



of Companies

THIRD QUARTERLY ACCOUNTS
2019-2020
(UN - AUDITED)

UMER GROUP OF COMPANIES

BHANERO TEXTILE MILLS LIMITED

VISION

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



MISION STATEMENT

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

Directors' Review

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

Significant Financial Performance for the Nine Months Ended March 31, 2020;

Profit after tax for the nine months ended March 31, 2020 is PKR 283.788 million as compared to PKR 612.017 million in the corresponding period ended March 31, 2019.

Earnings per share for the nine months ended March 31, 2020 is PKR 94.60 (March 31, 2019: PKR 204.01).

Break-up value of the share as on March 31, 2020 is PKR 1,626.50 (June 2019: PKR 1,637.71).

The current ratio for first nine months ended March 31, 2020 is 2.51 (June 30, 2019: 2.73).

Economic Scenario

Likewise, other sectors of the economy the textile sector too has been severely affected by the prevailing pandemic situation around the globe. Several textile mills are in distressful situation as they have temporarily shut down their operations due to building up of inventory as a result of deferment of export orders by international importers.

On the positive side we must appreciate the measure taken by the State Bank of Pakistan as a result the outbreak of pandemic in the country. The gravity of prevailing economic situation requires immediate measures to provide some sort of relief to the industries which were duly taken by the SBP like introducing a temporary refinance scheme for businesses to support the employment of workers in the face of economic challenges posed by the novel coronavirus, the deferment in repayment of principal amount for one year for corporate, consumer, agriculture, SMEs and microfinance sectors, the reduction in margin call requirements against bank financing to 10 percent from 30 percent and most significantly further cut in key policy rate by 200 basis points by taking it down to 9 percent.

Further, the fiscal space through the debt relief measures by G-20 countries, International Monetary Fund and World Bank for developing countries including Pakistan would be utilize for the welfare of people, especially the most vulnerable segments of society.

Silver Lining

Sooner or later this pandemic is going to be over and the world is not going to be same once this recovery from coronavirus will be made around the globe. It is much expected that the world is likely to reconsider the alternative global supply chains to avoid concentration of industries in one country, China, which will create opportunities of repositioning of some industries to Pakistan.

Acknowledgement

The board highly appreciates the contribution of employees, bankers and all the stakeholders who working remotely along with immense support of our corporate regulators for creation of digital transformation environment for the regulatees during this pandemic situation.

Kindly maintain social distancing and stay safe.



Khurrum Salim
(Chief Executive)
Karachi: April 28, 2020

Bhanero Textile Mills Limited

Condensed Interim Statement of Financial Position (Un-Audited) As at March 31, 2020

	Mar 31, 2020		June 30, 2019	
	Un-Audited Rupees	Audited Rupees	Un-Audited Rupees	Audited Rupees
EQUITY AND LIABILITIES				
SHARE CAPITAL AND RESERVES				
Authorized capital				
6,000,000 (June 30, 2019: 6,000,000) ordinary shares of Rs.10 each	60,000,000	60,000,000		
Issued, subscribed and paid up capital	30,000,000	30,000,000		
Reserves	4,700,000,000	4,700,000,000		
Unappropriated profit	149,505,820	183,117,492		
	4,879,505,820	4,913,117,492		
NON CURRENT LIABILITIES				
Long term financing - secured	987,731,263	1,121,716,016		
Deferred liabilities	496,595,168	473,570,951		
	1,484,326,431	1,595,286,967		
CURRENT LIABILITIES				
Trade and other payables	772,509,318	725,976,725		
Dividend payable	150,000,000	-		
Unclaimed dividend	1,182,551	1,105,177		
Accrued interest/markup	22,548,358	37,601,814		
Short term borrowings - secured	1,100,496,207	992,656,991		
Current portion of long term borrowings	86,934,904	140,182,704		
	2,133,671,338	1,897,523,411		
CONTINGENCIES AND COMMITMENTS				
	-	-		
TOTAL EQUITY AND LIABILITIES	8,497,503,589	8,405,927,870	TOTAL ASSETS	8,497,503,589
ASSETS				
NON CURRENT ASSETS				
Property, plant and equipment	3,115,662,843	3,193,408,904		
Long term deposits	28,553,816	28,532,816		
	3,144,216,659	3,221,941,720		
CURRENT ASSETS				
Stores, spares and loose tools	117,196,480	111,668,839		
Stock in trade	3,542,181,405	3,569,018,484		
Trade debts	1,041,349,592	758,161,471		
Loans and advances	59,055,174	68,358,803		
Trade deposits and short term prepayments	116,780,375	109,173,307		
Other receivables	423,927	14,106,501		
Advance income tax	217,874,234	238,907,724		
Sales tax refundable	108,842,557	170,868,560		
Cash and bank balances	149,583,186	143,722,461		
	5,353,286,930	5,183,986,150		

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


CHIEF EXECUTIVE
Karachi: April 28, 2020


DIRECTOR


CHIEF FINANCIAL OFFICER

Bhanero Textile Mills Limited

Condensed Interim Statement of Profit or Loss (Un-Audited) For The Nine Months Period Ended Mar 31, 2020

	Nine Months Ended		Quarter Ended	
	Mar 31, 2020	Mar 31, 2019	Mar 31, 2020	Mar 31, 2019
	Rupees	Rupees	Rupees	Rupees
Sales	7,264,001,389	6,817,146,629	2,517,325,380	2,442,217,427
Cost of sales	6,477,290,807	5,958,461,817	2,310,637,947	2,106,016,628
Gross profit	786,710,582	858,684,812	206,687,433	336,200,799
Other income	7,814,883	220,322,649	4,239,037	1,978,661
	794,525,465	1,079,007,461	210,926,470	338,179,460
Distribution cost	133,830,926	135,187,974	55,734,569	47,489,444
Administrative expenses	120,752,001	102,431,822	42,247,993	36,174,811
Other operating expenses	28,390,208	51,137,674	4,564,168	14,398,268
Finance cost	130,266,010	99,962,188	46,437,473	44,711,890
	413,239,145	388,719,658	148,984,203	142,774,413
Profit before tax	381,286,320	690,287,803	61,942,267	195,405,047
Provision for taxation - current year	7	97,497,954	78,271,229	33,282,903
Profit after tax	283,788,366	612,016,574	28,659,364	167,312,857
Earnings per share - basic and diluted	94.60	204.01	9.55	55.77

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



CHIEF EXECUTIVE
Karachi: April 28, 2020



DIRECTOR



CHIEF FINANCIAL OFFICER

Bhanero Textile Mills Limited

Condensed Interim Statement of Comprehensive Income (Un-Audited) For The Nine Months Period Ended Mar 31, 2020

	Nine Month Ended		Quarter Ended	
	Mar 31, 2020	Mar 31, 2019	Mar 31, 2020	Mar 31, 2019
	Rupees	Rupees	Rupees	Rupees
Profit for the period after taxation	283,788,366	612,016,574	28,659,364	167,312,857
Other comprehensive income	-	-	-	-
Total comprehensive Income for the period	283,788,366	612,016,574	28,659,364	167,312,857

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



CHIEF EXECUTIVE
Karachi: April 28, 2020



DIRECTOR



CHIEF FINANCIAL OFFICER

Bhanero Textile Mills Limited

Condensed Interim Statement of Changes in Equity (Un-Audited) For The Nine Months Period Ended Mar 31, 2020

	Revenue Reserves		Total	
	Share capital	General reserve		Unappropriated profits
Rupees				
Balance as at 1st July, 2018	30,000,000	4,000,000,000	232,737,034	4,262,737,034
Final dividend paid for the year ended June 30, 2018 at the rate of PKR 64.30 per share	-	-	(192,900,000)	(192,900,000)
Total comprehensive income for the nine months period ended March 31, 2019	-	-	612,016,574	612,016,574
Balance as at Mar 31, 2019	<u>30,000,000</u>	<u>4,000,000,000</u>	<u>651,853,608</u>	<u>4,681,853,608</u>
Balance as at 1st July, 2019	<u>30,000,000</u>	<u>4,700,000,000</u>	<u>183,117,492</u>	<u>4,913,117,492</u>
Final dividend paid for the year ended June 30, 2019 at the rate of PKR 55.80 per share	-	-	(167,400,038)	(167,400,038)
Interim dividend for the six months period ended December 31, 2019 at the rate of PKR 50.00 per share	-	-	(150,000,000)	(150,000,000)
Total comprehensive income for the nine months period ended March 31, 2020	-	-	283,788,366	283,788,366
Balance as at Mar 31, 2020	<u>30,000,000</u>	<u>4,700,000,000</u>	<u>149,505,820</u>	<u>4,879,505,820</u>

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


CHIEF EXECUTIVE
Karachi: April 28, 2020


DIRECTOR


CHIEF FINANCIAL OFFICER

Bhanero Textile Mills Limited

Condensed Interim Statement of Cash Flows (Un-Audited) For The Nine Months Period Ended Mar 31, 2020

	Mar 31, 2020	Mar 31, 2019
	Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	381,286,320	690,287,803
Adjustments for:		
Depreciation on property, plant and equipment	216,725,000	186,075,499
Provision for employees' benefits	39,600,000	37,395,000
Infrastructure fee - ETO	8,095,270	13,676,759
Infrastructure fee - GIDC	-	12,895,098
Gain on disposal of property, plant and equipment	(830,902)	(215,082,989)
Finance cost	130,266,010	99,962,188
Operating cash flows before changes in working capital (Increase) / decrease in current assets	775,141,698	825,209,358
Inventories	21,309,438	(1,702,164,390)
Trade debts	(283,188,121)	43,416,279
Loans and advances	9,303,629	(8,865,516)
Trade deposits & prepayments	(7,607,068)	(16,079,862)
Other receivables	13,682,574	7,655,176
Sales tax refundable	62,026,003	(25,067,920)
	(184,473,545)	(1,701,106,233)
Increase / (decrease) in trade and other payables	46,532,593	(64,577,709)
Cash generated from / (used in) operations	637,200,746	(940,474,584)
Finance cost paid	(145,319,466)	(85,862,516)
Employees' benefits paid	(24,671,053)	(20,859,006)
Income taxes paid	(76,464,464)	(88,136,511)
Long term deposits	(21,000)	-
	(246,475,983)	(194,858,033)
Net cash generated from / (used in) operating activities	390,724,763	(1,135,332,617)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	16,725,000	290,255,625
Additions in property, plant and equipment	(154,873,037)	(537,017,996)
Net cash used in investing activities	(138,148,037)	(246,762,371)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long term financing	(234,700,079)	(58,601,086)
Proceeds from long term loans	47,467,526	359,161,000
Increase in short term borrowings	107,839,216	1,426,045,887
Dividend paid	(167,322,664)	(192,553,392)
Net cash (used in) / generated from financing activities	(246,716,001)	1,534,052,409
Net increase in cash and cash equivalents	5,860,725	151,957,421
Cash and cash equivalents at the beginning of the period	143,722,461	68,266,023
Cash and cash equivalents at the end of the period	149,583,186	220,223,444

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


CHIEF EXECUTIVE
Karachi: April 28, 2020


DIRECTOR


CHIEF FINANCIAL OFFICER

Bhanero Textile Mills Limited

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

For The Nine Months Period Ended Mar 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, 2019.

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 2019.

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, 2019.

4 DEFERRED LIABILITIES

These include the following:

	<u>March 31, 2020</u>	<u>June 30, 2019</u>
	<i>Rupees</i>	<i>Rupees</i>
	<i>(Un-Audited)</i>	<i>(Audited)</i>
Staff retirement benefits - gratuity	163,773,851	148,844,904
Deferred taxation	146,588,213	146,588,213
Infrastructure fee payable - ETO	109,532,170	101,436,900
Infrastructure fee payable - Gas	<u>76,700,934</u>	<u>76,700,934</u>
	<u>496,595,168</u>	<u>473,570,951</u>

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, 2019 except following:

5.1 Contingencies

Bills Discounted	<u>531,780,204</u>	<u>542,488,682</u>
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5.2 Commitments

Letter of credit (for store, raw material and machinery)	<u>1,509,463,938</u>	<u>74,255,406</u>
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	Note	March 31, 2020	June 30, 2019
		Rupees	Rupees
		(Un-Audited)	(Audited)
6 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets			
Assets owned by the Company	6.1	2,988,817,718	3,168,486,197
Capital Work in Process		126,845,125	24,922,707
		3,115,662,843	3,193,408,904
6.1 Assets owned by the Company			
Net book value at the beginning of the period/year		3,168,486,197	2,794,870,715
Additions during the period/year			
Freehold land		47,796,289	74,898,316
Factory buildings		-	107,272,232
Non factory buildings		-	-
Plant and machinery		-	495,408,278
Equipment and other assets		-	7,811,602
Electric installation		-	4,002,700
Ventilation System		-	633,015
Boiler		-	5,788,000
Furniture & Fixtures - Factory		-	731,658
Furniture & Fixtures - Office		-	-
Office Equipment		-	5,217,730
Vehicles		5,154,330	22,237,385
		52,950,619	724,000,916
Net book value of assets disposed during the period/year		(15,894,098)	(100,214,435)
Depreciation for the period/year		(216,725,000)	(250,170,999)
Net book value at the end of the period / year		2,988,817,718	3,168,486,197

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	Nine months ended		Quarter ended	
			March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
			Rupees	Rupees	Rupees	Rupees
Faisal Spinning Mills Limited	Associated companies	N/A				
Blessed Textiles Limited	Associated companies	N/A				
Bhanero Energy Limited	Associated companies	N/A				
Admiral (Private) Limited	Associated companies	N/A				
Umer Farms (Private) Limited	Associated companies	N/A				
Nature of transactions						
Services received			231,750	231,750	77,250	77,250
Services rendered			531,993	637,463	177,331	347,707
Electricity purchased			278,063,961	259,968,534	86,501,147	69,686,352
Purchase of yarn, fabric and machinery			178,206,194	90,424,034	35,844,071	32,650,283
Sales of cotton, yarn, fabric and machinery			488,694,566	411,078,801	203,209,835	148,607,998
Balance with related party			20,000	20,000	20,000	20,000

9 SEGMENT REPORTING

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

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

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

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

	Nine months ended March 31, 2019		
	Spinning Rupees	Weaving Rupees	Total Rupees
Revenue from external customers	4,333,837,071	2,483,309,558	6,817,146,629
Inter-segment transfers	163,681,000	-	163,681,000
Segment results	565,931,197	275,456,468	841,387,665

	As at March 31, 2020			Total Rupees
	Spinning Rupees	Weaving Rupees	Un-allocated Rupees	
Segment assets	6,535,987,122	1,489,465,485	472,050,982	8,497,503,589

	As at June 30, 2019			Total Rupees
	Spinning Rupees	Weaving Rupees	Un-allocated Rupees	
Segment assets	6,440,249,611	1,418,195,852	547,482,407	8,405,927,870

	As at March 31, 2020			Total Rupees
	Spinning Rupees	Weaving Rupees	Un-allocated Rupees	
Segment liabilities	2,769,950,933	590,743,902	257,302,934	3,617,997,769

	As at June 30, 2018			Total Rupees
	Spinning Rupees	Weaving Rupees	Un-allocated Rupees	
Segment liabilities	2,583,374,454	660,305,634	249,130,290	3,492,810,378

10 EVENTS AFTER THE REPORTING PERIOD

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

11 RECOVERABLE AMOUNTS AND IMPAIRMENT

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

12 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information have been approved by the Board of Directors of the Company and authorized for issue on April 28, 2020.

13 GENERAL

13.1 There are no other significant activities since June 30, 2019 affecting the interim financial information.

13.2 Figures have been rounded off to the nearest Rupee.



CHIEF EXECUTIVE
Karachi: April 28, 2020



DIRECTOR



CHIEF FINANCIAL OFFICER