41,879,221	16,685,419	-	89,373,335	41,879,221
Quality claim	-	-	657,898	-	657,898	-
Others	887,527	1,443,120	2,077	(325,627)	889,604	1,117,493
	92,366,838	56,723,217	17,462,822	15,165,964	109,829,660	71,889,181
	<u>144,656,334</u>	<u>87,275,724</u>	<u>98,678,654</u>	<u>75,633,468</u>	<u>243,334,988</u>	<u>162,909,192</u>
45 Administrative cost						
Directors' remuneration	21,600,000	19,600,000	-	-	21,600,000	19,600,000
Staff salaries and benefits	63,923,911	55,445,489	19,114,407	17,852,728	83,038,318	73,298,217
Traveling, conveyance and entertainment	3,709,292	5,367,173	1,743,263	3,659,557	5,452,555	9,026,730
Printing and stationery	2,416,451	2,107,823	438,040	656,948	2,854,491	2,764,771
Communication	1,058,361	1,377,147	84,320	85,682	1,142,681	1,462,829
Vehicles running and maintenance	6,468,237	6,469,329	1,709,275	1,910,775	8,177,512	8,380,104
Legal and professional	3,494,000	2,656,000	1,008,223	634,500	4,502,223	3,290,500
Auditors' remuneration	1,179,000	1,173,800	579,000	584,200	1,758,000	1,758,000
Fee and subscription	7,686,343	8,696,177	906,912	193,888	8,593,255	8,890,065
Repair and maintenance	851,409	951,837	-	-	851,409	951,837
Depreciation	8,367,985	9,517,733	2,510,849	2,606,303	10,878,834	12,124,036
Rent, rates and utilities	1,826,241	1,502,442	-	-	1,826,241	1,502,442
Donation	-	250,000	600,000	1,000,000	600,000	1,250,000
Others	5,042,164	2,984,065	1,320,629	1,099,145	6,362,793	4,083,210
	<u>127,623,394</u>	<u>118,099,015</u>	<u>30,014,918</u>	<u>30,283,726</u>	<u>157,638,312</u>	<u>148,382,741</u>

ANNUAL REPORT 2021

**Notes to the Financial Statements
For The Year Ended June 30, 2021**
46.5 Credit risk
46.5.1 Maximum credit exposure

The carrying amount of financial assets, excluding cash in hand, represents maximum credit exposure. The maximum exposure to credit risk as at the reporting date is:

	<i>Note</i>	June 30, 2021 Rupees	June 30, 2020 Rupees
Long term deposits		28,559,816	28,553,816
Trade debts		1,628,119,912	957,494,189
Advances to employees		5,241,465	5,644,479
Refundable trade deposits		136,444,861	122,744,861
Other receivables		6,234,227	20,297,574
Cash at banks		1,739,116,221	114,394,432
		<u>3,543,716,502</u>	<u>1,249,129,351</u>

46.5.2 Concentration of credit risk

Maximum exposure to credit risk by geographical region as at the reporting date is:

Domestic	1,537,670,913	910,623,386
Europe	94,039,429	-
Asia and Middle East	79,962,881	132,814,407
	<u>1,711,673,223</u>	<u>1,043,437,793</u>
Impairment	(83,553,311)	(85,943,604)
	<u>1,628,119,912</u>	<u>957,494,189</u>

46.5.3 Aging and movement in Impairment losses

The aging of receivables as at the reporting date is as follows:

Not past due	1,346,557,697	639,534,839
Past due less than one year	291,934,975	323,586,946
Past due more than one year but less than three years	2,966,960	12,004,393
Past due more than three years	70,213,591	68,311,615
	<u>1,711,673,223</u>	<u>1,043,437,793</u>
Allowance for expected credit losses	(83,553,311)	(85,943,604)
	<u>1,628,119,912</u>	<u>957,494,189</u>

The movement in allowance for impairment in respect of receivables during the year is as follows:

As at beginning of the year	85,943,604	84,316,009
Impairment loss recognized	10,372,084	5,627,595
Impairment loss reversed	(12,762,377)	(4,000,000)
As at end of the year	<u>83,553,311</u>	<u>85,943,604</u>

Credit quality of counter parties is assessed based on historical default rates. All loans and receivables not past due are considered good. The management believes that allowance for impairment of loans and receivables past due is not necessary, as these comprise amounts due from old customers, which have been re-negotiated from time to time and are also considered good.

46.5.4 Collateral held

The Company does not hold collateral to secure its loans and receivables. However, foreign trade receivables of the Company are secured through letters of credits and exposure to credit risk in respect of these is minimal.

46.6 Liquidity risk

Following are the contractual maturities of financial liabilities, including estimated interest payments

	As at June 30, 2021				
	Carrying amount Rupees	Contractual cash flows Rupees	One year or less Rupees	One to five years Rupees	More than five years Rupees
Long term financing	1,278,756,032	1,432,172,032	235,510,332	731,826,079	464,835,620
Accrued mark-up / interest	6,835,183	6,835,183	6,835,183	-	-
Trade creditors	377,216,036	377,216,036	377,216,036	-	-
Accrued liabilities	179,824,594	179,824,594	179,824,594	-	-
Unclaimed dividend	1,342,699	1,342,699	1,342,699	-	-
Other payables	120,266,632	120,266,632	120,266,632	-	-
	<u>1,964,241,176</u>	<u>2,117,657,176</u>	<u>920,995,476</u>	<u>731,826,079</u>	<u>464,835,620</u>

**Notes to the Financial Statements
For The Year Ended June 30, 2021**

	As at June 30, 2020				
	Carrying amount Rupees	Contractual cash flows Rupees	One year or less Rupees	One to five years Rupees	More than five years Rupees
Long term financing	1,108,737,609	1,199,097,119	49,434,390	630,238,609	519,424,121
Short term borrowings	1,570,614,112	1,696,577,364	1,696,577,364	-	-
Accrued mark-up / interest	31,770,640	31,770,640	31,770,640	-	-
Trade creditors	333,163,472	333,163,472	333,163,472	-	-
Accrued liabilities	190,474,516	190,474,516	190,474,516	-	-
Unclaimed dividend	1,396,762	1,396,762	1,396,762	-	-
Other payables	30,395,596	30,395,596	30,395,596	-	-
	<u>3,266,552,707</u>	<u>3,482,875,469</u>	<u>2,333,212,740</u>	<u>630,238,609</u>	<u>519,424,121</u>

46.7 Market risk
46.7.1 Currency risk

a) The Company's exposure to currency risk as at the reporting date is as follows:

Trade receivables	174,002,310	132,814,407
Cash and cash equivalents	2,534,201	2,951,775
Total exposure	<u>176,536,511</u>	<u>135,766,182</u>

b) Exchange rates applied as at the reporting date.

The following spot exchange rates were applied as at the reporting date wherever applicable.

	2021		2020	
	Assets Rupees	Liabilities Rupees	Assets Rupees	Liabilities Rupees
CHF	171.32	171.86	-	177.43
JPY	1.4279	1.43	-	1.57
Euro	188.12	188.71	189.11	189.37
CNY	24.69	24.76	-	-
USD	157.80	158.30	168.25	168.25

A ten percent appreciation in Rupee would have decreased profit or loss by PKR 17,653,651 (2020: PKR 13,576,618). A ten percent depreciation would have had the equal but opposite effect on profit or loss. This sensitivity analysis based on assumption that all variables, with the exception of foreign exchange rates, remain unchanged.

46.7.2 Interest rate risk

The interest rate profile the Company's interest bearing financial instruments as at the reporting date is as follows:

Fixed rate instruments

Financial assets	136,444,861	122,744,861
Financial liabilities	1,089,918,158	1,022,652,965

Variable rate instruments

Financial assets	-	-
Financial liabilities	33,709,820	1,604,323,932

The Company is not exposed to interest rate risk in respect of its fixed rate instruments. A 100 basis points increase in variable interest rates would have decreased profit or loss by PKR 1,888,379 (2020: PKR 16,566,988). A 100 basis points increase in variable interest rate would have had an equal but opposite impact on profit or loss.

46.7.3 Other Price Risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The company is not exposed to commodity price risk as it does not hold financial instruments based commodity prices.

Notes to the Financial Statements
For The Year Ended June 30, 2021
46.8 Fair value of financial assets and liabilities

The following table shows the carrying amounts and fair values of financial assets and liabilities. The fair value of financial assets measured at fair value is shown below. It does not include fair value information for financial assets and financial liabilities not measured at fair value as the carrying amount is a reasonable approximation of fair value.

	Carrying amount			Carrying amount		
	2021			2020		
	At amortized cost	Fair value through profit or loss	Fair value through other comprehensive income	At amortized cost	Fair value through profit or loss	Fair value through other comprehensive income
	-----Rupees-----					
Financial assets						
Long term deposits	28,559,816	-	-	28,553,816	-	-
Trade debts	1,628,119,912	-	-	957,494,189	-	-
Advances to employees	5,241,465	-	-	5,644,479	-	-
Refundable trade deposits	136,777,188	-	-	125,174,181	-	-
Other receivables	6,234,227	-	-	20,297,574	-	-
Cash at banks	1,739,116,221	-	-	114,394,432	-	-
	3,544,048,829	-	-	1,251,558,671	-	-
Financial Liabilities						
Long term financing	1,278,756,032	-	-	1,108,737,609	-	-
Short term borrowings	-	-	-	1,570,614,112	-	-
Accrued mark-up / interest	6,835,183	-	-	31,770,640	-	-
Trade creditors	377,216,036	-	-	333,163,472	-	-
Accrued liabilities	179,824,594	-	-	190,474,516	-	-
Unclaimed dividend	1,342,699	-	-	1,396,762	-	-
Other payables	4,055,255	-	-	5,871,320	-	-
	1,848,029,799	-	-	3,242,028,431	-	-

The basis for determining fair values is as follows:

Interest rates used for determining fair value

The interest rates used to discount estimated cash flows, when applicable, are based on the government yield curve at the reporting date plus an adequate credit spread. Since the majority of the financial assets are fixed rate instruments, there is no significant difference in market rate and the rate of instrument, fair value significantly approximates to carrying value.

**Notes to the Financial Statements
For The Year Ended June 30, 2021**
47 TRANSACTIONS WITH RELATED PARTIES

The associated undertaking and related parties comprise associated companies, directors and key management personnel. Names, basis of relationship and transaction with associated undertakings and related parties, other than remuneration and benefits to key management personnel under the term of their employment as disclosed in note 39 are as follow:

Name of the Company	Basis of relationship	Percentage of shareholding	
Faisal Spinning Mills Limited	Common directorship	N/A	
Blessed Textiles Limited	Common directorship	N/A	
Bhanero Energy Limited	Common directorship	N/A	
Admiral (Private) Limited	Directorship of close family relative	N/A	

Nature of relationship	Nature of transactions	30-Jun-21 Rupees	30-Jun-20 Rupees
Associated undertaking	Sales of fabric	111,526,622	8,616,199
	Sales of Cotton	12,337,111	23,331,029
	Sales of yarn	1,044,890,765	581,623,165
	Sales of land	121,380,000	-
	Purchase of yarn	277,006,289	259,271,769
	Purchase of cotton	9,589,487	-
	Purchase of fabrics	172,339,702	117,823,519
	Services rendered	723,509	709,324
	Services received	309,000	309,000
	Electricity purchased	422,010,543	342,093,860
Retirement benefits	Provision for gratuity	57,175,880	52,164,704

47.1 Detail of compensation to key management personnel comprising of chief executive officer, director and executives is disclosed in note 40.

48 Accounting Estimates and Judgments
48.1 Income taxes

In making the estimates for income taxes currently payable by the Company, the management looks at the current income tax law and the decisions of appellate authorities on certain issues in the past.

48.2 Investment stated at fair value

Management has determined fair value of certain investments by using quotations from active market conditions and information about the financial instruments. These estimates are subjective in nature and involve some uncertainties and matters of judgment (e.g. valuation, interest rate, etc.) and therefore, cannot be determined with precision.

48.3 Property, plant and equipment

The Company reviews the rate of depreciation, useful life, residual value and value of assets for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding affect on the depreciation charge and impairment.

48.4 Stock-in-trade and stores and spares

The Company reviews the net realizable value of stock-in-trade and stores and spares to assess any diminution in the respective carrying values. Any change in the estimates in future years might affect the carrying amounts of stock-in-trade and stores and spares with a corresponding affect on the amortization charge and impairment. Net realizable value is determined with respect to estimated selling price less estimated expenditures to make the sales.

48.5 Interest rate and cross currency swap

The Company has entered into various interest rates and cross currency swap over the last year. The calculation involves use of estimates with regard to interest and foreign currency rates which fluctuate with the market forces.

49 Capital Management

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital and level of dividends to ordinary shareholders. The Company seeks to keep a balance between the higher return that might be possible with higher level of borrowings and the advantages and security afforded by a sound capital position. The Company monitors capital using the gearing ratio which is debt divided by total capital employed. Debt comprises long term finances including current maturity. Total capital employed includes total equity as shown in the statement of financial position plus debt. The Company's strategy is to maintain an optimal capital structure in order to minimize cost of capital. Gearing ratio of the Company as at the reporting date is as follows:

	30-Jun-21 Rupees	30-Jun-20 Rupees
Total debt	1,289,498,562	1,112,107,995
Total equity	6,763,063,770	4,919,120,050
	8,052,562,332	6,031,228,045
Gearing	16%	18%

There were no changes in the Company's approach to capital management during the year. The Company is not subject to externally imposed capital requirements, except those, related to maintenance of debt covenants, commonly imposed by the providers of debt finance.

50 Fair Value Measurements**50.1 Financial Instruments**

There are no recurring or non-recurring fair value measurements as at the reporting date. The management considers the carrying amount of all the financial instruments approximate to their fair values.

50.2 Assets and liabilities other than financial instruments.

None of the assets and liabilities other than certain financial instruments are measured at fair value.

51 PLANT CAPACITY AND ACTUAL PRODUCTION

	30-Jun-21	30-Jun-20
Spinning & Weaving		
Number of spindles installed	80,112	80,112
Number of looms installed	162	162
Installed capacity of yarn converted in 20/1 (Kgs.)	14,810,385	14,810,385
Actual production of yarn converted in 20/1 (Kgs.)	12,223,351	10,727,209
Installed capacity of fabric based on 50 picks- meters	26,566,890	26,566,890
Actual production of fabric based on 50 picks - meters	21,117,435	17,372,400

It is difficult to precisely describe production capacity and the resultant production converted into base count in the textile industry since it fluctuates widely depending on various factors such as count of yarn spun, raw materials used, spindles speed and twist etc. It would also vary accordingly to pattern of production adopted in a particular year.

52 NUMBER OF EMPLOYEES

	30-Jun-21	30-Jun-20
As at the reporting date	<u>1,424</u>	<u>1,412</u>
Average for the year	<u>1,420</u>	<u>1,416</u>

53 DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been approved by the Board of Directors of the Company and authorized for issue on 27 September 2021.

54 CORRESPONDING FIGURES

Figures have been rounded off to the nearest rupee. Corresponding figures have been re-arranged where necessary to facilitate comparison. However, no significant reclassification has been made.

55 GENERAL

The figures have been rounded off to the nearest Rupee.


CHIEF EXECUTIVE


DIRECTOR


CHIEF FINANCIAL OFFICER

BHANERO TEXTILE MILLS LIMITED

For the year ended June 30, 2021

Year-Wise Operating Data

2021	2020	2019	2018	2017	2016
------	------	------	------	------	------

Spinning Unit

Spindle installed	80,112	80,112	80,112	80,112	69,312	69,312
Spindles worked	80,112	80,112	80,112	80,112	69,312	69,312
Installed capacity after conversion into 20/s count - Kg	14,810,385	14,810,385	14,810,385	14,810,385	13,954,119	13,954,119
Actual production - Kg	12,223,351	10,727,209	12,363,406	11,392,698	10,621,496	10,008,485

Weaving Unit

Air jet looms installed	162	162	162	160	160	160
Air jet looms worked	162	162	162	160	160	160
Installed capacity after conversion into 50 picks - Meter	26,566,890	26,566,890	26,566,890	21,534,566	21,534,566	21,534,566
Actual production - Meter	21,117,435	17,372,400	15,864,187	15,952,617	15,100,469	15,992,288

Year-Wise Financial Data

2021	2020	2019	2018	2017	2016
------	------	------	------	------	------

Rupees in Thousands

Profit and loss account

Turnover (Net)	12,158,113	8,923,611	9,347,773	8,073,845	6,837,254	6,637,411
Gross profit	2,731,698	823,552	1,293,672	868,396	754,284	684,364
Operating profit	2,255,060	637,077	1,123,205	636,131	456,308	391,023
Financial expenses	94,081	181,440	166,323	93,971	87,063	69,828
Profit before tax	2,160,979	455,636	956,883	542,160	369,245	321,195
Profit after tax	1,850,706	329,399	832,410	482,037	275,737	220,349
Cash dividend	214,500	150,000	167,400	192,900	110,400	30,000

Balance Sheet

Share Capital	30,000	30,000	30,000	30,000	30,000	30,000
Reserves	6,300,000	4,800,000	4,700,000	4,000,000	3,700,000	3,300,000
Shareholder equity	6,763,064	4,919,120	4,913,117	4,262,737	3,886,302	3,639,552
Long term loans	1,077,029	1,090,593	1,121,716	885,234	428,762	348,588
Short term loan	-	1,570,614	992,657	220,458	676,558	-
Current liabilities	1,082,598	2,256,905	1,897,523	1,089,456	1,256,655	493,105
Current portion of long term loans	212,470	21,515	140,183	81,367	77,464	77,464
Fixed assets	2,911,960	3,004,663	3,168,486	2,794,871	2,029,940	1,957,647
Current assets	6,372,300	57,333,761	5,183,986	3,790,735	3,784,088	2,720,643

BHANERO TEXTILE MILLS LIMITED

Ratios	2021	2020	2019	2018	2017	2016
Performance						
Sales growth percentage - Year to Year basis	36.25%	-4.54%	15.78%	18.09%	3.01%	-9.70%
Gross profit (%)	22.47%	9.23%	13.84%	10.76%	11.03%	10.31%
Profit before tax (%)	17.77%	5.11%	10.24%	6.72%	5.40%	4.84%
Profit after tax (%)	15.22%	3.69%	8.90%	5.97%	4.03%	3.32%
Breakup value per share - Rupees per share	2,254.35	1,639.71	1,637.71	1,420.91	1,295.43	1,213.18
Market value of share - at the year end - Rupees per share	1,050.00	770.01	800.00	807.49	900.00	680.00
Earnings per share - Rupees per share	616.90	109.80	277.47	160.68	91.91	73.45
Price earning ratio	1.70	7.01	2.88	5.03	9.79	9.26
Leverage						
Gearing ratio	0.19	0.55	0.46	0.28	0.30	0.12
Debt to equity (%)	15.93%	22.17%	22.83%	20.77%	11.03%	9.58%
Interest covering ratio	23.97	3.51	6.75	6.77	5.24	5.60
Liquidity ratio						
Current ratio	5.89	25.40	2.73	3.48	3.01	5.52

BHANERO TEXTILE MILLS LIMITED

**CATEGORIES OF SHAREHOLDERS
AS AT JUNE 30, 2021**

SR #	CATEGORIES OF SHAREHOLDERS	NUMBERS OF SHAREHOLDERS	SHARES HELD	PERCENTAGE %
1	Director's, CEO, Their Spouse and Minor Children	19	1,420,779	47.36
2	Associated Companies, Undertaking and Related Parties	12	1,427,721	47.59
3	NIT & ICP	-	-	-
4	Insurance Company	1	70,500	2.35
5	General Public / Individuals	337	80,994	2.70
6	Other Companies	2	6	0.00
		371	3,000,000	100.00

**LIST OF SHAREHOLDERS
AS AT JUNE 30, 2021**

Sr #	Shareholder Category	Percentage	No. of Shares
1	ASSOCIATED COMPANIES UNDERTAKINGS AND RELATED PARTIES		
	ADMIRAL (PVT) LTD	16.69	500,600
	MR. MOHAMMAD SHAKEEL	0.74	22,055
	MR. ADIL SHAKEEL	4.92	147,634
	MR. FARRUKH SALEEM	2.02	60,600
	MR. SAQIB SALEEM	1.68	50,490
	MR. MUHAMMAD QASIM	5.28	158,400
	MR. FAISAL SHAKEEL	4.92	147,676
	MR. ABDULLAH BILAL	1.96	58,787
	MR. YAHYAA FURRUKH	2.42	72,500
	MRS. NAZLI BEGUM	4.19	125,579
	MRS. SABA SAQIB	2.76	82,900
	MRS. MARIUM ADIL	0.02	500
2	DIRECTOR'S, CEO, THEIR SPOUSE AND MINOR CHILDREN		
	MR. MUHAMMAD SALEEM	0.73	21,929
	MR. MUHAMMAD SHAHEEN	1.43	42,780
	MR. HAMZA SHAKEEL	4.92	147,594
	MR. KHURRAM SALEEM	2.02	60,500
	MR. YOUSUF SALEEM	1.69	50,674
	MR. BILAL SHARIF	2.48	74,500
	MR. MUHAMMAD AMIN	5.32	159,500
	MR. IQBAL MEHBOOB VOHRA	0.02	500
	MR. MUSTAFA TANVIR	0.02	500
	MR. ASIF ELAHI	0.02	500
	MRS. YASMIN BEGUM	1.01	30,372
	MRS. SEEMA BEGUM	1.78	53,292
	MRS. AMNA KHURRAM	2.45	73,400
	MRS. SAMIA BILAL	11.14	334,283
	MRS. FATIMA AMIN	5.68	170,400
	MRS. SABA YOUSUF	2.76	82,700
	MASTER AZAAN BILAL	1.96	58,678
	MASTER ALI BILAL	1.96	58,677
3	BANKS, DEVELOPMENT FINANCIAL INSTITUTIONS, NON BANKING FINANCE INSTITUTIONS AND INSURANCE COMPANIES		
	STATE LIFE INSURANCE CORPORATION OF PAKISTAN	2.35	70,500

BHANERO TEXTILE MILLS LIMITED

4	INDIVIDUAL SHAREHOLDERS	2.70	80,994
5	OTHER COMPANIES	0.00	6
	TOTAL	100.00	3,000,000
6	DETAIL OF TRADING IN THE SHARES BY THE DIRECTORS, CEO COMPANY SECRETARY AND THEIR SPOUSES AND MINOR CHILDREN		
7	SHAREHOLDERS HOLDING 05% OR MORE		
	MR. MUHAMMAD QASIM	5.28	158,400
	MR. MUHAMMAD AMIN	5.32	159,500
	MRS. SAMIA BILAL	11.14	334,283
	MRS. FATIMA AMIN	5.68	170,400
	ADMIRAL (PVT) LTD	16.69	500,600

**PATTERN OF SHAREHOLDING
AS AT JUNE 30, 2021**








NUMBERS OF SHAREHOLDERS	SHARE HOLDING		TOTAL SHARES HELD	Percentage
	FROM	TO		
298	1	100	8,890	0.30
30	101	500	9,693	0.32
7	501	1000	6,301	0.21
5	1001	5000	14,300	0.48
3	5001	10000	24,116	0.80
3	20001	25000	64,184	2.14
1	25001	30000	29,872	1.00
1	40001	45000	42,780	1.43
3	50001	55000	154,456	5.15
3	55001	60000	176,142	5.87
2	60001	65000	121,100	4.04
4	70001	75000	290,900	9.70
2	80001	85000	165,600	5.52
1	125001	130000	125,579	4.19
3	145001	150000	442,904	14.76
2	155001	160000	317,900	10.60
1	170001	175000	170,400	5.68
1	330001	335000	334,283	11.14
1	500001	505000	500,600	16.69
371			3,000,000	100.00








* Note: The slabs representing nil holding have been omitted.



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ڈائریکٹرز کی رپورٹ

بھنیرو ٹیکسٹائل ملز لمیٹڈ کے ڈائریکٹرز کو 30 جون 2021 کو ختم ہونے والی کمپنی کے مالی بیانات کی بارے میں آڈیٹرز کی رپورٹ کے ساتھ سالانہ رپورٹ پیش کرنے میں بے حد خوشی ہے۔

مالی نتائج

کمپنی کے مالی نتائج 30 جون 2021 کو ختم ہوئے۔

Statement of Profit or Loss For The Year Ended June 30, 2021

	Note	June 30, 2021 Rupees	June 30, 2020 Rupees
Sales		12,158,113,068	8,923,611,447
Cost of sales		9,426,415,558	8,100,058,950
Gross profit		2,731,697,510	823,552,497
Other income		94,330,052	159,679,917
		2,826,027,562	983,232,414
Distribution cost		243,334,988	162,909,192
Administrative expenses		157,638,312	148,382,741
Other operating expenses		169,994,496	34,863,784
Finance cost		94,080,942	181,440,442
		665,048,738	527,596,159
Profit before tax		2,160,978,824	455,636,255
Taxation		310,272,621	126,237,374
Profit after taxation for the year		1,850,706,203	329,398,881
Earnings per share - basic and diluted		616.90	109.80 ¹

کلیدی مالیاتی اشارے

دنیکا تقیبا مکاروبار COVID-19 سے متاثر ہوا ہے، تاہم، اللہ تعالیٰ کی نعمت سے کمپنی نے نمایاں کارکردگی کا مظاہرہ کیا اور 30 جون 2021 کو ختم ہونے والے موجودہ سال کے دوران PKR 1,850.706 ملین کے ٹیکس کے بعد منافع 329.399 ملین روپے کے مقابلے میں اسی عرصے میں، موجودہ سال کے لیے 616.90 روپے کے EPS میں ترجمہ کرنا (EPS 2020: PKR 109.80)۔

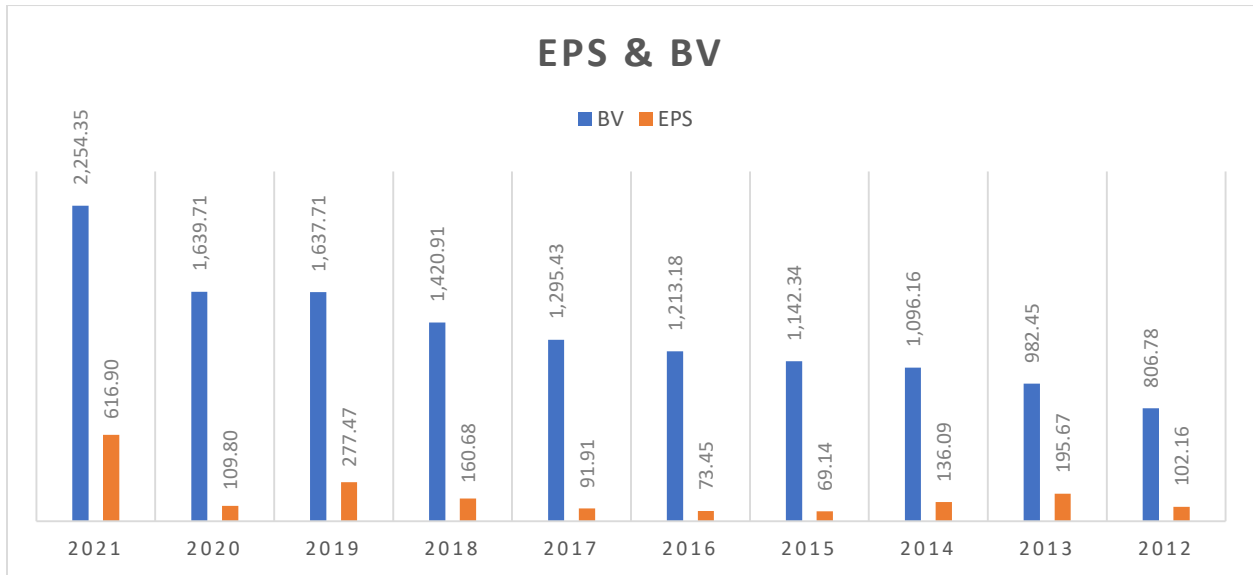
کمپنی کی فروخت 8,923.611 ملین روپے سے بڑھ کر 12,158.113 ملین روپے ہو گئی ہے جبکہ مجموعی منافع 823.552 ملین روپے سے بڑھ کر 2,731.697 ملین روپے ہے جو کہ سی سال کے مقابلے میں 30 جون 2021 کو ختم ہوا۔

منافع اور ذخائر مختص

اگرچہ پوری دنیا میں وبائی صورتحال کی وجہ سے غیر یقینی صورتحال برقرار ہے لیکن بورڈ آف ڈائریکٹرز نے موجودہ سال کے دوران کمپنی کی نمایاں کارکردگی کی وجہ سے اپنے حصص یافتگان کو منافع ادا کرنے کا فیصلہ کیا ہے۔ اس کے نتیجے میں ، بورڈ آف ڈائریکٹرز 715.00 فیصد کے نقد منافع کی منظوری پر خوشی محسوس کرتے ہیں یعنی آڈٹنگ میٹی کی سفارش کے مطابق 71.50 روپے فی شیئر ، 27 اکتوبر 2021 کو شیڈول ہونے والی آئندہ سالانہ جنرل میٹنگ میں منظوری شیئر ہولڈرز سے مشروط ہے۔ مزید برآں ، ڈائریکٹرز نے تجویز پیش کی کہ مستقبل میں کسی بھی غیر متوقع گھامی صورتحال سے نمٹنے کے لیے 1,500.00 ملین روپے کی رقم جنرل ریزرو میں منتقل کی جائے۔

فی شیئر آمدنی اور بریک اپ ویلیو۔

کمپنی سمجھتی ہے کہ حصص یافتگان کی قیمت اہمیت کی حامل ہے اور کافی وقت اور کوششیں دونوں لی جاتی ہیں جبکہ فیصلے کرنے کا عمل جو اس کے حصص یافتگان کے مفادات اور دولت کو متاثر کرے گا۔ اسی مدت کے دوران EPS اور BV دونوں کے حصص میں بالترتیب 461.84 فیصد اور 37.49 فیصد اضافہ ہوا ہے۔ 30 جون 2021 کو ختم ہونے والے رواں سال کے حصص کا EPS اور BV بالترتیب (2020: PKR 109.80) اور (2020: PKR 2,254.35) ہے۔



ورکنگ کپیٹل مینجمنٹ

ورکنگ کپیٹل مینجمنٹ مختصر مدت کے اثاثوں اور ذمہ داریوں کا انتظام کرنے کا ایک عمل ہے تاکہ یہ یقینی بنایا جاسکے کہ کمپنی کے پاس اپنی کام کو آسانی سے چلانے کے لیے کافی لیکویڈٹی ہے۔ طویل مدتی قرضوں کی وجہ سے 101.263 ملین روپے کی ادائیگی سال 2021 کے دوران کی گئی ہے کمپنی کی قلیل مدتی لیکویڈٹی کافی حد تک مستحکم ہے جیسا کہ 5.89 (2020: 2.54) کے موجودہ تناسب سے ظاہر ہوتا ہے۔ زیر جائزہ۔

کمپنی کا ڈھانچہ

متوازن سرمائے کا ڈھانچہ بلاشبہ تکنیکی نقطہ نظر سے اس کا سب سے اہم انتخاب ہے جو کمپنی کی ترقی کا تعین کرے گا۔ کمپنی نے حصص یافتگان کی قدر بڑھانے کے لیے قرض اور ایکویٹی کے زیادہ سے زیادہ امتزاج کا انتظام کیا جو اپنے سرمایہ کاروں کو صحت مندانہ واپسی فراہم کرتا ہے۔ کمپنی کی مالی استحکام کی طاقت کا اندازہ اس حقیقت سے لگایا جا سکتا ہے کہ شیئر ہولڈرز ایکویٹی 6،763.064 ملین روپے (2020: PKR 4،919.120 ملین) پر کھڑی ہے جو کہ اسی عرصے کے دوران غیر معمولی ترقی کی ایکویٹی کو ظاہر کرتی ہے۔ 30 جون 2021 کو ختم ہونے والے موجودہ سال کے دوران 0.19 (2020: 0.55) گینٹنگ تناسب عام طور پر کافی اطمینان بخش سمجھا جاتا ہے جس میں صنعت کے اصولوں کے مطابق اچھی طرح سے قائم کمپنیوں کے لیے کم خطرہ ہے۔

توازن ، جدید کاری اور تبدیلی۔

سال کے دوران تقریباً 1400.00 ملین کی رقم بورڈ آف ڈائریکٹرز کی طرف سے 25 فروری 2021 کو منعقد ہونے والی میٹنگ میں 140 پیکانول ایئر جیٹ لومز کے بی ایم آر کے لیے اس کی بنائی یونٹ کے لیے مشینری کی اپ گریڈیشن کے لیے جدید ایجاد کے ساتھ رفتار رکھنے کے لیے منظور کی گئی۔

نئے اسپننگ یونٹ کا قیام

بورڈ آف ڈائریکٹرز نے 25 فروری 2021 کو منعقد ہونے والے اپنے اجلاس میں 19،584 اسپنڈلوں کے نئے اسپننگ یونٹ کے قیام کی منظوری دی ہے جس کی پیداوار شیخوپورہ ، پنجاب میں روزانہ 1000 بیگ کی پیداواری صلاحیت ہے۔ انفراسٹرکچر کی تعمیر کے لیے سولہ لاکھ زوروں پر ہے اور امید ہے کہ جون 2022 تک مکمل ہو جائے گی۔ فنانشنگ کا انتظام نیشنل بینک آف پاکستان کے ساتھ اسٹیٹ بینک آف پاکستان کی سبسڈی والی فنانشنگ سکیموں کے تحت کیا گیا ہے ، جو کہ درآمدات کے لیے قائم کیے گئے لیٹر آف کریڈٹس کے خلاف ہے۔ مشینری توقع ہے کہ اس منصوبے کی تجارتی پیداوار ستمبر 2022 تک شروع ہو جائے گی۔

زمین کی فروخت

کمپنیز ایکٹ، 2017 کے سیکشن 183 کی شقوں کے تحت دیے گئے اختیارات کے تحت بورڈ آف ڈائریکٹرز نے 21 جون 2021 کو ہونے والے اپنے اجلاس میں 67.74 ایکڑ رقبے کی زمین کی فروخت کے لیے لین دین کی منظوری دی کل 67.74 ایکڑ میں سے 37.93 ایکڑ جس کی لاگت 71.974 ملین روپے ہے وہ پہلے ہی جون 2021 میں 49.406 ملین روپے کا سرمایہ حاصل کر کے فروخت ہو چکا ہے جو کہ موجودہ سال کے مالی بیانات سے ظاہر ہوتا ہے۔ لین دین متعلقہ فریق کے ساتھ میسرز عمر فارمز (پرائیویٹ) لمیٹڈ کے ساتھ انتہائی فائدہ مند طریقے سے اوکامپنی کے بہترین مفاد میں کیا گیا۔ مزید یہ کہ مذاکرات جون 2021 میں آزاد سرویٹرز اور ویلیوٹر میسرز جوسیہ لوبو (پرائیویٹ) لمیٹڈ کی جانب سے کئے گئے ویلیویشن کی بنیاد پر کئے گئے۔

کریڈٹ ریٹنگ

میسرز کی وی آئی ایس کریڈٹ ریٹنگ کمپنی لمیٹڈ کی جانب سے پہلے سال کے مطابق 27 مئی 2021 کو تفویض کردہ موجودہ سال کے لیے ادارے کی درجہ بندی A+ / A 1 (سگنل ایمپلس // اے ون) پر برقرار رکھی گئی ہے

مالیاتی گوشوارے

جیسا کہ کمپنیز ایکٹ 2017 کے تحت ضرورت ہے، پی ایس ایکس کے ریگولیشن ریگولیشنز اور ایس ای سی بی کی طرف سے جاری کردہ ہدایات چیف ایگزیکٹو آفیسر اور چیف فنانشل آفیسر نے 30 جون 2021 کو ختم ہونے والے سال کے لیے کمپنی کے مالیاتی بیانات پیش کیے، ان کے متعلقہ دستخطوں کے تحت غور کے لیے توثیق کی گئی، جاری کرنے اور گردش کے لیے بورڈ آف ڈائریکٹرز کی منظوری اور اجازت کمپنی کے مالیاتی بیانات کمپنی کے آڈیٹرز، مشتاق اینگ کمپنی، چارٹرڈ اکاؤنٹنٹس نیفاقاعدہ طور پر آڈٹ کیا ہے اور آڈیٹرز نے 30 جون 2021 کو ختم ہونے والے سال کے مالی بیانات پر صاف آڈٹ رپورٹ جاری کی ہے اور کوڈ کے بیان پر صاف جائزہ رپورٹ کارپوریٹ گورننس ریگولیشنز، 2019 "کوڈ"۔ یہ رپورٹیں مالی بیانات کے ساتھ منسلک ہیں۔

اکاؤنٹنگ کے معیارات

کمپنی کی اکاؤنٹنگ پالیسیاں کمپنیز ایکٹ 2017 اور اس طرح کے منظور شدہ بین الاقوامی اکاؤنٹنگ سٹینڈرڈز اور انٹرنیشنل فنانشل رپورٹنگ سٹینڈرڈز کی حامل طور پر رکھائی کرتی ہیں جیسا کہ اس ایکٹ کے تحت اور سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی طرف سے جاری ہدایات کے ذریعے مطلع کیا گیا ہے۔

کائٹن پر آؤٹ لک۔

دنیا بھر میں پکاس کے بڑے پیداواری ممالک میں سے ایک ہونے کے ناطے ، پکاس پاکستان کی معیشت کا ایک لازمی جزو ہے جو جی ڈی پی میں تقریباً 10 percent فیصد حصہ ڈالتی ہے اور 15 ملین پکاس مزدوروں کے لیے ہنیدی ذریعہ معاش کے طور پکام کرتی ہے اور اس کے ساتھ ساتھ ملکی خزانے میں غیر ملکی کرنسی کا بڑا حصہ بھی حصہ ڈالتی ہے۔ حالیہ برسوں میں ملک کی پکاس کی فصل نے پیداوار میں زبردست کمی دیکھی ہے ، مسلسل کمی کے اہم عوامل کیڑے ، گھاس کا حملہ کم پیداوار والا بیج ، موسمیاتی تبدیلی ، فرسودہ ٹیکنالوجی ، مسابقتی فصلیں وغیرہ ہیں۔ تقریباً 1 million ایک دہائی قبل 12 ملین گانٹھوں سے 6 ملین گانٹھوں سے بھی کم کے نتیجے میں خاص طور پر سندھ میں پکاس کی کاشتکاروں کو بہت زیادہ نقصان ہوا ہے جہاں پچھلے سال پکاس کی نصف فصل بے وقت پانی کی وجہ سے ہتاہ ہو گئی تھی۔ اس منظر نامے میں جہاں پکاس کی کاشتکاروں کو لوبل وارمنگ ، مٹی کی زرخیزی اور بیجوں کے ناقص معیار جیسے مسائل سے شدید متاثر ہوتے ہیں ، عالمی ماہرین تجویز کرتے ہیں کہ نامیاتی پکاس ہمارے لیے زیادہ پائیدار آپشن ہے۔ نامیاتی پکاس ایک اچھلا پائیدار حل ہے ، جو کیڑے مار ادویات کے استعمال کی بغیر اور ان بیجوں سے آگئی جاتی ہے جنہیں جنہیاتی طور پر تبدیل نہیں کیا گیا ہے۔ نامیاتی کاشتکاری کے طریقوں سے نقصان دہ کیمیکل استعمال کرنے سے گریز کیا جاتا ہے جبکہ ماحولیاتی پائیداری کا مقصد ڈرپ آہاشی ٹیکنالوجی کے ذریعے پانی کے وسائل کی کم استعمال کے ذریعے ، جیواشم ایندھن پر مبنی کھادوں اور خطرناک مصنوعی کیڑے مار ادویات سے پرہیز کرنا ہے تاکہ کاشتکار اپنی پکاس کی فصل کے ساتھ محفوظ طریقے سے غذائی فصلیں آگائیں۔ حالانکہ پکاس پوری دنیا میں کاشت کی جاتی ہے لیکن روایتی پکاس ایک کیمیائی طور پر گہری فصل ہے جس کے ماحول ، ہوا ، پانی ، مٹی اور آب و ہوا کے ساتھ ساتھ کاشتکاروں اور کائٹن پروسیسرز کی صحت پر بھی سنگین اثرات مرتب ہوتے ہیں۔ اس کے برعکس ، نامیاتی پکاس آگائی جاتی ہے ، اس پر عملدرآمد کیا جاتا ہے ، رنگ دیا جاتا ہے اور ان طریقوں کے ساتھ ختم کیا جاتا ہے جو ماحولیاتی نظام کی صحت اور زہریلے کیڑے مار ادویات ، مصنوعی کھادوں اور مؤثر پروسیسنگ کیمیکلز کے استعمال کو کم کرنے پر مرکوز ہیں۔ اس کے علاوہ ، مختلف مطالعات اس بات کی بھی تصدیق کرتی ہیں کہ نامیاتی روئی روایتی پیداوار کا ایک بہترین ماحولیاتی متبادل ہے اور جاری تحقیق سے پتہ چلتا ہے کہ نامیاتی روئی کیڑے مار ادویات کے استعمال کو کم کرنے پانی کی آلودگی کو روکنے اور پانی کے استعمال کو کم کرنے ، حیاتیاتی تنوع کو سہارا دینے اور موسمیاتی تبدیلی کو کم کرنے میں مدد کے لیے اہم ہے۔ تجزیہ سے پتہ چلا ہے کہ منافع بخش نامیاتی پکاس کی پیداوار کسانوں کو دلچسپی دیتی ہے ، لیکن یہ کہ انہیں نامیاتی زرعی قرض کی سہولت مہائیو آدانوں کی بڑھتی ہوئی دستیابی اور نامیاتی کائٹن پریمیم کی فراہمی میں مزید حکومتی مدد کی ضرورت ہے۔

سفارشات:

بیج کی نشوونما۔

نامیاتی پکاس کے بیج تک رسائی ایک کھاوٹ ہے جو کسانوں کو نامیاتی پکاس اگانے سے روکتی ہے۔ اس مسئلے کا مقابلہ کرنے کے لیے ، نامیاتی روٹی کے بیج کے ضرب پروگرام قائم کرنے کی ضرورت ہے تاکہ تحقیقی ادارے ، بیج کمپنیاں اور کاشتکاری برادریوں کو شامل کر کے فوری ، درمیانی اور طویل مدتی نقطہ نظر پر توجہ مرکوز کرتے ہوئے نامیاتی بیج کی اقسام کی دستیابی کو یقینی بنایا جا سکے۔

کوالٹی اشورنس۔

تحقیقی اداروں میں بیج کے نمونوں کی آلودگی ایک اور مسئلہ ہے جہاں GMO پکاس کے بیج غیر GMO بیجوں میں پھیل گئے۔ بیج کی کوالٹی اشورنس کے نظام سے نمٹنے کے لیے نامیاتی پکاس کاشتکاری کرنے والی کمیونٹیز کو ان کی ضروریات کی نشاندہی کرنے اور آگے کے قبل عمل طریقے تلاش کرنے کے لیے پوری پکاس کے بیج سپلائی چین کے ساتھ لاگو کرنے کی ضرورت ہے۔

سرٹیفیکیشن اور لپارٹری ٹیسٹنگ سسٹم

ایسے کئی منظر نامے ہیں جہاں GMO اور غیر GMO بیجوں کے درمیان حادثاتی آلودگی سپلائی چین کے ساتھ کسی بھی مقام پر ہو سکتی ہے جیسے کہ جب بیج ٹرانزٹ میں ہوں ، یا پڑوسی غیر نامیاتی فارموں سے کیڑے مار ادویات سے کراس آلودگی۔ اس سے نمٹنے کے لیے ، پکاس کے بیجوں کے لیے مفت لپارٹری ٹیسٹنگ کی سہولیات اور کسانوں کے کھیتوں کے نامیاتی پکاس کے نمونے ، نامیاتی کٹائن ٹیکسٹائل مصنوعات کے لیے قومی نامیاتی سرٹیفیکیشن سسٹم کے ساتھ قائم کیے جائیں۔

نجی شعبے کی شمولیت۔

نامیاتی کٹائن سپلائی چین کو بھلنے پھولنے کے لیے پرائیویٹ سیکٹر کو کھلے طور پر کام کرنے کی ضرورت ہے اور نئی صنعت کے تمام عناصر کو ابھرنے میں مدد ملتی ہے پاکستان کے قوانین میں حالیہ ترامیم نے نجی بیج کمپنیاں اپنی بائیو ٹیکنالوجی کی ترقی کو محفوظ بنانے کے لیے زیادہ آزادی اور قانونی تحفظ کے ساتھ اپنی نامیاتی کٹائن کی مختلف اقسام تیار کر سکیں۔ ان نئے سرمایہ کاروں کے ساتھ مشغول ہونے کا موقع ضائع نہیں ہونا چاہیے۔

کرڈٹ سہولیات تک رسائی میں آسانی۔

کمرشل بینکوں سے قرض حاصل کرنے والے کسانوں کو قانونی رسمی طور پر محدود کیا جاتا ہے جبکہ مطالعے سے پتہ چلتا ہے کہ زیادہ تر کسانوں کی پڑھے لکھے نہیں ہیں اور زرعی قرضوں کے لیے بینک کی رسمیت سے نمٹنے کے لیے جدوجہد کر رہے ہیں کم سیکم ریگولیٹری ضروریات کے ساتھ سنگھار ماحول کو یقینی بناتے ہوئے کمرشل بینکوں کے ذریعے اسٹیٹ بینک آف پاکستان ایک اہم کردار ہے کاشتکار برادریوں کو بیجوں اور مشینری کی خریداری کے لیے سہولیات ان کے کاروبار کے لیے طویل مدت پر اثباتی کٹائن باعث بنے گی۔

صلاحیت بڑھانے کا پروگرام۔

پاکستان میں بیجوں کی تصدیق بنیادی طور پر وفاقی بیج سرٹیفیکیشن اور رجسٹریشن ڈیپارٹمنٹ کی ذمہ داری ہے ، جو عملے کی کمی کا شکار ہے اور بیجوں کی جانچ کی صلاحیت کا فقدان ہے۔ مکہ کو پکاس کی تحقیق اور ترقی کے دیگر اداروں کے ساتھ مل کر پکاس

کے بیجوں کی نشوونما اور حیاتیاتی آدانوں کی پیداوار کے لیے صلاحیت بڑھانے کے پروگرام بنانے کی ضرورت ہے۔ پاکستان میں پائیدار نامیاتی کٹائن انفراسٹرکچر کی ترقی کے لیے واضح طور پر بہت سی کیاوٹیں ہیں لیکن نامیاتی پکاس کی فرم کی بڑھتی ہوئی طلب کے فوائد حاصل کرنے کے لیے حکومت کی ضرورت ہے۔ نامیاتی پکاس کی پیداوار کو بڑھانے ، ایک نامیاتی ٹیکسٹائل سپلائی چین قائم کرنے ، زیادہ پیداوار دینے والے بیج کی اقسام تیار کرنے اور کسانوں کو ان کی پیداوار کے لیے اچھے معیار کے آدان ، کریڈٹ اور مناسب قیمتوں کے حصول کے لیے ایک طویل مدتی منصوبہ تیار ہے۔ نامیاتی پکاس کے کاشتکاروں میں ایک مضبوط خواہش اور حکومت کی جانب سے سرمایکاری اور مشغولیت تک پہنچانے کے لیے عزم صنعت کو ایک ایسا آغاز دینے کے لیے کافی ہو سکتا ہے جو پاکستان میں کسانوں کے لیے ایک پائیدار اور طویل مدتی آپشن بننے کی ضرورت ہے۔

کوڈ آف کارپوریٹ گورننس کی تعمیل

کوڈ آف کارپوریٹ گورننس ریگولیشنز ، 2019 کے ساتھ درجہ بندیوں کے لیے ریگولیشن 36 (1) کے تحت تعمیل کا بیان منسلک ہے۔

کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک پر بیان:

کمپنی کے ڈائریکٹر کمپنیز ایکٹ 2017 ، کوڈ آف کارپوریٹ گورننس 2019 "ضبطہ" پاکستان اسٹاک ایکسچینج لمیٹڈ کی رول بک اور سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی طرف سے جاری کردہ ہدایات کے تحت اپنی ذمہ داریوں سے پوری طرح آگاہ ہیں۔ ریگولیشنز کی تعمیل کے ایک حصے کے طور پر مندرجہ ذیل کی تصدیق کرتے ہیں:

financial یہ مالیاتی بیانات ، جو کمپنی کے انتظام کے ذریعہ تیار کیے گئے ہیں ، اس کے معاملات کی منصفانہ حالت ، اس کے اکاؤنٹس کی صحیح ، نقد بہاؤ اور ایکوٹی میں تبدیلیوں کو پیش کرتے ہیں۔

the کمپنی کے اکاؤنٹ کی مناسب کتابیں برقرار رکھی گئی ہیں۔

account مناسب حساب کتاب کی پالیسیوں کو مالی بیانات کی تیاری میں مستقل طور پر لاگو کیا گیا ہے اور اکاؤنٹنگ کا تخمینہ معقول اور سمجھدار فیصلے پر مبنی ہے۔

• بین الاقوامی مالیاتی رپورٹنگ کے معیارات ، جیسا کہ پاکستان میں لاگو ہوتا ہے ، مالی بیانات کی تیاری میں عمل کیا گیا ہے۔

internal اندرونی کنٹرول کا نظام ڈیزائن میں درست تھا اور اسے مؤثر طریقے سے نافذ اور مانیٹر کیا گیا ہے۔

the کمپنی کی مستقل تشویش کے طور پر جاری رکھنے کی صلاحیت پر کوئی خاص شبہات نہیں تھے۔

corporate کارپوریٹ گورننس کے بہترین طریقوں سے کوئی مادی روانگی نہیں ہوئی ، جیسا کہ فہرست سازی کے قواعد و ضوابط میں تفصیلی ہے۔

- ہم نے ڈائریکٹروں اور ملازمین کے درمیان ایک ضابطہ اخلاق اور کاروباری حکمت عملی تیار اور گردش کی ہے۔
- Direct بورڈ آف ڈائریکٹرز نے ویژن اور مشرک کا بیان اور مجموعی کارپوریٹ حکمت عملی کا بیان اپنایا ہے۔
- تمام ڈائریکٹرز اس کے بورڈ اور جنرل میننگ میں یا تو جسمانی طور پر یا ویڈیو انفرنس کے ذریعے شریک ہوئے ہیں جب تک کہ معقول وجہ کی وجہ سے روک نہ لیا جائے۔
- تمام ڈائریکٹرز کو ان کی ذمہ داریوں ، کرداروں ، معاوضوں ، اختیارات اور ذمہ داری کے ساتھ ان کی شرائط کے آغاز پر کوڈ آف کارپوریٹ گورننس کا کمپنیز ایکٹ اور آرگیکل آف ایسوسی ایشن کے مطابق تفویض کیا جاتا ہے۔
- ہم نے تمام ڈائریکٹرز کو ڈائریکٹر ٹریننگ پروگرام (ڈی ٹی پی) کے تحت منظور شدہ / چھوٹ دی گئی ہے جیسا کہ کوڈ آف کارپوریٹ گورننس ریگولیشنز ، 2019 کی ضرورت ہے۔
- human انسانی وسائل ، سیٹیپ جانے ، خریداری ، اسٹیک ہولڈرز کے ساتھ مواصلاتی طریقہ کار ، ماحولیات ، صحت اور حفاظت ، ڈائریکٹر کا معاوضہ ، اینٹی منی لانڈرنگ اور رسک مینجمنٹ وغیرہ پر بورڈ آف ڈائریکٹرز کی طرف سے منظور شدہ ایمپالیسیوں کا مناسب تازہ ترین ریکارڈ موجود ہے۔
- جیسا کہ کوڈ آف کارپوریٹ گورننس ریگولیشنز ، 2019 اور کمپنیز ایکٹ 2017 (ایکٹ) کے تحت ضرورت ہے ، ہم نے مندرجہ ذیل معلومات کو اس رپورٹ میں شامل کیا ہے۔
- شیئر ہولڈنگ کے پیٹرک کا بیان الگ سے دیا گیا ہے۔
- متعلقہ کاروباری اداروں اور متعلقہ افراد کے حصص کا بیان۔
- سال کے دوران منعقد ہونے والے بورڈ میننگز اور سالانہ جنرل میننگ کا بیان اور ہر ڈائریکٹر کی حاضری الگ سے دی گئی ہے۔
- ایکٹ کے سیکشن 192 (4) کی دفعات کے تحت چیئرمین جائزہ رپورٹ۔
- ضابطے کے ضابطہ 36 کے تحت چیئرمین کی طرف سے دستخط شدہ تعمیل کا بیان۔
- ix چھ سالوں کے کلیدی آپٹینگ اور مالیاتی اعداد و شمار کے ساتھ ٹیکس اور لیویز کی معلومات کو ہنسلک آڈٹ شدہ مالی بیانات میں مناسب طریقے سے ظاہر کیا گیا ہے۔
- listed کمپنی ایس ای سی پی کی طرف سے جاری کردہ ہدایات کی سختی سے پیروی کرتی ہے جو کہ لسٹنگ کمپنیوں کے اندرونی تجارت کی ممانعت پر ہے اور کمپنی کے حصص میں کوئی تجارت اس کے ڈائریکٹر ، سی ای او ، سی ایف او کمپنی سیکرٹری ، میڈ آف انٹرنل آڈٹ اور ان کے میاں بیوی اور فیملی ممبروں کے علاوہ نہیں شیئر ہولڈنگ کے انداز میں انکشاف

شیئر مولڈنگ کا نمونہ۔

شیئر مولڈنگ کا پیٹرن اور اس سے متعلقہ معلومات اس کے مطابق منسلک ہیں۔

متعلقہ پارٹی لین دین

متعلقہ پارٹی ٹرانزیکشنز (RPT) اور ان کی حیثیت IAS 24 کے تحت ضروریات کو پورا کرتے ہوئے مناسب طور پر ظاہر کی جاتی ہیں۔ 2019 اور لین دین اور ریکارڈ کی دیکھ بھال کے حوالے سے ہدایات کی کمی پالیسی میں شامل کیا گیا ہے۔ آر پی ٹی کو داخلی آڈٹ کے ذریعہ باقاعدہ طور پر منظور کیا گیا جس کے بعد بورڈ میٹنگ میں پیش کرنے سے پہلے آڈٹ کمیٹی کی منظوری دی گئی تاکہ یہ یقینی بنایا جاسکے کہ کاروباری سرگرمیوں کے معمول کے دوران تمام ٹرانزیکشنز کی لہائی ہے۔ تاہم ، بورڈ آف ڈائریکٹرز نے 27 ستمبر 2021 کو ہونے والے اپنے اجلاس میں یہ نتیجہ اخذ کیا ہے کہ بورڈ کی طرف سے منظور شدہ آر پی ٹی کو بھی ممبر کی منظوری کے لیے کمپنی کی جنرل میٹنگ کے سامنے رکھا جائے گا۔ مزید برآں ، بورڈ نے 30 جون 2022 کو ختم ہونے والے مالی سال کے دوران ہونے والے لین دین کے لیے کمپنی کی جنرل میٹنگ میں ممبروں کی منظوری حاصل کرنے کا بھی فیصلہ کیا ہے اور اسے آئندہ عام اجلاس میں شیئر مولڈرز کے سامنے رکھا جائے گا۔ ان کی رسمی توثیق/منظوری

بورڈ کی تشخیص

ضابطے کے ضابطہ 10 (3) (v) کی تعمیل اور قائدانہ کردار اور ذمہ داریوں میں بہتر وضاحت ، بہتر ٹیم ورک ، زیادہ سے زیادہ جھلک ، مؤثر فیصلہ سازی اور مواصلات کے لیے کمپنی نے اندرونی طور پر بورڈ کے تشخیصی عمل کو انجام دیا۔ بورڈ کی کارکردگی کا جائزہ ، بورڈ کے کھان اور اس کی کمیٹی کے کھان ایک جامع جائزہ لیا گیا ہے جس کے ساتھ قانونی دستاویزات ، اجلاسوں کا ایجنڈا ، بورڈ اور کمیٹی کے اجلاسوں کے منٹس ، جگہ پر اچھے ایسیاں اور دیگر ذیلی دستاویزات ، سوالنامے ، بورڈ اور کمیٹی کے کھان کے ساتھ ساتھ چیت شامل ہیں۔

بورڈ کی تشکیل

ضابطہ 34 کے تحت ضرورت کے مطابق دس (10) ڈائریکٹرز کا بورڈ مندرجہ ذیل پر مشتمل ہے۔

Sr No	Category	Gender		Total
		Male	Female	
(i)	Independent Director	3	0	3
(ii)	Executive Directors	2	0	2
(ii)	Non- Executive Directors	4	1	5

بورڈ اور آڈٹ کمیٹی کے اجلاس

• تمام ڈائریکٹرز، مینجنگ میں شرکت کے اہل کمپنی کی جنرل مینٹنگز میں شرکت کی ہے۔ کوڈ کے ریگولیشن 10 (6) کے تحت ذاتی طور پر یا ویڈیو کنفرنس کے ذریعے جب تک کسی معقول کی وجہ سے ایسا کرنے سے روک دیا جائے۔ 2020-21 کے دوران بورڈ آف ڈائریکٹرز، آڈٹ کمیٹی اور میومن ریسورس اور معاوضہ کمیٹی کے اجلاس اور شرکت کی مینٹنگ کی تعداد درج ذیل ہے۔

Sr	Name of Directors	Committees					
		Board of Directors		Audit		Human Resource and Remuneration	
		Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended
1.	Mr. Muhammad Salim	5	5	-	-	-	-
2.	Mr. Muhammad Shaheen	5	5	-	-	-	-
3.	Mr. Khurram Salim	5	5	-	-	-	-
4.	Mr. Bilal Sharif	5	5	6	6	-	-
5.	Mr. Muhammad Amin	5	5	-	-	1	1
6.	Mr. Hamza Shakeel	5	5	6	6	1	1
7.	Mr. Iqbal Mehboob	5	5	6	6	1	1
8.	Mr. Asif Elahi	5	5	-	-	-	-
9.	Mr. Mustafa Tanvir	5	5	-	-	-	-
10.	Mrs. Saba Yousaf	5	5	-	-	-	-

آڈٹ کمیٹی

Sr	Name	Designation	Category
i	Bilal Sharif	Member	Non- Executive Director
ii	Hamza Shakeel	Member	Non- Executive Director
iii	Iqbal Mehboob	Chairman	Independent Director

آڈٹ کمیٹی تین کویاں پر مشتمل ہے جس کے چیئرمین ایک آزاد ڈائریکٹر ہیں جبکہ باقی تمام نان ایگزیکٹو ڈائریکٹر ہیں اور بورڈ آف ڈائریکٹرز کی طرف سے تفویض کردہ شرائط کے تحت اپنی ذمہ داریاں ادا کرتے ہیں۔ مالیاتی خواندہ رکن کی تقرری ضابطہ کیاب X میں ریگولیشن 27 (1) (iii) کے مطابق کی گئی ہے۔ کوڈ کے ریگولیشن 27 (2) کی تعمیل میں آڈٹ کمیٹی کے اجلاس باقاعدہ وقفوں سے منعقد ہوتے تھے تاکہ بورڈ آف ڈائریکٹرز کی منظوری سے قبل دونوں عبوری اور سالانہ مالیاتی بیانات کا جائزہ لیا جائے اور بیرونی آڈیٹر کے ساتھ سال میں ایک بار اضافی میٹنگ کی جائے بغیر CFO اور دوسرے اندرونی آڈیٹر کی بغیر CFO اور بیرونی آڈیٹر کی موجودگی کی بغیر کمپنی کی ایک آڈٹ کمیٹی (اے سی) مالیاتی رپورٹنگ کے عمل اور انکشافات، آڈٹ کے عمل کمپنی کے اندرونی کنٹرول کے نظام اور بورڈ کو قوانین اور قواعد و ضوابط کی نگرانی فرام کرتی ہے۔ اس کے علاوہ، آڈٹ کمیٹی بیرونی آڈیٹرز کی تقرری اور تنظیموں کے اندرونی آڈٹ ٹیم کے ساتھ مموار تعلقات برقرار رکھنے کے لیے بورڈ کو اپنی سفارشات فرام کرتی ہے۔ اے سی یہ یقین دہانی کرانے کے لیے بھی ذمہ دار ہے کمپنی کے اثاثوں کی مناسب حفاظت کی جائے، عبوری اور سالانہ مالیاتی بیانات کی توثیق، متعلقہ پارٹی لین دین کی منظوری، انتظامی خط کا جائزہ، اندرونی کنٹرول کی تاثیر کو یقینی بنانا، دھوکہ دی کی سرگرمیوں کی تحقیقات اور رپورٹنگ، اکاؤنٹنگ پالیسیوں کی نگرانی، نگرانی کسی بھی بیرونی آڈیٹر، ریگولیٹری تعمیل اور انتظام کے ساتھ رسک مینجمنٹ پالیسیوں کی بحث۔ اے سی ایک ضابطہ اخلاق کی پرورش اور نفاذ کو یقینی بنانے اور مؤثر مواصلاتی چینلز قائم کرنے کے ذریعے تنظیم کے رویہ کو ترتیب دینے میں بھی اہم کردار ادا کرتا ہے کمیٹی کے اراکین کو اس بات سے آگاہ ہونا چاہیے کہ انتظامی قوانین اور قواعد و ضوابط کی تعمیل کے لیے کیا کر رہا ہے، اور انہیں لازمی طور پر مسائل کی بارے میں جانکاری مونی چاہیے جس سے کہ جاری تفتیش اور نظم و ضبط کی کارروائی۔

انسانی وسائل اور معاوضہ کمیٹی

Sr	Name	Designation	Category
i	Iqbal Mehboob	Chairman	Independent Director
ii	Mohammad Amin	Member	Non- Executive Director
iii	Hamza Shakeel	Member	Non- Executive Director

انسانی وسائل اور معاوضہ کمیٹی (HRRC) تین کویاں پر مشتمل ہے جن میں سے تمام غیر ایگزیکٹو ڈائریکٹر ہیں جبکہ چیئرمین ایک آزاد ڈائریکٹر ہیں۔ HRRC معاوضے اور فوائد سے متعلق کسی بھی قانون سازی کی ہدایات کی تعمیل کا جائزہ لیتا ہے، ریگولیشن، مزدوری اور

انسانی حقوق کی قانون سازی کی تعمیل کا جائزہ لیتا ہے۔ HRRC بورڈ کو انسانی وسائل کے انتظام کی پالیسی کی سفارش کرنے کا ذمہ دار ہے کمیٹی ، سی ای او ، سی ایف او اور کمیٹی سیکرٹری کے انتخاب ، تشخیص ، معاوضہ (بشمول ریٹائرمنٹ فوائد) اور جانشینی کی منصوبہ بندی کی سفارش کرنے کی مجموعی ذمہ داری ہوگی۔ HRRC معاوضہ اور انسانی وسائل کی حکمت عملی اور پالیسیوں کی ترقی اور نگرانی میں بورڈ اور انتظامیہ کی مدد کرتا ہے ، بورڈ کی منظوری کے لیے جائزہ ، منظوری ، یا سفارش ، ایگزیکٹوز ، ڈائریکٹرز کمیٹی ممبران اور دیگر اہم افراد کے منصفانہ اور منصفیتی معاوضے سے متعلق فیصلے۔

کارپوریٹ سماجی ذمہ داری کی پالیسی

کمیٹی ایک جامع کارپوریٹ سماجی ذمہ داری (CRS) پالیسی کا انتظام کرتی ہے تاکہ اقتصادی ، معاشرتی اور ماحولیاتی طور پر پائیدار انداز میں ماحولیاتی کو برقرار رکھ کر آلودگی اور گرین ہاؤس گیسوں کے اخراج کو کم کرنے ، قدرتی وسائل کو پائیدار استعمال ، ضائع ہونے والے کو کم کرنے اور مناسب طریقے سے ختم کرنے کے لیے مینوفیکچرنگ کے عمل کے دوران ری سائیکلنگ کو فروغ دینا کمیٹی معاشرے کی بارے میں اپنے فرض کو مالکان یا اسٹاک ہولڈرز کی معاشی ذمہ داریوں سے بالاتر سمجھتی ہے۔

وبائی صورتحال کے ساتھ چیلنج کمیٹی ان لوگوں کے لئے مخیر عطیات میسر کرنے والی جھلک رہی ہے جنہیں امداد کی اشد ضرورت تھی۔ مزید یہ کہ ، ایسے پروگرام قائم کیے گئے ہیں جو ملازمین کو کام اور ذاتی زندگی کے تقاضوں میں توازن پیدا کرنے میں مدد دیتے ہیں اور ملازمت پر زیادہ مطمئن اور نتیجہ خیز ہوتے ہیں جس کی وجہ سے الیکٹرانک اور باکس ہوتا ہے ، ملازمین کے حوصلے بڑھتے ہیں۔

کمیٹی فضلے کو ٹھکانے لگانے ، ری سائیکلنگ ، توانائی کے تحفظ اور ماحول دوست ٹیکنالوجیز کو استعمال کرنے اور آگاہی پیدا کرنے کے لیے باقاعدہ وقفوں سے جگہات کی سیکرٹری کے ساتھ معاشرتی ماحول کو برقرار رکھنا یقینی بناتی ہے۔

صحت ، حفاظت اور ماحولیاتی پالیسی

2019 میں وبائی امراض کے پھیلنے اور اس کی مہلک لہروں نے پوری دنیا میں ہر ایک کے لیے روزمرہ کی زندگی کو متاثر کیا ہے۔ زیادہ تر کاروبار حکومت کی طرف سے لاک ڈاؤن پابندیوں کے تحت اپنی سہولیات کو بند کرنے پر مجبور ہیں تاکہ وائرس کے اضافے کو کم کیا جاسکے اور معاشرتی تعامل کو کم کیا جاسکے کمیٹی نے وبائی صورتحال کے ان آزمائشی اوقات میں اپنے ملازمین اور کارکنوں کی صحت اور حفاظت کے اقدامات کو یقینی بنانے کے لیے بہترین دستیاب آپشن فراہم کیے۔ وہ ملازمین جنہوں نے وائرس کا شکار کیا انہیں موجودہ صحت کی پالیسیوں کے تحت مکمل طبی علاج کے ساتھ تنخواہ کی چھٹیوں کے ساتھ اور گھر سے کام کرنے کی اجازت ہے۔ اس کے علاوہ ، وقتاً فوقتاً premises احاطے کی جراثیم کشی کا بندوبست کرنا ، ملازمین کے لیے وائرس کی مفت جانچ کرنا ، وائرس سے متاثرہ افراد کے لیے تنخواہ کے ساتھ چھٹی کی اجازت دینا ، لچکدار اور کام کے اوقات کم کرنے کی اجازت دینا ، چہرے کے ماسک فراہم کرنا اور کام کی جگہ پر مناسب صفائی ستھرائی شامل ہیں کمیٹی کی طرف سے لیا گیا۔ وبائی امراض کے دوران بہت سے چیلنجوں میں سے ایک یہ ہے کہ قانون اور دیگر ریگولیٹری فریم ورک کی تعمیل میں مناسب فیصلہ سازی کے ساتھ روز مرہ کی سرگرمیوں کے تسلسل کو یقینی بنایا جائے۔ اس سلسلے میں کمیٹی نے ویڈیو میٹنگ پلیٹ فارمز اور ایپس کے ذریعے دستیاب سہولیات کو مکمل طور پر استعمال کیا کمیٹی کی صحت ، حفاظت اور ماحولیاتی پالیسی بیان صحت ، تمام کارکنوں ، ٹھیکیداروں اور زائرین ، اور وبائی صورتحال کے آزمائشی

اوقات میں کسی اور کی صحت ، خطرات کو دور کرنے یکم کرنے کی مر ممکن کوشش کرکے خوشگوار اور قبل عمل ماحولکا مظاہرہ کرتا ہے۔

ڈائریکٹر معاوضہ پالیسی

ایگزیکٹو ڈائریکٹر کی معاوضہ پالیسی کی خصوصیت انسانی وسائل اور معاوضہ کمیٹی (HRRC) کی طرف سے تیار کی جاتی ہے اور بورڈ کے کمپنیز ایکٹ 2017 کمپنیز آرٹیکل آف ایسوسی ایشن اور کوڈ آف کارپوریٹ گورننس ریگولیشنز ، 2019 کی شرائط سے مشروط کیا جاتا ہے۔ ڈائریکٹرز اور سینئر مینجمنٹ کے معاوضے کی سطح اور ترکیب کمپنی کی طویل مدتی مقاصد کو آگے بڑھانے کے لیے بورڈ اور سینئر مینجمنٹ میں صحیح ٹیلنٹ کو اپنی طرف متوجہ کرنے اور برقرار رکھنے کی کمپنی کی خواہش کو مدنظر رکھتی ہے۔ معاوضے کی پالیسیاں اور فیصلے ایک شفاف اور آزاد عمل کے ذریعے کیے جاتے ہیں۔ مزید برآں ، ایگزیکٹو ڈائریکٹرز کے معاوضے کا تعین مارکیٹ کی مسابقت پر غور کرتے ہوئے کیا جاتا ہے جو کہ ایک جیسی کمپنیوں میں یکساں ہے ، جبکہ قابلیت کی سطح ، تجربے ، بورڈ کے اسائنمنٹس کے دائرہ کار اور سالانہ اجلاسوں پر بھی غور کیا جاتا ہے۔ مقررہ ماہانہ معاوضے اور HRRC کی سفارش کردہ دیگر تقاضوں کے حقدار ایگزیکٹو ڈائریکٹرز جنہیں بورڈ نے باقاعدہ طور پر منظور کیا اور کمپنی کے عام اجلاس میں ممبروں کی منظوری دی۔ غیر ایگزیکٹو یا آزاد ڈائریکٹرز کو کوئی فیس یا معاوضہ ادا نہیں کیا گیا۔

قانونی آڈیٹرز۔

موجودہ آڈیٹر کی میسرز مشتاق اینگ کمپنی ، چارٹرڈ اکاؤنٹنٹس 27 اکتوبر 2021 کو ہونے والے سالانہ عام اجلاس کے اختتام پر ریٹائر ہو جائیں گے تاہم اہل ہونے کی وجہ سے انہوں نے خود کو دوبارہ تقرری کے لیے پیش کیا ہے۔ آڈٹنگ کمیٹی نے 30 جون 2022 کو ختم ہونے والے سال کے لیے میسرز مشتاق اینگ کمپنی ، چارٹرڈ اکاؤنٹنٹس کو بطور بیرونی آڈیٹر مقرر کرنے کی تجویز دی ہے۔ بیرونی آڈیٹر میسرز مشتاق اینگ کمپنی ، چارٹرڈ اکاؤنٹنٹس کو کوالٹی کنٹرول کے تحت تسلی بخش درجہ دیا گیا انسٹیٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان کا جائزہ پروگرام فرم اور اس کے تمام شراکت دار بین الاقوامی فیڈریشن آف اکاؤنٹنٹس کے ضابطہ اخلاق کے اصولوں کے مطابق ہیں جیسا کہ انسٹی ٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان نے اپنایا ہے اور وہ ایس ای سی پی ایکٹ 1997 کے سیکشن 136 کے تحت آڈٹ نگرانی بورڈ میں رجسٹرڈ ہیں۔ قانونی آڈیٹرز نے نہ تو کوئی فیصلہ سازی ، اندرونی آڈٹ یا انتظامی کام انجام دیا اور نہ ہی کمپنی کے کسی ڈائریکٹر یا ایگزیکٹو کے ساتھ ان کا کوئی تعلق ہے۔ منگنی کے شراکت داروں کو مہانچ سال کی تکمیل کے بعد گھمایا گیا۔ بورڈ آف ڈائریکٹرز نے 30 جون 2022 کو ختم ہونے والے سال کے لیے میسرز مشتاق اینگ کمپنی ، چارٹرڈ اکاؤنٹنٹس کو بطور بیرونی آڈیٹر مقرر کرنے کی بھی سفارش کی اور آڈیٹر کا معاوضہ سال 2021-22 کے لیے PKR 2,065,000.00 مقرر کیا گیا ہے۔ کوڈ کے ریگولیشن 32 (3) کے تحت بورڈ کو آڈٹنگ کمیٹی۔ اسائنمنٹس میں قانونی آڈٹ ، ششماہی جائزہ اور کارپوریٹ گورننس ریویو کا کوڈ شامل ہے۔

مادی تبدیلیاں اور وعدے۔

کمپنی کی مالی پوزیشن کو متاثر کرنے والی کوئی مادی تبدیلیاں اور وعدے کمپنی کے مالی سال کے اختتام کے درمیان نہیں ہوئے جس سے بیلنس شیٹ کا تعلق ہے اور ڈائریکٹرز کی رپورٹ کی تاریخ۔

اعتراف

میں بورڈ آف ڈائریکٹرز، قابل قدر شیئر ہولڈرز، کسٹمرز، بینکرز، سپلائرز اور دیگر سٹیک ہولڈرز کا ان کا تعاون، اعتماد اور اعتماد کا انتہائی مقروض ہوں۔ میں تمام ملازمین کا بھی شکریہ ادا کرتا ہوں۔

خرم سلیم



چیف ایگزیکٹو

محمد سلیم



ڈائریکٹر

کراچی: 27 ستمبر 2021

Bhanero Textile Mills Ltd

Proxy Form

I/We _____ of _____ being a member of **BHANERO TEXTILE MILLS LIMITED** and holder of _____ ordinary shares as per Share Register Folio No. _____ and/or CDC Participant ID No. _____ and Sub Account No. _____ hereby appoint Mr./Mrs./Miss _____ of _____ or failing him/her _____ of _____ as my / our proxy to act on my/our behalf at the 42nd Annual General Meeting of the Company to be held on Wednesday, 27th October 2021 at 11:00 am at Umer House, 23/1, Sector 23, S.M. Farooq Road, Korangi Industrial Area, Karachi. and/or at any adjournment thereof.

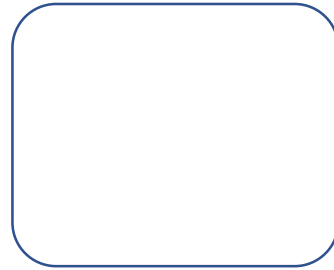
Witness: _____

Signature : _____ (Signature should agree with specimen registered with company)

Name : _____

CNIC/ PP: _____

Address: _____



Affix Rs.5 Revenue Stamp

Signed this _____ day of _____ 2021

Notes:

If a member is unable to attend the meeting, they may complete and sign this form and sent it to the Company Secretary, **Bhanero Textile Mills Limited**, Umer House, 23/1, Sector 23, S.M. Farooq Road, Korangi Industrial Area, Karachi. so as to reach not less than 48 hours before the time scheduled for holding the meeting.

- (i) The Proxy form shall be witnessed by a person whose name, address and CNIC/Passport number should be stated on the form.
- (ii) Attested copy of CNIC or the Passport of the beneficial owner alongwith the Proxy form should also be submitted.
- (iii) The Proxy nominee shall produce his / her original CNIC or original Passport at the time of the meeting.
- (iv) In case of a Corporate entity, the Board of Directors Resolution/Power of Attorney with specimen signature should be submitted (unless it has been provided earlier) along with Proxy form to the Company.

