



of Companies

THIRD QUARTERLY ACCOUNTS
2022-2023
(UN - AUDITED)

UMER GROUP OF COMPANIES

BHANERO TEXTILE MILLS LIMITED



Vision

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



Mission Statement

To become a leading manufacturer of textile products globally and explore the new era to achieve the highest level of success.

Directors' Review

On behalf of the board of directors of Bhanero Textile Mills Limited, I am pleased to present the unaudited condensed interim financial statements for the nine months ended March 31, 2023.

Significant Financial Performance for the Nine Months Ended March 31, 2023:

Profit after tax for the nine months ended March 31, 2023 is PKR 919.290 million as compared to PKR 2,023.891 million in the corresponding period March 31, 2022.

Earnings per share for the nine months ended March 31, 2023 is PKR 306.43 (March 31, 2022: PKR 674.63).

Break-up value of the share as on March 31, 2023 is PKR 3,386.77 (June 30, 2022: PKR 3,101.96).

The current ratio as on March 31, 2023 is 1.97 (June 30, 2022:4.31).

Outlook of Textile Sector

The environment is not conducive at all for the textile sector in the country and unless immediate measures will be taken there's a high probability that this sector quickly slipping into a disastrous situation since it is losing credibility and market share among international buyers. The major export-focused industry is in a downward spiral trend in world-wide shipments in the current fiscal year 2022-23 as global buyers are now reluctant to place orders due prevailing uncertainty and challenges faced by the country. As per spokespersons of leading textile associations, if current situation persists there's a high probability that we are likely to fall short of \$25 billion export target.

Among the other issues, the production of cotton crop is the foremost factor since there has been a historical decline by 37.23 percent this year. Of the industry requirement of 15 million bales of cotton, the country has only produced meagre 4.6 million bales this year according to data released by PCGA on 1st January, 2023. Primarily, heavy downpours and river flooding are the main reasons of decline on cotton production which washed away standing crops, particularly in the cotton belts of Sindh and Punjab however, factors like unavailability of lint, liquidity crunch and energy shortages and non-utilization of latest developed variety of cotton seed shouldn't have been ignored too.

The other reasons like intense global competition from Bangladesh, Vietnam, India, and Thailand coupled with lack of modernization of the machinery and equipment, lack of investment, rising borrowing costs resulting in overall decline of textile sector over the period. Since the country is in desperate needs of FCY inflows, the government should immediately addressed the core issues in particular release of imported consignment. As per APTMA, the industry barely holds stocks for two months and if the imported cotton is not released promptly, then the industry will entirely shut down by the end of March 2023 leaving massive unemployment of 25 million people associated with the sector.

New Spinning Unit

As stated earlier, the erecting work is still in process for the plant and machinery and the management is putting all efforts to commence the production by July 2023.

Acknowledgement

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

On behalf of the Board



Khurram Salim - CEO

Dated: 28th April, 2023



Mohammad Salim - Director

Bhanero Textile Mills Limited

Condensed Interim Statement of Financial Position (Un-Audited)

As at March 31, 2023

		March 31, 2023	June 30, 2022			March 31, 2023	June 30, 2022
	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				Property, plant and equipment	7	8,911,769,534	6,777,100,444
6,000,000 (June 30, 2022: 6,000,000) ordinary shares of Rs.10 each		60,000,000	60,000,000	Long term deposits		41,596,116	41,596,116
						8,953,365,650	6,818,696,560
Issued, subscribed and paid up capital		30,000,000	30,000,000				
Reserves		8,000,000,000	8,000,000,000				
Loan from directors and sponsors	4	149,618,200	-				
Unappropriated profit		1,980,683,719	1,275,893,956				
		10,160,301,919	9,305,893,956				
NON CURRENT LIABILITIES				CURRENT ASSETS			
Long term financing - secured		3,831,313,841	2,816,943,750	Stores, spares and loose tools		304,955,149	150,348,628
Long term payables	5	405,291,835	285,713,297	Stock in trade		9,512,382,761	5,101,913,563
Staff retirement benefits		231,269,863	208,934,489	Trade debts		1,756,812,339	1,883,524,023
Deferred taxation		231,555,260	231,555,260	Short Term Investments	8	86,909,836	-
Deferred government grant		987,756,799	673,119,963	Loans and advances		126,568,046	65,701,413
		5,687,187,598	4,216,266,759	Trade deposits and short term prepayments		396,592,697	246,263,643
				Other receivables		30,966,391	28,945,773
				Advance income tax / Income tax refundable		39,269,743	-
				Sales tax refundable		999,441,409	608,870,900
				Cash and bank balances		752,320,764	640,838,308
						14,006,219,135	8,726,406,251
CURRENT LIABILITIES							
Trade and other payables		1,682,817,340	1,579,460,996				
Unclaimed dividend		1,722,649	1,519,833				
Accrued interest/markup		120,335,529	31,367,006				
Short term borrowings - secured		4,888,233,792	-				
Current portion of non current liabilities		418,985,958	336,847,787				
Provision for taxation - net		-	73,746,474				
		7,112,095,268	2,022,942,096				
CONTINGENCIES AND COMMITMENTS	6	-	-				
TOTAL EQUITY AND LIABILITIES		22,959,584,785	15,545,102,811	TOTAL ASSETS		22,959,584,785	15,545,102,811

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


CHIEF EXECUTIVE


DIRECTOR


CHIEF FINANCIAL OFFICER

Bhanero Textile Mills Limited

Condensed Interim Statement of Profit or Loss (Un-Audited) For The Nine Months Ended March 31, 2023

	Nine Months Ended		Three Months Ended	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
	Rupees	Rupees	Rupees	Rupees
Sales	12,841,768,978	12,312,430,092	4,818,332,611	4,588,576,050
Cost of sales	10,950,838,742	9,625,578,474	4,119,457,468	3,659,670,835
Gross profit	1,890,930,236	2,686,851,618	698,875,143	928,905,215
Distribution cost	271,731,569	315,741,562	81,410,256	150,725,273
Administrative expenses	190,516,246	158,133,659	66,222,638	57,922,740
	462,247,815	473,875,221	147,632,894	208,648,013
Other income	299,129,442	231,748,422	138,517,485	13,223,230
	1,727,811,863	2,444,724,819	689,759,734	733,480,432
Other operating expenses	78,036,753	152,863,116	23,446,127	48,863,133
Finance cost	497,041,604	86,380,741	288,751,395	22,159,923
	575,078,357	239,243,857	312,197,522	71,023,056
Profit before taxation	1,152,733,506	2,205,480,962	377,562,212	662,457,376
Provision for taxation	9 233,443,743	181,590,229	95,366,230	73,251,415
Profit after taxation	919,289,763	2,023,890,733	282,195,982	589,205,961
Earning per share - basic and diluted	306.43	674.63	94.07	196.40

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


CHIEF EXECUTIVE


DIRECTOR


CHIEF FINANCIAL OFFICER

Bhanero Textile Mills Limited

Condensed Interim Statement of Comprehensive Income (Un-Audited) For The Nine Months Ended March 31, 2023

	Nine Months Ended		Three Months Ended	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
	Rupees	Rupees	Rupees	Rupees
Profit for the period after taxation	919,289,763	2,023,890,733	282,195,982	589,205,961
Other comprehensive income	-	-	-	-
Total comprehensive Income for the period	<u>919,289,763</u>	<u>2,023,890,733</u>	<u>282,195,982</u>	<u>589,205,961</u>

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


CHIEF EXECUTIVE


DIRECTOR


CHIEF FINANCIAL OFFICER

Bhanero Textile Mills Limited

Condensed Interim Statement of Changes in Equity (Un-Audited) For The Nine Months Ended March 31, 2023

	Share capital	Revenue Reserves		Loan from directors and sponsors	Total
		General reserve	Unappropriated profits		
Rupees					
Balance as at July 01, 2021	30,000,000	6,300,000,000	433,063,770	-	6,763,063,770
Final dividend paid for the year ended June 30, 2021 at the rate of PKR 71.50 per share	-	-	(214,500,000)	-	(214,500,000)
Comprehensive income					
Profit after taxation	-	-	2,023,890,733	-	2,023,890,733
Other comprehensive income	-	-	-	-	-
	-	-	2,023,890,733	-	2,023,890,733
Balance as at March 31, 2022	30,000,000	6,300,000,000	2,242,454,503	-	8,572,454,503
Balance as at July 01, 2022	30,000,000	8,000,000,000	1,275,893,956	-	9,305,893,956
Final dividend paid for the year ended June 30, 2022 at the rate of PKR 71.50 per share	-	-	(214,500,000)	-	(214,500,000)
Comprehensive income					
Profit after taxation	-	-	919,289,763	-	919,289,763
Other comprehensive income	-	-	-	-	-
	-	-	919,289,763	-	919,289,763
Loans received from directors and sponsors	-	-	-	149,618,200	149,618,200
Balance as at March 31, 2023	30,000,000	8,000,000,000	1,980,683,719	149,618,200	10,160,301,919

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


CHIEF EXECUTIVE


DIRECTOR


CHIEF FINANCIAL OFFICER

Bhanero Textile Mills Limited

Condensed Interim Statement of Cash Flows (Un-Audited) For The Nine Months Ended March 31, 2023

	March 31, 2023	March 31, 2022
	Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	1,152,733,506	2,205,480,962
Adjustments for:		
Depreciation on property, plant and equipment	322,432,265	243,997,159
Provision for employees' benefits	58,976,000	55,620,000
Gain on disposal of property, plant and equipment	(2,478,505)	(193,200,668)
Changes in fair value of short term investments	(612,526)	-
Finance cost	497,041,604	86,380,741
Operating cash flows before changes in working capital	2,028,092,344	2,398,278,194
Working capital changes		
Inventories	(4,565,075,719)	(1,734,810,111)
Trade debts	126,711,684	(556,214,732)
Short Term Investments	(86,297,310)	-
Loans and advances	(60,866,633)	(34,588,480)
Trade deposits & prepayments	(150,329,054)	(76,280,887)
Other receivables	(2,020,618)	103,209
Sales tax refundable	(390,570,509)	(345,895,371)
Long term payables	119,578,538	48,651,037
Trade and other payables	103,356,344	416,311,582
	(4,905,513,277)	(2,282,723,753)
Cash (used in) / generated from operations	(2,877,420,933)	115,554,441
Finance cost paid	(408,073,081)	(62,962,501)
Employees' benefits paid	(36,640,626)	(27,088,428)
Income taxes paid	(346,459,961)	(156,111,480)
Long term deposits	-	(13,066,500)
	(791,173,668)	(259,228,909)
Net cash used in operating activities	(3,668,594,601)	(143,674,468)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	20,697,628	258,252,480
Additions in property, plant and equipment	(2,475,320,478)	(3,654,014,180)
Net cash used in investing activities	(2,454,622,850)	(3,395,761,700)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long term financing	(159,105,280)	(148,608,955)
Proceeds from long term loans	1,570,250,379	2,622,664,337
Loans received from directors and sponsors	149,618,200	-
Increase in short term borrowings	4,888,233,792	41,821
Dividend paid	(214,297,184)	(214,322,866)
Net cash generated from financing activities	6,234,699,907	2,259,774,337
Net increase / (decrease) in cash and cash equivalents	111,482,456	(1,279,661,831)
Cash and cash equivalents at the beginning of the period	640,838,308	1,739,116,221
Cash and cash equivalents at the end of the period	752,320,764	459,454,390

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


CHIEF EXECUTIVE


DIRECTOR


CHIEF FINANCIAL OFFICER

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, 2022.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirement of IAS 34, the provisions 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 2022.

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,

4 LOAN FROM DIRECTORS AND SPONSORS

Directors and sponsors entered into a contract with the Company to provide funds to the Company. As per the contract, the loans are unsecured, interest free and repayable at the discretion of the Company. The loans are presented under equity as per Technical Release-32 of The Institute of Chartered Accountants of Pakistan.

5 LONG TERM PAYABLES

These include the following:

Infrastructure development cess payable - ETO
Infrastructure fee payable - Gas

<i>Note</i>	<u>March 31, 2023</u>	<u>June 30, 2022</u>
	<i>Rupees</i>	<i>Rupees</i>
	<i>(Un-Audited)</i>	<i>(Audited)</i>
	347,158,906	225,316,807
	58,132,929	60,396,490
	405,291,835	285,713,297

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, 2022 except following:

6.1 Contingencies

Bills Discounted

1,007,773,329	929,073,884
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6.2 Commitments

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

7,351,229,386	6,621,568,727
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Bhanero Textile Mills Limited**Notes to the Condensed Interim Financial Information (Un-audited)**

For The Nine Months Ended March 31, 2023

6.3 Commitments under ijarah contracts

The aggregate amount of Ijarah payments for ijarah financing and the period in which these payments will become due are a

- payments not later than one year	34,591,068	31,608,798
- payments later than one year	90,316,737	106,418,566
	124,907,805	138,027,364

	<i>Note</i>	March 31, 2023	June 30, 2022
		<i>Rupees</i>	<i>Rupees</i>
		<i>(Un-Audited)</i>	<i>(Audited)</i>
7 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	7.1	4,266,834,929	4,607,486,317
Capital work in progress		4,644,934,605	2,169,614,127
		8,911,769,534	6,777,100,444
7.1 Operating fixed assets			
Net book value at the beginning of the period/year		4,607,486,317	2,911,960,350
Additions during the period / year			
Freehold land		-	4,802,105
Factory buildings		-	130,438,591
Non factory buildings		-	20,976,134
Plant and machinery		-	1,898,050,008
Equipment and other assets		-	26,377,256
Office Equipment		-	7,728,000
Vehicles		-	16,363,005
		-	2,104,735,099
Net book value of assets disposed during the period/year		(18,219,123)	(69,065,511)
Depreciation for the period/year		(322,432,265)	(340,143,621)
Net book value at the end of the period / year		4,266,834,929	4,607,486,317

8 SHORT TERM INVESTMENTS

These represent investments in mutual funds. These, being held for trading, are required to be measured at fair value through profit or loss mandatorily. Accordingly, these have been classified as 'financial assets at fair value through profit or loss'. Particulars of investments are as follows:

Cost of investments	86,297,310	-
Changes in fair value	612,526	-
	86,909,836	-

9 PROVISION FOR TAXATION

9.1 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.

10 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

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

Name	Nature of relationship	Shareholding in the Company
Faisal Spinning Mills Limited	Associated companies	N/A
Blessed Textiles Limited	Associated companies	N/A
Bhanero Energy Limited	Associated companies	N/A
Umer Farms (Private) Limited	Associated companies	N/A
Admiral (Private) Limited	Associated companies	16.69%
Khurrum Salim	Chief executive officer / Director	2.02%
Yasmin Begum	Directorship of close family member	1.01%
Farrukh Salim	Directorship of close family member	2.02%
Yousuf Salim	Directorship of close family member	1.69%
Saqib Salim	Directorship of close family member	1.68%
Amna Khurrum	Directorship of close family member	2.45%
Muhammad Umer	Directorship of close family member	N/A
Yahya Farrukh	Directorship of close family member	2.42%
Saba Yousaf	Directorship of close family member	2.76%
Saba Saqib	Directorship of close family member	2.76%
Samia Bilal	Directorship of close family member	11.14%

Bhanero Textile Mills Limited
**Notes to the Condensed Interim Financial Information (Un-audited)
For The Nine Months Ended March 31, 2023**

Nature of transactions	Nine Months Ended		Three Months Ended	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
	Rupees	Rupees	Rupees	Rupees
Purchases	473,616,044	229,814,923	76,695,404	116,692,586
Sales	2,758,700,930	787,347,187	809,614,298	223,223,228
Services received	231,750	231,750	77,250	77,250
Purchase of electricity	421,396,997	321,998,308	143,905,810	111,771,114
Loans received from directors and sponsors	149,618,200	-	-	-
Remuneration to key management personnel	16,200,000	16,200,000	5,400,000	5,400,000
Balance with related party	20,000	20,000	20,000	20,000

11 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, 2023 is as follows:

	Nine Months Ended March 31, 2023		
	Spinning Rupees	Weaving Rupees	Total Rupees
Revenue from external customers	7,663,882,815	5,177,886,163	12,841,768,978
Inter-segment transfers	368,881,900	-	368,881,900
Segment results	930,843,862	497,838,559	1,428,682,421
Other operating income			299,129,442
Other operating expenses			(78,036,753)
Finance cost			(497,041,604)
			1,152,733,506

	Nine Months Ended March 31, 2022		
	Spinning Rupees	Weaving Rupees	Total Rupees
Revenue from external customers	8,086,240,878	4,226,189,214	12,312,430,092
Inter-segment transfers	364,957,935	-	364,957,935
Segment results	1,771,708,608	441,267,789	2,212,976,397
Other operating income			231,748,422
Other operating expenses			(152,863,116)
Finance cost			(86,380,741)
			2,205,480,962

	As at March 31, 2023			
	Spinning Rupees	Weaving Rupees	Un-allocated Rupees	Total Rupees
Segment assets	17,377,802,767	4,104,882,053	1,476,899,965	22,959,584,785
	As at June 30, 2022			
	Spinning Rupees	Weaving Rupees	Un-allocated Rupees	Total Rupees
Segment assets	10,781,465,731	3,866,906,421	896,730,659	15,545,102,811

Bhanero Textile Mills Limited**Notes to the Condensed Interim Financial Information (Un-audited)**

For The Nine Months Ended March 31, 2023

	As at March 31, 2023			
	Spinning Rupees	Weaving Rupees	Un-allocated Rupees	Total Rupees
Segment liabilities	<u>4,256,652,344</u>	<u>7,773,305,764</u>	<u>730,055,015</u>	<u>12,760,013,123</u>
	As at June 30, 2022			
	Spinning Rupees	Weaving Rupees	Un-allocated Rupees	Total Rupees
Segment liabilities	<u>3,020,460,959</u>	<u>2,760,355,996</u>	<u>458,391,900</u>	<u>6,239,208,855</u>

12 EVENTS AFTER THE REPORTING PERIOD

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

13 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.

14 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information has been approved by the Board of Directors of the Company and authorized for issue on April 28, 2023.

15 GENERAL

15 There are no other significant activities since June 30, 2022 affecting the interim financial information.

15 Figures have been rounded off to the nearest Rupee.



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER