



of Companies

HALF YEARLY ACCOUNTS
2020-2021
(UN - AUDITED)

UMER GROUP OF COMPANIES

BHANERO TEXTILE MILLS LIMITED

VISION

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



MISION STATEMENT

To become a leading manufacturer of textile products in the international and local market & to explore new era to achieve the highest level of success.

Directors' Review

On behalf of the board of directors of Bhanero Textile Mills Limited, I am pleased to present the unaudited condensed interim financial statements for the half year ended December 31, 2020.

Significant Financial Performance of the Half Year Ended December 31, 2020;

Profit after tax for the half year ended December 31, 2020 is PKR 477.438 million as compared to PKR 255.129 million in the corresponding period ended December 31, 2019.

Earnings per share for the half year ended December 31, 2020 is PKR 159.15(December 31 2019: PKR 85.04).

Break-up value of the share as on December 31, 2020 is PKR 1,798.85 (June 2020: PKR 1,639.71).

The current ratio for half year ended December 31, 2020 is 5.43 (June 30, 2020: 2.54).

Outlook on Textiles

The agriculture sector plays an important role in the development process of an economy and in order to expand the manufacturing sector in a sustainable manner, the growth in agriculture sector is indispensable. Both the agriculture and manufacturing sectors interact thus a balanced growth is required for sustainable growth of the economy and under the emerging situation, policy intervention will be required to grow the agriculture sector close to its potential.

The cotton production witnessed an alarming decline of 2.9 million bales in the same corresponding period and as per PCGA report 5.6 million bales are produced in the country upto February 15, 2021.

By the grace of Almighty Allah the textile sector is operating on full capacity and it is expected that demand may reach to more than 14 million bales to feed the local industry whereas current production is estimated to be around 6 million bales. In absence of both quantity and quality mills have to recourse towards cotton import that will cost around 6 billion dollars to national exchequer.

Indeed, the incumbent government has taken some measure to support sustainable economic growth especially in the backdrop of challenges being faced by the industry in post-pandemic scenario by introducing Temporary Economic Refinance Facility (TERF) to provide concessionary refinance for setting up of new industrial units but on the other hand structural reforms for the agriculture sector is the need of the time which has been in disarray since decades and by just conferring blame on nature suits policymakers absolves them from their political culpability and negligence.

Balancing, Modernization and Replacement (BMR)

The board of directors have approved the BMR of 140 Picanol Air-Jet Looms for its weaving unit amounting to PKR 1,400.00 million to enhance the its operating efficacy.

Establishment of a New Spinning Unit

The board of directors have unanimously 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.

Acknowledgement

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



Khurrum Salim
(Chief Executive Officer)

Karachi: February 25, 2021

Independent auditor's review report to the members of Bhanero Textile Mills Limited

Report on the Review of the Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Bhanero Textile Mills Limited as at December 31, 2020 and the related condensed interim statement of profit or loss and condensed interim statement of comprehensive income, condensed interim statement of changes in equity, condensed interim statement of cash flows and notes to the financial statements for the six-months period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of this interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review.

The figures of the condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the quarter ended December 31, 2020 and December 31, 2019 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2020.


Scope of Review


We conducted our review in accordance with International Standards on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedure. A review is substantially less in scope than audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on review resulting in this independent auditor's review report is Zahid Hussain Zahid.


MUSHTAQ & CO.
Chartered Accountants



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Karachi.

Dated: 25 FEB 2021

Bhanero Textile Mills Limited

Condensed Interim Statement of Financial Position As at December 31, 2020

		Dec 31, 2020	June 30, 2020			Dec 31, 2020	June 30, 2020
	Note	Un-Audited Rupees	Audited Rupees		Note	Un-Audited Rupees	Audited Rupees
EQUITY AND LIABILITIES				ASSETS			
SHARE CAPITAL AND RESERVES				NON CURRENT ASSETS			
Authorized capital 6,000,000 (June 30, 2020: 6,000,000) ordinary shares of Rs.10 each		60,000,000	60,000,000	Property, plant and equipment	6	2,907,188,400	3,026,555,898
Issued, subscribed and paid up capital		30,000,000	30,000,000	Long term deposits		28,553,816	28,553,816
Reserves		4,800,000,000	4,800,000,000			2,935,742,216	3,055,109,714
Unappropriated profit		566,558,354	89,120,050				
		5,396,558,354	4,919,120,050				
NON CURRENT LIABILITIES				CURRENT ASSETS			
Long term financing - secured		1,100,638,365	1,090,593,256	Stores, spares and loose tools		114,450,419	121,739,357
Deferred liabilities	4	509,868,414	522,252,463	Stock in trade		2,871,444,008	3,956,409,702
		1,610,506,779	1,612,845,719	Trade debts		1,120,217,214	957,494,189
				Loans and advances		19,533,125	16,293,610
CURRENT LIABILITIES				Trade deposits and short term prepayments		139,752,706	128,562,912
Trade and other payables		722,019,160	631,608,287	Other receivables		7,573,451	20,297,574
Unclaimed dividend		1,350,842	1,396,762	Advance income tax		165,708,796	222,869,340
Accrued interest/markup		8,824,711	31,770,640	Sales tax refundable		39,582,552	195,699,479
Short term borrowings - secured		28,612	1,570,614,112	Cash and bank balances		511,160,631	114,394,432
Current portion of non current liabilities		185,876,660	21,514,739			4,989,422,902	5,733,760,595
		918,099,985	2,256,904,540				
CONTINGENCIES AND COMMITMENTS							
	5	-	-				
TOTAL EQUITY AND LIABILITIES		7,925,165,118	8,788,870,309	TOTAL ASSETS		7,925,165,118	8,788,870,309

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


CHIEF EXECUTIVE
Karachi: February 25, 2021


DIRECTOR


CHIEF FINANCIAL OFFICER

Bhanero Textile Mills Limited

Condensed Interim Statement of Profit or Loss (Un-Audited) For The Half Year Ended December 31, 2020

	Half Year Ended		Quarter Ended		
	Dec 31, 2020	Dec 31, 2019	Dec 31, 2020	Dec 31, 2019	
	Rupees	Rupees	Rupees	Rupees	
Sales	5,898,901,370	4,746,676,009	2,811,188,547	2,528,383,464	
Cost of sales	5,056,975,154	4,166,652,860	2,253,630,627	2,184,112,974	
Gross profit	841,926,216	580,023,149	557,557,920	344,270,490	
Other income	7,527,826	3,575,846	4,382,263	968,370	
	849,454,042	583,598,995	561,940,183	345,238,860	
Distribution cost	112,972,423	78,096,357	53,340,711	41,765,093	
Administrative expenses	79,589,035	78,504,008	40,634,841	35,984,433	
Other operating expenses	41,603,914	23,826,040	30,795,746	15,754,304	
Finance cost	52,218,280	83,828,537	19,226,612	40,381,785	
	286,383,652	264,254,942	143,997,910	133,885,615	
Profit before tax	563,070,390	319,344,053	417,942,273	211,353,245	
Provision for taxation - current year	7	85,632,086	64,215,051	43,395,651	33,206,031
Profit after tax	477,438,304	255,129,002	374,546,622	178,147,214	
Earnings per share - basic and diluted	159.15	85.04	124.85	59.38	

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


CHIEF EXECUTIVE
Karachi: February 25, 2021


DIRECTOR


CHIEF FINANCIAL OFFICER

Bhanero Textile Mills Limited

Condensed Interim Statement of Comprehensive Income (Un-Audited) For The Half Year Ended December 31, 2020

	Half Year Ended		Quarter Ended	
	Dec 31, 2020	Dec 31, 2019	Dec 31, 2020	Dec 31, 2019
	Rupees	Rupees	Rupees	Rupees
Profit for the period after taxation	477,438,304	255,129,002	374,546,622	178,147,214
Other comprehensive income	-	-	-	-
Total comprehensive Income for the period	477,438,304	255,129,002	374,546,622	178,147,214

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



CHIEF EXECUTIVE
Karachi: February 25, 2021



DIRECTOR




CHIEF FINANCIAL OFFICER

Bhanero Textile Mills Limited

Condensed Interim Statement of Changes in Equity (Un-Audited) For The Half Year Ended December 31, 2020

	Revenue Reserves		Total	
	Share capital	General reserve		Unappropriated profits
Rupees				
Balance as at 1st July, 2019	30,000,000	4,700,000,000	183,117,492	4,913,117,492
Final dividend paid for the year ended June 30, 2019 at the rate of PKR 55.80 per share	-	-	(167,400,038)	(167,400,038)
Profit for the period			255,129,002	255,129,002
Other comprehensive income for the period	-	-	-	-
Balance as at Dec 31, 2019	<u>30,000,000</u>	<u>4,700,000,000</u>	<u>270,846,456</u>	<u>5,000,846,456</u>
Balance as at 1st July, 2020	30,000,000	4,800,000,000	89,120,050	4,919,120,050
Profit for the period			477,438,304	477,438,304
Other comprehensive income for the period	-	-	-	-
Balance as at Dec 31, 2020	<u>30,000,000</u>	<u>4,800,000,000</u>	<u>566,558,354</u>	<u>5,396,558,354</u>

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


CHIEF EXECUTIVE
Karachi: February 25, 2021


DIRECTOR


CHIEF FINANCIAL OFFICER

Bhanero Textile Mills Limited

Condensed Interim Statement of Cash Flows (Un-Audited) For The Half Year Ended December 31, 2020

	Dec 31, 2020	Dec 31, 2019
	Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	563,070,390	319,344,053
Adjustments for:		
Depreciation on property, plant and equipment	135,300,000	143,450,000
Provision for employees' benefits	30,450,000	26,400,000
Infrastructure fee - ETO	1,980,988	3,151,355
Infrastructure fee - GIDC	(6,871,604)	-
Gain on disposal of property, plant and equipment	(162,817)	-
Finance cost	52,218,280	83,828,537
Operating cash flows before changes in working capital	775,985,237	576,173,945
(Increase) / decrease in current assets		
Inventories	1,092,254,632	166,312,226
Trade debts	(162,723,025)	(112,817,270)
Loans and advances	(3,239,515)	27,108,907
Trade deposits & prepayments	(11,189,794)	(28,214,732)
Other receivables	12,724,123	13,724,478
Sales tax refundable	156,116,927	63,683,394
	1,083,943,348	129,797,003
Increase in trade and other payables	90,410,873	89,889,235
Cash generated from operations	1,950,339,458	795,860,183
Finance cost paid	(75,164,209)	(96,129,750)
Employees' benefits paid	(18,690,525)	(15,872,305)
Income taxes paid	(28,471,542)	(52,571,799)
Long term deposits	-	(21,000)
	(122,326,276)	(164,594,854)
Net cash generated from operating activities	1,828,013,182	631,265,329
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	300,000	-
Additions in property, plant and equipment	(16,069,685)	(137,200,356)
Net cash used investing activities	(15,769,685)	(137,200,356)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long term financing	-	(58,038,482)
Proceeds from long term loans	155,154,122	47,467,526
Decrease in short term borrowings	(1,570,585,500)	(388,224,435)
Dividend paid	(45,920)	(167,322,664)
Net cash used in financing activities	(1,415,477,298)	(566,118,055)
Net increase / (decrease) in cash and cash equivalents	396,766,199	(72,053,082)
Cash and cash equivalents at the beginning of the period	114,394,432	143,722,461
Cash and cash equivalents at the end of the period	511,160,631	71,669,379

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


CHIEF EXECUTIVE
Karachi: February 25, 2021


DIRECTOR


CHIEF FINANCIAL OFFICER

Bhanero Textile Mills Limited

Notes to the Condensed Interim Financial Statement (Un-audited)

For The Half Year Ended December 31, 2020

1 REPORTING ENTITY

Bhanero Textile Mills Limited ('the Company') is incorporated in Pakistan as a Public Limited Company under the Repealed Companies Ordinance, 1984, now Companies Act, 2017 and is listed on Pakistan Stock Exchange Limited. The Company is primarily spinning and weaving units engaged in the manufacture and sale of yarn and woven fabric, however, it is also engaged in the generation of electricity for self consumption. The registered office of the Company is situated at Umer House, 23/1, Sector 23, S.M. Farooq Road, Korangi Industrial Area, Karachi. The manufacturing facility is located at Kotri District Jamshoro in the Province of Sindh and District Sheikhpura in the Province of Punjab.

2 BASIS OF PREPARATION

2.1 Statement of compliance

This condensed interim financial information is un-audited and has been prepared in accordance with the requirements of the IAS 34 Interim Financial Reporting and provisions of and directives issued under the Companies Act, 2017 as applicable in Pakistan. This condensed interim financial information does not include all of the information and disclosures required for annual financial statements and should be read in conjunction with the financial statements of the Company as at and for the year ended 30th June, 2020.

Where the provision of and directives issued under the Companies Act, 2017 differ with the requirement of IAS 34, the provision of and directives issued under the Companies Act, 2017 have been followed.

2.2 Basis of measurement

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

2.3 Judgments, estimates and assumptions

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

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

2.4 The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended 30 June 2020.

2.5 Functional currency

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

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of these interim financial statements are the same as those applied in the preparation of preceding annual financial statements of the Company for the year ended June 30, 2020.

	<i>Note</i>	<u>Dec 31, 2020</u>	<u>June 30, 2020</u>
		<i>Rupees</i>	<i>Rupees</i>
		<i>(Un-Audited)</i>	<i>(Audited)</i>
4 DEFERRED LIABILITIES			
These include the following:			
Staff retirement benefits - gratuity		179,003,502	167,244,027
Deferred taxation		152,144,713	152,144,713
Infrastructure fee payable - ETO		122,315,863	120,334,875
Infrastructure fee payable - Gas	4.1	53,510,091	80,721,775
Deferred grant		2,894,245	1,807,073
		<u>509,868,414</u>	<u>522,252,463</u>

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

5 CONTINGENCIES AND COMMITMENTS

There is no material change in contingencies and commitments as disclosed in annual financial statements for the year ended June 30, 2020 except following:

5.1 Contingencies

Bills Discounted		<u>145,424,242</u>	<u>441,965,186</u>
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5.2 Commitments

Letter of credit (for store, raw material and machinery)		<u>2,787,397,257</u>	<u>-</u>
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Bhanero Textile Mills Limited
Notes to the Condensed Interim Financial Statement (Un-audited)
For The Half Year Ended December 31, 2020

	<i>Note</i>	Dec 31, 2020	June 30, 2020
		<i>Rupees</i>	<i>Rupees</i>
		<i>(Un-Audited)</i>	<i>(Audited)</i>
6 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets			
Assets owned by the Company	6.1	2,891,901,374	3,004,662,572
Capital Work in Process		15,287,026	21,893,326
		2,907,188,400	3,026,555,898
6.1 Assets owned by the Company			
Net book value at the beginning of the period/year		3,004,662,572	3,168,486,197
Additions during the period/year			
Freehold land		3,367,100	61,032,589
Factory buildings		-	15,210,474
Non factory buildings		-	28,057,817
Plant and machinery		16,603,555	53,770,170
Equipment and other assets		-	15,357,146
Vehicles		2,705,330	5,154,330
		22,675,985	178,582,526
Net book value of assets disposed during the period/year		(137,183)	(57,750,564)
Depreciation for the period / year		(135,300,000)	(284,655,587)
Net book value at the end of the period / year		2,891,901,374	3,004,662,572

7 PROVISION FOR TAXATION

7.1 No provision for deferred tax has been made as the impact of the same is considered immaterial and provision for current tax has been made in accordance with the requirements of Income Tax Ordinance, 2001.

8 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

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

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

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

Name	Nature of relationship	Shareholding percentage	
		Half Year Ended	Quarter Ended
		Dec 31, 2020	Dec 31, 2019
Faisal Spinning Mills Limited	Associated companies	N/A	N/A
Blessed Textiles Limited	Associated companies	N/A	N/A
Bhanero Energy Limited	Associated companies	N/A	N/A
Admiral (Private) Limited	Associated companies	N/A	N/A
Umer Farms (Private) Limited	Associated companies	N/A	N/A

Nature of transactions	Half Year Ended		Quarter Ended	
	Dec 31, 2020	Dec 31, 2019	Dec 31, 2020	Dec 31, 2019
	Rupees	Rupees	Rupees	Rupees
Services received	154,500	154,500	77,250	77,250
Services rendered	723,509	354,662	542,632	177,331
Electricity purchased	203,965,189	191,562,814	105,574,535	99,737,465
Purchase of yarn, fabric	317,948,073	142,362,123	78,721,261	71,043,206
Sales of cotton, yarn, fabric	635,836,020	285,484,731	266,569,484	122,849,645
Balance with related party	20,000	20,000	20,000	20,000

Bhanero Textile Mills Limited

Notes to the Condensed Interim Financial Statement (Un-audited)

For The Half Year Ended December 31, 2020

9 SEGMENT REPORTING

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

Reportable segment	Principal activity
Spinning	Manufacture and sale of yarn
Weaving	Manufacture and sale of woven fabric

Information about operating segments as at December 31, 2020 is as follows:

	Half Year Ended Dec 31, 2020			
	Spinning Rupees	Weaving Rupees	Total Rupees	
Revenue from external customers	3,949,358,718	1,949,542,652	5,898,901,370	
Inter-segment transfers	286,963,700	-	286,963,700	
Segment results	496,195,326	160,697,258	656,892,584	
	Half Year Ended Dec 31, 2019			
	Spinning Rupees	Weaving Rupees	Total Rupees	
Revenue from external customers	2,853,599,967	1,893,076,042	4,746,676,009	
Inter-segment transfers	231,872,400	-	231,872,400	
Segment results	305,784,240	121,214,390	426,998,630	
	As at Dec 31, 2020			
	Spinning Rupees	Weaving Rupees	Un-allocated Rupees	Total Rupees
Segment assets	6,052,742,338	1,498,824,910	373,597,870	7,925,165,118
	As at Jun 30, 2020			
	Spinning Rupees	Weaving Rupees	Un-allocated Rupees	Total Rupees
Segment assets	6,772,248,376	1,440,936,386	575,685,547	8,788,870,309
	As at Dec 31, 2020			
	Spinning Rupees	Weaving Rupees	Un-allocated Rupees	Total Rupees
Segment liabilities	1,665,010,809	587,784,537	275,811,418	2,528,606,764
	As at Jun 30, 2020			
	Spinning Rupees	Weaving Rupees	Un-allocated Rupees	Total Rupees
Segment liabilities	2,938,837,756	657,036,153	273,876,350	3,869,750,259

10 EVENTS AFTER THE REPORTING PERIOD

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

11 RECOVERABLE AMOUNTS AND IMPAIRMENT

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

12 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information have been approved by the Board of Directors of the Company and authorized for issue on February 25, 2021.

13 GENERAL

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

13.2 Figures have been rounded off to the nearest Rupee.



CHIEF EXECUTIVE
Karachi: February 25, 2021



DIRECTOR
Bhanero Textile Mills Ltd



CHIEF FINANCIAL OFFICER