



of Companies

**THIRD QUARTERLY ACCOUNTS
2015-2016
(UN - AUDITED)**

UMER GROUP OF COMPANIES

BHANERO TEXTILE MILLS LIMITED



BHANERO TEXTILE MILLS LIMITED

Directors' Review

On behalf of the board of directors of **Bhanero Textiles Mills Limited**, I am pleased to present, the un-audited condensed interim financial statements for nine months ended 31st March 2016.

Operating Results

During the nine months ended 31st March 2016, the company's profit after tax came to PKR 181.510 million as compared to PKR 121.929 million for the nine months ended 31st March 2015. The earnings per share (EPS) for the nine months ended 31st March 2016 is PKR 60.50 (31st March 2015: PKR 40.64).

The company's financial position continues to remain solid supported by strong capital and revenue reserves. Break up value of shares is PKR 1,192.84 as at 31st March 2016 (30th June 2015: PKR 1,142.34).

By the blessing of Allah Al Mighty the profitability of company has increased as compared to previous nine months ended 31st March 2015 despite depressed business environment which still prevailed during the nine months ended 31st March 2016.

Future Outlook

In current year, cotton in Pakistan was produced significantly lower than its target. The local lower cotton production has not affected the prices of cotton significantly and behaved bearishly. Currently the cotton prices are unstable. Huge quantity of raw cotton has been imported due to lower production of cotton in Pakistan.

Pakistan is losing its textile export share due to high production cost, energy crisis, pending disbursement of sales tax refund and lack of technological upgradations.

Energy crisis is still a major threat for economy of Pakistan. Government should take some immediate steps to resolve the energy crisis.

Government should extend export refinance scheme to yarn and fabric in order to support spinning segment which is currently in crisis.

In the present scenario the results are likely to be adverse in coming quarter. The management of the company is doing its best efforts to maintain the profitability margin.

Acknowledgement

Yours directors record with appreciation, the efforts of the company's managers, technicians and workers who have worked vigorously to meet the target. Yours directors also extend their appreciation to the company's banker, buyers and suppliers for the cooperation extended by them.

For and on behalf of the Board

Khurrum Salim
Chief Executive

Karachi: 25th April 2016



BHANERO TEXTILE MILLS LIMITED

Condensed Interim Balance Sheet (Un-audited) As At 31st March , 2016

	Note	March 31, 2016 Un-Audited Rupees	June 30, 2015 Audited Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital			
6,000,000 (2015: 6,000,000) ordinary shares of Rs.10 each		<u>60,000,000</u>	<u>60,000,000</u>
Issued, subscribed and paid up capital		<u>30,000,000</u>	30,000,000
Reserves		<u>3,300,000,000</u>	3,300,000,000
Unappropriated profit		<u>248,536,397</u>	97,026,374
		<u>3,578,536,397</u>	<u>3,427,026,374</u>
NON CURRENT LIABILITIES			
Long term financing - secured		<u>367,953,728</u>	583,099,224
Infrastructure fee payable		<u>47,361,703</u>	40,303,158
Deferred liabilities	4	<u>186,737,816</u>	173,124,575
		<u>602,053,247</u>	796,526,957
CURRENT LIABILITIES			
Trade and other payables		<u>462,831,753</u>	417,410,922
Mark-up accrued on loans and other payables		<u>8,526,761</u>	13,344,295
Short term borrowings - secured	5	<u>168,714,923</u>	-
Current portion of long term borrowings		<u>77,463,948</u>	67,141,478
		<u>717,537,385</u>	497,896,695
CONTINGENCIES AND COMMITMENTS	6	-	-
TOTAL EQUITY AND LIABILITIES		<u>4,898,127,029</u>	<u>4,721,450,026</u>

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

Khurram Salim
Chief Executive

Karachi: 25th April 2016



BHANERO TEXTILE MILLS LIMITED

**Condensed Interim Balance Sheet (Un-audited)
As At 31st March , 2016**

	Note	March 31, 2016 Un-Audited Rupees	June 30, 2015 Audited Rupees
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	7	1,947,566,083	2,080,121,779
Capital work in progress		32,744,432	17,324,922
Long term deposit		26,205,436	26,205,436
		2,006,515,951	2,123,652,137
 CURRENT ASSETS			
Stores, spares and loose tools		62,410,068	65,908,993
Stock in trade		1,891,954,790	1,511,681,396
Trade debts		506,156,489	472,306,913
Loans and advances		38,073,407	137,015,356
Trade deposits and short term prepayments		53,433,029	41,412,783
Other receivables		21,091,153	14,344,759
Income tax refundable		128,929,859	127,574,767
Sales tax refundable		124,901,560	50,481,895
Cash and bank balances		64,660,723	177,071,027
		2,891,611,078	2,597,797,889
 TOTAL ASSETS		<u>4,898,127,029</u>	<u>4,721,450,026</u>

Mohammad Shakeel
Director



BHANERO TEXTILE MILLS LIMITED

Condensed Interim Profit And Loss Account (Un-audited) For The Nine Months Ended 31st March , 2016

	NINE MONTHS ENDED		QUARTER ENDED	
	March 31, 2016 Rupees	March 31, 2015 Rupees	March 31, 2016 Rupees	March 31, 2015 Rupees
Sales	4,838,335,929	5,303,774,015	1,694,734,607	1,799,856,785
Cost of goods sold	4,336,698,070	4,810,532,328	1,504,614,979	1,613,951,866
Gross profit	501,637,859	493,241,687	190,119,628	185,904,919
Other income	3,681,727	8,732,176	724,670	495,614
	505,319,586	501,973,863	190,844,298	186,400,533
Distribution cost	101,772,428	124,761,685	35,606,322	40,975,945
Administrative expenses	96,362,184	89,573,827	30,540,224	32,744,821
Other operating expenses	19,155,626	13,365,336	7,399,681	5,884,666
Finance cost	58,196,746	99,236,125	21,125,228	30,080,377
	275,486,984	326,936,973	94,671,455	109,685,809
Profit before tax	229,832,602	175,036,890	96,172,843	76,714,724
Provision for taxation	8			
Current year	48,322,579	53,107,366	16,926,003	17,978,976
Profit after tax	181,510,023	121,929,524	79,246,840	58,735,748
Earnings per share - basic and diluted	60.50	40.64	26.42	19.58

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

Khurram Salim
Chief Executive

Mohammad Shakeel
Director

Karachi: 25th April 2016



BHANERO TEXTILE MILLS LIMITED

Condensed Interim Cash Flow Statement (Un-audited) For The Nine Months Ended March 31, 2016

	March 31, 2016 Rupees	March 31, 2015 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	229,832,602	175,036,890
Adjustments for:		
Depreciation on property, plant and equipment	151,793,374	149,900,252
Provision for employees' benefits	35,010,000	29,565,000
Provision for bad debts	2,106,356	232,000
Infrastructure fee	7,058,545	2,230,400
(Gain) on disposal of property, plant and equipment	(22,421)	(5,429,069)
Finance cost	58,196,746	99,236,125
Operating cash flows before changes in working capital	483,975,202	450,771,598
(Increase)/decrease in current assets		
Inventories	(376,774,469)	571,899,746
Trade debts	(35,955,932)	(57,934,121)
Loans and advances	98,941,949	(101,410,814)
Trade deposits	(12,020,246)	(8,656,457)
Other receivables	(6,746,394)	3,779,113
Sales tax refundable	(74,419,665)	54,161,879
	(406,974,757)	461,839,346
Increase in trade and other payables	45,372,321	79,907,943
Cash (used) / generated by operations	122,372,766	992,518,887
Finance cost paid	(63,014,280)	(91,804,087)
Employees' benefits paid	(21,396,759)	(16,102,853)
Income taxes paid	(49,677,671)	(52,251,772)
Long term deposits	-	(14,985,000)
	(134,088,710)	(175,143,712)
Net cash generated / (used) from operating activities	(11,715,944)	817,375,175



BHANERO TEXTILE MILLS LIMITED

Condensed Interim Cash Flow Statement (Un-audited) For The Nine Months Ended March 31, 2016

	March 31, 2016 Rupees	March 31, 2015 Rupees
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	307,487	43,573,504
Purchase of property, plant and equipment	(34,942,254)	(44,209,078)
Net cash generated / (used) in investing activities	(34,634,767)	(635,574)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of long term financing	(204,823,026)	-
Proceeds from long term loans	-	30,000,000
Short term bank borrowings	168,714,923	(443,412,479)
Dividend paid	(29,951,490)	(59,929,492)
Net cash generated / (used) from financing activities	(66,059,593)	(473,341,971)
Net increase / (decrease) in cash and cash equivalents	(112,410,304)	343,397,630
Cash and cash equivalents at the beginning of the period	177,071,027	30,434,591
Cash and cash equivalents at the end of the period	64,660,723	373,832,221

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

Khurrum Salim
Chief Executive

Mohammad Shakeel
Director

Karachi: 25th April 2016



BHANERO TEXTILE MILLS LIMITED

Condensed Interim Statement of Comprehensive Income (Un-audited) For The Nine Months Ended 31st March 2016

	Nine Month Ended		Quarter Ended	
	31 st March 2016 Rupees	31 st March 2015 Rupees	31 st March 2016 Rupees	31 st March 2015 Rupees
Profit for the period after taxation	181,510,023	121,929,524	79,246,840	58,735,748
Other comprehensive income	-	-	-	-
Total comprehensive Income for the period	181,510,023	121,929,524	79,246,840	58,735,748

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

Khurram Salim
Chief Executive

Mohammad Shakeel
Director

Karachi: 25th April 2016



BHANERO TEXTILE MILLS LIMITED

Condensed Interim Statement of Changes in Equity (Un-audited) For The Nine Months Ended March 31, 2016

	Share Capital	General Reserves	Unappropriated Profit	Total
	Rupees	Rupees	Rupees	Rupees
Balance as at June 30, 2014	30,000,000	3,150,000,000	108,487,652	3,288,487,652
Final dividend paid for the year ended June 30, 2014 at the rate of PKR 20.0 per share	-	-	(60,000,000)	(60,000,000)
Total comprehensive income for the nine months ended 31st March 2015	-	-	121,929,524	121,929,524
Balance as at March 31, 2015	30,000,000	3,150,000,000	170,417,176	3,350,417,176
Total comprehensive income for the remaining period	-	-	76,609,198	76,609,198
Transfer to general reserve	-	150,000,000	(150,000,000)	-
Balance as at June 30, 2015	30,000,000	3,300,000,000	97,026,374	3,427,026,374
Total comprehensive income for the nine months ended 31st March 2016	-	-	181,510,023	181,510,023
Final dividend paid for the year ended June 30, 2015 at the rate of PKR 10.0 per share	-	-	(30,000,000)	(30,000,000)
Balance as at March 31, 2016	30,000,000	3,300,000,000	248,536,397	3,578,536,397

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

Khurram Salim
Chief Executive

Mohammad Shakeel
Director

Karachi: 25th April 2016



BHANERO TEXTILE MILLS LIMITED

Condensed Interim Notes To Financial Statements (Un-audited) For The Nine Months Ended March 31, 2016

1 REPORTING ENTITY

Bhanero Textile Mills Limited ('the Company') is incorporated in Pakistan as a Public Limited Company under the Companies Ordinance, 1984 and is listed on Paksitan Stock Exchange Limited. The Company is primarily a spinning unit engaged in the manufacture and sale of yarn and woven fabric, however, it is also engaged in the generation of electricity for self consumption. The registered office of the Company is situated at Umer House, 23/1, Sector 23, S.M. Farooq Road, Korangi Industrial Area, Karachi. The manufacturing facility is located at Kotri District Jamshoro in the Province of Sindh and District Sheikhpura in the Province of Punjab.

2 BASIS OF PREPARATION

2.1 Statement of compliance

This condensed interim financial information is un-audited and has been prepared in accordance with the requirements of the IAS 34 Interim Financial Reporting as applicable in Pakistan. This condensed interim financial information does not include all of the information and disclosures required for annual financial statements, and should be read in conjunction with the financial statements of the Company as at and for the year ended 30th June, 2015.

This condensed interim financial information is being submitted to the shareholders as required by the regulations of Pakistan Stock Exchange and section 245 of the Companies Ordinance, 1984.

2.2 Basis of measurement

This condensed interim financial information has been prepared under the historical cost convention except for certain financial instruments at fair value, certain financial liabilities at amortized cost and employees retirement benefits at present value. In this financial information, except for the amounts reflected in the statement of cash flows, all transactions have been accounted for on accrual basis.

2.3 Judgments, estimates and assumptions

The preparation of financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions and judgments are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which forms the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

2.4 The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended 30 June 2015.

2.5 Functional currency

This financial information is prepared in Pak Rupees which is the Company's functional currency.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the financial statements of the Company for the year ended June 30, 2015.

BHANERO TEXTILE MILLS LIMITED

Condensed Interim Notes To Financial Statements (Un-audited) For The Nine Months Ended March 31, 2016

	March 31,2016 <i>Rupees</i> <i>(Un-Audited)</i>	June 30,2015 <i>Rupees</i> <i>(Audited)</i>
4 DEFERRED LIABILITIES		
These include the following:		
Employees retirement benefits	145,799,105	132,185,864
Deferred taxation	40,938,711	40,938,711
	186,737,816	173,124,575
5 SHORT TERM BORROWINGS		
The aggregate available short term funded facilities amounts to Rs. 5,540 million (June 30, 2015: Rs. 5,540 million) out of which Rs.5,371 million (June 30, 2015: Rs. 5,540 million) remained unavailed as at the reporting date.		
6 CONTINGENCIES AND COMMITMENTS		
There is no material change in contingencies and commitments as disclosed in annual financial statements for the year ended June 30, 2015.		
	March 31,2016 <i>Rupees</i> <i>(Un-Audited)</i>	June 30,2015 <i>Rupees</i> <i>(Audited)</i>
<i>Note</i>		
7 PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets		
- Assets owned by the Company	7.1 1,947,566,083	2,080,121,779
Capital work in progress	32,744,432	17,324,922
	1,980,310,515	2,097,446,701
7.1 Assets owned by the Company		
Net book value at the beginning of the period/year	2,080,121,779	1,540,975,267
Additions during the period/year		
Freehold land	17,919,264	10,194,825
Factory buildings	-	35,421,218
Plant and machinery	800,000	660,353,392
Equipment and other assets	803,480	9,035,874
Electric installation	-	51,596,203
Factory equipment	-	150,000
Vehicles	-	8,956,487
	19,522,744	775,707,999
Net book value of assets disposed during the period/year	(285,066)	(38,976,054)
Depreciation for the period/year	(151,793,374)	(197,585,433)
Net book value at the end of the period/year	1,947,566,083	2,080,121,779



BHANERO TEXTILE MILLS LIMITED

Condensed Interim Notes To Financial Statements (Un-audited) For The Nine Months Ended March 31, 2016

8 PROVISION FOR TAXATION

- 8.1 No provision for deferred tax has been made as the impact of the same is considered immaterial.

9 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties from the Company's perspective comprise associated companies and key management personnel. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, and includes the Chief Executive and Directors of the Company.

Transactions with key management personnel are limited to payment of short term employee benefits only. The Company in the normal course of business carries out various transactions with associated companies and continues to have a policy whereby all such transactions are carried out on commercial terms and conditions which are equivalent to those prevailing in an arm's length transaction.

Details of transactions and balances with related parties is as follows:

9.1 Transactions with related parties

Nature of relationship

Associated companies

Nature of transaction	Nine Months Ended		Quarter Ended	
	March 31, 2016 Rupees	March 31, 2015 Rupees	March 31, 2016 Rupees	March 31, 2015 Rupees
Services received	238,500	225,000	88,500	75,000
Services rendered	700,304	687,455	15,000	15,000
Electricity purchased	636,239,774	420,733,622	231,744,623	144,171,607
Purchase of yarn, fabric and machinery	163,343,821	172,051,449	26,241,498	50,881,981
Sales of cotton, yarn, fabric and machinery	454,648,512	445,556,129	127,916,274	180,082,072

10 SEGMENT REPORTING

The Company has three reportable segments, which offer different products and are managed separately. The following summary describes the operations in each of the company's reportable segments.

Reportable segment	Principal activity
Spinning	Manufactures and sale of yarn
Weaving	Manufactures and sale of woven fabric
Power	Generation and sale of electricity to Inter-segment

Information about operating segments as at March 31, 2016 is as follows:

	Nine Months ended March 31, 2016			
	Spinning Rupees	Weaving Rupees	Power Rupees	Total Rupees
Revenue from external customers	2,909,584,632	1,928,751,297	-	4,838,335,929
Inter-segment revenues	202,497,800	-	34,586,820	237,084,620



BHANERO TEXTILE MILLS LIMITED

Condensed Interim Notes To Financial Statements (Un-audited) For The Nine Months Ended March 31, 2016

	Nine Months ended March 31, 2015			
	Spinning <i>Rupees</i>	Weaving <i>Rupees</i>	Power <i>Rupees</i>	Total <i>Rupees</i>
Revenue from external customers	3,353,947,969	1,949,826,046	-	5,303,774,015
Inter-segment revenues	63,014,286	-	49,471,530	112,485,816

As at March 31, 2016

	Spinning <i>Rupees</i>	Weaving <i>Rupees</i>	Power <i>Rupees</i>	Un-allocated <i>Rupees</i>	Total <i>Rupees</i>
Segment assets	3,505,381,552	1,033,873,109	78,835,513	280,036,855	4,898,127,029

As at June 30, 2015

	Spinning <i>Rupees</i>	Weaving <i>Rupees</i>	Power <i>Rupees</i>	Un-allocated <i>Rupees</i>	Total <i>Rupees</i>
Segment assets	3,332,656,623	1,058,929,412	84,189,110	245,674,881	4,721,450,026

As at March 31, 2016

	Spinning <i>Rupees</i>	Weaving <i>Rupees</i>	Power <i>Rupees</i>	Un-allocated <i>Rupees</i>	Total <i>Rupees</i>
Segment liabilities	282,038,715	135,917,511	32,607,027	870,187,035	1,320,750,288

As at June 30, 2015

	Spinning <i>Rupees</i>	Weaving <i>Rupees</i>	Power <i>Rupees</i>	Un-allocated <i>Rupees</i>	Total <i>Rupees</i>
Segment liabilities	833,415,617	351,939,373	27,295,475	81,773,187	1,294,423,652

11 EVENTS AFTER THE REPORTING PERIOD

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

12 RECOVERABLE AMOUNTS AND IMPAIRMENT

As at the reporting date, recoverable amounts of all assets/cash generating units are equal to or exceed their carrying amounts, unless stated otherwise in these financial statements.

13 GENERAL

13.1 There are no other significant activities since June 30, 2015 affecting the interim financial information.

13.2 Corresponding figures have been re-arranged where necessary to facilitate comparison. However, there are no significant reclassifications during the period.

13.3 Figures have been rounded off to the nearest Rupee.

14 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information have been approved by the Board of Directors of the Company and authorized for issue on 25th April, 2016.


Khurrum Salim
Chief Executive


Mohammad Shakeel
Director

Karachi: 25th April 2016

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