



of Companies

HALF YEARLY 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 half year ended December 31, 2019.

Significant financial performance for the half year ended December 31, 2019;

Profit after tax for the half year ended December 31, 2019 is PKR 255.129 million as compared to PKR 444.704 million in the corresponding period ended December 31, 2018.

Earnings per share for the half year ended December 31, 2019 is PKR 85.04 (December 31, 2018: PKR 148.23).

Break-up value of the share as on December 31, 2019 is PKR 1,666.95 (June 2019: PKR 1,637.71).

The current ratio for first half year ended December 31, 2019 is 3.09 (June 30, 2019: 2.73).

An overview on textile

It's now apparent that country is likely to miss the target of 9.00 million bales this year as the cotton production fell by 20.26 per cent to 8.30 million bales this season against 10.46 million bales in the same period last year i.e down by 2.16 million bales in the current season. (Source: PCGA)

A decline in cotton cultivation area during the last couple of years, denial of reasonable return to farmers, use of poor seeds and pesticides coupled with harsh weather and pest attacks has taken its toll on the cotton crop. Besides, there has been a declining trend too in the production of all four priority major crops including cotton, wheat, maize and rice due to lack of consistent and concrete policies for the agriculture sector by the government.

Once the country used to export around 2.00 to - 2.50 million bales but now the country will import at least 4.50 million bales to cater the local demand as the farming sector has been overlooked for years by the policymakers.

Cotton crop stakeholders have been stressing that crop production would suffer drastically unless measures are taken to address the issues hampering its cultivation.

Though the government is striving hard to lift the agricultural growth in the country but the policies requires thorough understanding of the basic paradigm of agricultural development in the sector.

The government once again assured to revitalize agricultural growth with the help of global institutions like the Asian Development Bank and assistance of the agricultural cooperation framework of the China-Pakistan Economic Corridor.

Acknowledgement

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

On behalf of the Board



Khurram Salim

(Chief Executive)

Karachi: February 26, 2020

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, 2019 and the related condensed interim statement of profit or loss and condensed interim statement of other 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, 2019 and December 31, 2018 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2019.

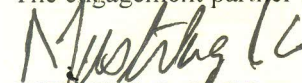
Scope of Review

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 report is Zahid Hussain Zahid.


MUSHTAQ & CO
Chartered Accountants



Lahore.
Dated: 26 FEB 2020


Bhanero Textile Mills Limited

Condensed Interim Statement of Financial Position (Un-Audited)

As at Dec 31, 2019

		Dec 31, 2019	June 30, 2019			Dec 31, 2019	June 30, 2019
	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, 2019: 6,000,000) ordinary shares of Rs.10 each		60,000,000	60,000,000	Property, plant and equipment	6	3,077,927,876	3,168,486,197
Issued, subscribed and paid up capital		30,000,000	30,000,000	Capital work in progress		109,231,384	24,922,707
Reserves		4,700,000,000	4,700,000,000	Long term deposits		28,553,816	28,532,816
Unappropriated profit		270,846,456	183,117,492			3,215,713,076	3,221,941,720
		5,000,846,456	4,913,117,492				
NON CURRENT LIABILITIES				CURRENT ASSETS			
Long term financing - secured		1,086,928,912	1,121,716,016	Stores, spares and loose tools		119,776,602	111,668,839
Deferred liabilities	4	487,250,001	473,570,951	Stock in trade		3,394,598,495	3,569,018,484
		1,574,178,913	1,595,286,967	Trade debts		870,978,741	758,161,471
CURRENT LIABILITIES				Loans and advances		41,249,896	68,358,803
Trade and other payables		815,865,960	725,976,725	Trade deposits and short term prepayments		137,388,039	109,173,307
Unclaimed dividend		1,182,551	1,105,177	Other receivables		382,023	14,106,501
Accrued interest/markup		25,300,601	37,601,814	Advance income tax		227,264,472	238,907,724
Short term borrowings - secured		604,432,556	992,656,991	Sales tax refundable		107,185,166	170,868,560
Current portion of long term borrowings		164,398,852	140,182,704	Cash and bank balances		71,669,379	143,722,461
		1,611,180,520	1,897,523,411			4,970,492,813	5,183,986,150
CONTINGENCIES AND COMMITMENTS							
	5	-	-				
TOTAL EQUITY AND LIABILITIES		8,186,205,889	8,405,927,870	TOTAL ASSETS		8,186,205,889	8,405,927,870

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


CHIEF EXECUTIVE
 Karachi: February 26, 2020


DIRECTOR


CHIEF FINANCIAL OFFICER

Bhanero Textile Mills Limited

Condensed Interim Statement of Profit or Loss (Un-Audited) For The Half Year Ended Dec 31, 2019

	Half Year		Quarter Ended	
	Dec 31, 2019	Dec 31, 2018	Dec 31, 2019	Dec 31, 2018
	Rupees	Rupees	Rupees	Rupees
Sales	4,746,676,009	4,374,929,202	2,528,383,464	2,340,337,378
Cost of sales	4,166,652,860	3,852,445,189	2,184,112,974	2,054,986,800
Gross profit	580,023,149	522,484,013	344,270,490	285,350,578
Other income	3,575,846	218,343,988	968,370	216,052,921
	583,598,995	740,828,001	345,238,860	501,403,499
Distribution cost	78,096,357	87,698,530	41,765,093	42,883,730
Administrative expenses	78,504,008	66,257,011	35,984,433	33,989,239
Other operating expenses	23,826,040	36,739,406	15,754,304	26,645,354
Finance cost	83,828,537	55,250,298	40,381,785	39,993,145
	264,254,942	245,945,245	133,885,615	143,511,468
Profit before tax	319,344,053	494,882,756	211,353,245	357,892,031
Provision for taxation - current year	7 64,215,051	50,179,039	33,206,031	25,604,076
Profit after tax	255,129,002	444,703,717	178,147,214	332,287,955
Earnings per share - basic and diluted	85.04	148.23	59.38	110.76

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



CHIEF EXECUTIVE

Karachi: February 26, 2020



DIRECTOR



CHIEF FINANCIAL OFFICER

Bhanero Textile Mills Limited

Condensed Interim Statement of Comprehensive Income (Un-Audited) For The Half Year Ended Dec 31, 2019

	Half Year		Quarter Ended	
	Dec 31, 2019	Dec 31, 2018	Dec 31, 2019	Dec 31, 2018
	Rupees	Rupees	Rupees	Rupees
Profit for the period after taxation	255,129,002	444,703,717	178,147,214	332,287,955
Other comprehensive income	-	-	-	-
Total comprehensive Income for the period	255,129,002	444,703,717	178,147,214	332,287,955

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



CHIEF EXECUTIVE
Karachi: February 26, 2020



DIRECTOR



CHIEF FINANCIAL OFFICER

Bhanero Textile Mills Limited

Condensed Interim Statement of Changes in Equity (Un-Audited) For The Half Year Ended Dec 31, 2019

	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)
Profit for the period after taxation	-	-	444,703,717	444,703,717
Balance as at Dec 31, 2018	<u>30,000,000</u>	<u>4,000,000,000</u>	<u>484,540,751</u>	<u>4,514,540,751</u>
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 after taxation	-	-	255,129,002	255,129,002
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>

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



CHIEF EXECUTIVE
Karachi: February 26, 2020



DIRECTOR



CHIEF FINANCIAL OFFICER

Bhanero Textile Mills Limited

Condensed Interim Statement of Cash Flows (Un-Audited) For The Half Year Ended Dec 31, 2019

	Dec 31, 2019	Dec 31, 2018
	Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	319,344,053	494,882,756
Adjustments for:		
Depreciation on property, plant and equipment	143,450,000	123,405,499
Provision for employees' benefits	26,400,000	24,930,000
Infrastructure fee - ETO	3,151,355	4,815,562
Infrastructure fee - GIDC	-	10,373,816
Gain on disposal of property, plant and equipment	-	(215,082,989)
Finance cost	83,828,537	55,250,298
Operating cash flows before changes in working capital (Increase) / decrease in current assets	576,173,945	498,574,942
Inventories	166,312,226	(782,061,953)
Trade debts	(112,817,270)	242,337,065
Loans and advances	27,108,907	(1,667,826)
Trade deposits & prepayments	(28,214,732)	(13,234,342)
Other receivables	13,724,478	(1,437,103)
Sales tax refundable	63,683,394	(26,602,710)
	129,797,003	(582,666,869)
Increase/ (decrease) in trade and other payables	89,889,235	(222,293,985)
Cash generated from/ (used in) operations	795,860,183	(306,385,912)
Finance cost paid	(96,129,750)	(48,154,867)
Employees' benefits paid	(15,872,305)	(14,137,419)
Income taxes paid	(52,571,799)	(46,916,042)
Long term deposits	(21,000)	-
	(164,594,854)	(109,208,328)
Net cash generated from / (used in) operating activities	631,265,329	(415,594,240)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	-	290,255,625
Additions in property, plant and equipment	(137,200,356)	(173,208,719)
Net cash (used in) / generated from investing activities	(137,200,356)	117,046,906
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long term financing	(58,038,482)	(38,731,974)
Proceeds from long term loans	47,467,526	61,397,000
(Decrease) / Increase in short term borrowings	(388,224,435)	610,274,571
Dividend paid	(167,322,664)	(192,253,779)
Net cash (used in) / generated from financing activities	(566,118,055)	440,685,818
Net (decrease)/ increase in cash and cash equivalents	(72,053,082)	142,138,484
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	71,669,379	210,404,507

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


CHIEF EXECUTIVE
Karachi: February 26, 2020


DIRECTOR


CHIEF FINANCIAL OFFICER

Bhanero Textile Mills Limited

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

For The Half Year Ended Dec 31, 2019

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 Sheikhupura 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 except for;

New/ Revised Standards, Interpretations and Amendments

The company has adopted the following standards and improvements to IFRSs which became effective for the current period:

Standards or Interpretation

IFRS- 16	Leases
IFRS- 9	Prepayment features with negative compensation (Amendments)
IAS- 19	Plan amendment, curtailment or settlement (Amendments)
IAS- 28	Long term interests in associates and joint ventures (Amendments)
IFRIC- 23	Uncertainty over income tax treatments

Improvements to accounting standards issued by the IASB in December 2017

IFRS- 3	Business combinations - Previously held interests in a joint operation
IFRS- 11	Joint arrangements - Previously held interests in a joint operation
IAS- 12	Income taxes- Income tax consequences of payments on financial instruments classified as equity
IAS- 23	Borrowing costs - Borrowing costs eligible for capitalization

The adoption of the above standards, amendments and improvements to accounting standards did not have any material effect on the company's financial statements

	December 31, 2019	June 30, 2019
	<i>Rupees</i>	<i>Rupees</i>
	<i>(Un-Audited)</i>	<i>(Audited)</i>
4 DEFERRED LIABILITIES		
These include the following:		
Staff retirement benefits - gratuity	159,372,599	148,844,904
Deferred taxation	146,588,213	146,588,213
Infrastructure fee payable - ETO	104,588,255	101,436,900
Infrastructure fee payable - Gas	76,700,934	76,700,934
	487,250,001	473,570,951

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

428,314,499	542,488,682
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5.2 Commitments

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

1,949,741,696	74,255,406
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Note

6 PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets

Assets owned by the Company

6.1

3,077,927,876	3,168,486,197
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3,077,927,876	3,168,486,197
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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
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Additions during the period/year

Freehold land

47,796,289	74,898,316
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Factory buildings

-	107,272,232
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Non factory buildings

-	-
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Plant and machinery

-	495,408,278
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Equipment and other assets

-	7,811,602
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Electric installation

-	4,002,700
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Ventilation System

-	633,015
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Boiler

-	5,788,000
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Furniture & Fixtures - Factory

-	731,658
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Furniture & Fixtures - Office

-	-
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Office Equipment

-	5,217,730
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Vehicles

5,095,390	22,237,385
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52,891,679	724,000,916
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Net book value of assets disposed during the period/year

-	(100,214,435)
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Depreciation for the period/year

(143,450,000)	(250,170,999)
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Net book value at the end of the period / year

3,077,927,876	3,168,486,197
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7 PROVISION FOR TAXATION

7.1 The 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
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	Half Year		Quarter Ended	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
	Rupees	Rupees	Rupees	Rupees
Services received	154,500	154,500	77,250	77,250
Services rendered	354,662	289,756	177,331	-
Electricity purchased	191,562,814	190,282,182	99,737,465	79,547,418
Purchase of yarn, fabric and machinery	142,362,123	57,773,751	71,043,206	12,080,221
Sales of cotton, yarn, fabric and machinery	285,484,731	262,470,803	122,849,645	136,311,928
Balance with related parties	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 December 31, 2019 is as follows:

	Half Year Ended December 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	
	Half Year Ended December 31, 2018			
	Spinning Rupees	Weaving Rupees	Total Rupees	
	Revenue from external customers	2,736,052,408	1,638,876,794	4,374,929,202
Inter-segment transfers	53,555,000	-	53,555,000	
Segment results	353,732,199	233,140,261	586,872,460	
	As at December 31, 2019			
	Spinning Rupees	Weaving Rupees	Un-allocated Rupees	Total Rupees
	Segment assets	6,290,830,695	1,394,983,701	500,391,493
	As at June 30, 2019			
	Spinning Rupees	Weaving Rupees	Un-allocated Rupees	Total Rupees
	Segment assets	6,440,249,611	1,418,195,852	547,482,407
	As at December 31, 2019			
	Spinning Rupees	Weaving Rupees	Un-allocated Rupees	Total Rupees
	Segment liabilities	2,396,511,545	536,488,869	252,359,019
	As at June 30, 2019			
	Spinning Rupees	Weaving Rupees	Un-allocated Rupees	Total Rupees
	Segment liabilities	2,583,374,454	660,305,634	249,130,290

10 EVENTS AFTER THE REPORTING PERIOD

10.1 The board of directors in their meeting held on February 26, 2020 has declared cash dividend of 500% i.e. PKR 50 per ordinary share of PKR 10 each.

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 26, 2019.

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: February 26, 2020



DIRECTOR



CHIEF FINANCIAL OFFICER