



*of Companies*

THIRD QUARTERLY ACCOUNTS  
2010 - 2011  
(UN - AUDITED)

UMER GROUP OF COMPANIES

BHANERO TEXTILE MILLS LIMITED



## BHANERO TEXTILE MILLS LIMITED

### Directors' Review

On behalf of the board of directors of Bhanero Textile Mills Limited, I am pleased to present, the un-audited interim condensed financial statements for nine months ended 31<sup>st</sup> March 2011.

#### Operating Results

During the nine months ended 31<sup>st</sup> March 2011, the company's profit after tax came to PKR 708.946 million as compared to PKR 201.625 million for the nine months ended 31<sup>st</sup> March 2010. During the nine months under review the economy of Pakistan remained under pressure but textile sector revive due to massive demand of yarn both in local and international markets. By the Grace of Al-Mighty Allah, your company earned a record profit during the quarter ended 31<sup>st</sup> March 2011.

The earning per share (EPS) for the nine months ended 31<sup>st</sup> March 2011 is PKR 236.32 (31<sup>st</sup> March 2010: 67.21).

The company's financial position continues to remain robust reflecting good fundamentals supported by strong capital and revenue reserves. Break up value of shares is PKR 683.16 as at 31<sup>st</sup> March 2011 (30<sup>th</sup> June 2010 PKR 466.85).

#### Year under Review

World and local trading of cotton remained full of volatile posture fluctuating cotton rates. In local market cotton rate has touched all time high of around PKR 12,500 per maund, whereas in international market cotton rate has touched around 2.0 USD per pound.

In the month of March 2011 the activities in textile industry was severely affected due to withdrawal of zero rated exemption of Sales Tax. But subsequently in April 2011, zero rated exemption was restored in a modified form.

Rising trend in inflation has so far been controlled through tighten monetary policy but it has affected the business activities very badly. Government should make efforts to bring KIBOR in single digit.

Interrupted power supply has significantly affected production efficiencies and resulted increases in per unit production cost. Besides the load shedding of electricity massive load shedding of gas in Punjab was observed during December 2010 to February 2011 because export oriented textile sector was not placed on priority level. In the absence of gas supply, we had to operate machinery through power generation based on furnace oil because currently WAPDA is not reliable source of electricity due to interrupted supply of electricity.

Currently the prices of cotton in local and international market are coming down which resulted in decrease in prices of yarn and fabric. More over the demand of yarn and fabric in international market has also decreased due to the reason that the China has suspended the buying. Besides the gas loadshading in winter season, the gas loadshading is now continue in summer season which is affecting the cost of production. In the present scenario the results are not likely to be positive in coming quarter, however the manegment is doing its best effort to maintain the profitability.

#### Acknowledgement

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

Karachi : 26<sup>th</sup> April, 2011

For and on behalf of the Board  
**Mohammad Salim**  
Chief Executive



## BHANERO TEXTILE MILLS LIMITED

### Condensed Interim Balance Sheet (Un-audited) As At 31<sup>st</sup> March, 2011

	Note	March 31, 2011 Rupees	June 30, 2010 Rupees
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
<b>Authorized capital</b>			
6,000,000 (June 2010: 6,000,000) ordinary shares of Rs.10 each		<u>60,000,000</u>	<u>60,000,000</u>
Issued, subscribed and paid up capital		30,000,000	30,000,000
Reserves		1,300,000,000	1,300,000,000
Unappropriated profits		<u>719,499,771</u>	<u>70,553,023</u>
		<b>2,049,499,771</b>	<b>1,400,553,023</b>
Loan from Sponsors		100,000,000	100,000,000
<b>NON CURRENT LIABILITIES</b>			
Long term financing - secured		12,357,855	79,968,441
Liabilities against assets subject to finance lease		8,001,207	9,215,694
Employees retirement benefits		59,331,318	52,780,190
Infrastructure fee payable		40,061,215	31,224,995
Deferred taxation		85,569,199	85,569,199
		<u>205,320,794</u>	<u>258,758,519</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		355,649,940	245,852,219
Mark-up accrued on loans		19,299,146	20,956,878
Short term borrowings - secured		1,744,228,839	716,291,227
Current portion of long term financing		142,506,289	435,324,658
		<u>2,261,684,214</u>	<u>1,418,424,982</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	3	<u>4,616,504,779</u>	<u>3,177,736,524</u>

*The annexed notes form an integral part of these financial statements*

**Mohammad Salim**  
Chief Executive

Karachi : 26<sup>th</sup> April, 2011



## BHANERO TEXTILE MILLS LIMITED

### Condensed Interim Balance Sheet (Un-audited) As At 31<sup>st</sup> March, 2011

	Note	March 31, 2011 Rupees	June 30, 2010 Rupees
<b>ASSETS</b>			
<b>NON CURRENT ASSET</b>			
Property, plant and equipment	4	1,469,211,318	1,573,154,818
Capital work in progress	5	88,400,291	66,895,341
Long term investment		63,000	63,000
Long term loans		13,005,544	10,806,986
Long term deposits		10,233,196	9,615,196
		<b>1,580,913,349</b>	1,660,535,341
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools		65,374,697	49,152,812
Stock in trade		2,184,268,788	951,779,557
Trade debts		592,575,498	387,229,790
Loans and advances		24,381,058	20,846,834
Trade deposits and short term prepayments		41,751,306	31,822,364
Other receivables		5,329,821	4,315,295
Taxation		17,845,923	17,112,518
Sales Tax Refundable		28,736,862	18,730,641
Cash and bank balances		75,327,477	36,211,372
		<b>3,035,591,430</b>	1,517,201,183
		<b>4,616,504,779</b>	<b>3,177,736,524</b>

**Mohammad Shakeel**  
Director



## BHANERO TEXTILE MILLS LIMITED

### Condensed Interim Profit and Loss Account (Un-audited) For The Nine Months Ended 31<sup>st</sup> March, 2011

	NINE MONTHS ENDED		QUARTER ENDED	
	March 31, 2011 Rupees	March 31, 2010 Rupees	March 31, 2011 Rupees	March 31, 2010 Rupees
Sales	5,577,002,742	3,397,139,332	2,249,983,840	1,332,726,379
Cost of goods sold	4,405,668,953	2,839,043,520	1,704,551,336	1,079,825,061
Gross profit	1,171,333,789	558,095,812	545,432,504	252,901,318
Other operating income	6,955,039	2,032,587	2,101,253	1,083,353
	1,178,288,828	560,128,399	547,533,757	253,984,671
Distribution cost	139,204,710	82,210,279	53,168,604	33,241,461
Administrative expenses	54,621,644	49,876,566	19,241,116	17,406,861
Other operating expenses	41,324,640	12,421,670	19,995,775	6,758,101
Finance cost	170,484,331	180,022,691	75,208,549	68,174,307
	405,635,325	324,531,206	167,614,044	125,580,730
Profit before tax	772,653,503	235,597,193	379,919,713	128,403,941
Current period	61,753,452	33,971,394	22,460,699	7,043,175
Prior period	1,953,303	-	-	-
	63,706,755	33,971,394	22,460,699	7,043,175
Profit after Tax	708,946,748	201,625,799	357,459,014	121,360,766
Earnings per Share - basic and diluted	236.32	67.21	119.15	40.45

*The annexed notes form an integral part of these financial statements*

**Mohammad Salim**  
Chief Executive

**Mohammad Shakeel**  
Director

Karachi : 26<sup>th</sup> April, 2011



**BHANERO TEXTILE MILLS LIMITED**

**Condensed Interim Statement of Comprehensive Income (Unaudited)  
For The Nine Months Ended 31<sup>st</sup> March, 2011**

	Note	March 31, 2011 Rupees	March 31, 2010 Rupees
Profit after tax for nine months		708,946,748	201,625,799
Other comprehensive income for the nine months		-	-
<b>Total comprehensive Income for the nine months</b>		<u>708,946,748</u>	<u>201,625,799</u>

The annexed notes form an integral part of these financial statements

**Mohammad Salim**  
Chief Executive

**Mohammad Shakeel**  
Director

Karachi : 26<sup>th</sup> April, 2011



## BHANERO TEXTILE MILLS LIMITED

### Condensed Interim Cash Flow Statement (Un-audited) For The Nine Months Ended 31<sup>st</sup> March, 2011

	March 31, 2011 Rupees	March 31, 2010 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	772,653,503	235,597,193
<b>Adjustments for:</b>		
Depreciation on property, plant and equipment	117,422,327	125,009,410
Provision for employees' benefits	12,900,000	15,615,000
Infrastructure fee	8,836,220	6,001,167
(Gain) on disposal of property, plant and equipment	(910,292)	(569,491)
Finance cost	170,484,331	180,022,691
<b>Operating cash flows before changes in working capital</b>	<b>1,081,386,089</b>	<b>561,675,970</b>
<b>(Increase) / decrease in current assets</b>		
Inventories	(1,248,711,116)	(435,694,787)
Trade debts	(205,345,708)	(32,141,892)
Loans and advances	(3,534,224)	(21,008,950)
Trade deposits	(9,928,942)	(6,743,659)
Other receivables	(1,014,526)	(242,735)
Sales tax refundable	(10,006,221)	(14,353,030)
	(1,478,540,737)	(510,185,053)
Increases in short term borrowing	1,027,937,612	318,953,304
Increase in trade and other payables	109,714,200	45,435,920
<b>Cash generated by operations</b>	<b>740,497,164</b>	<b>415,880,141</b>
Finance cost paid	(172,142,064)	(185,040,972)
Employees' benefits paid	(6,348,872)	(7,269,394)
Income taxes paid	(64,440,160)	(36,278,344)
Long term loans	(2,198,558)	(1,293,782)
Long term deposits	(618,000)	20,928,400
	(245,747,654)	(208,954,092)
<b>Net cash used in operating activities</b>	<b>494,749,510</b>	<b>206,926,049</b>



## BHANERO TEXTILE MILLS LIMITED

### Condensed Interim Cash Flow Statement (Un-audited) For The Nine Months Ended 31<sup>st</sup> March, 2011

	March 31, 2011 Rupees	March 31, 2010 Rupees
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from disposal of property, plant and equipment	3,080,000	3,850,000
Purchase of property, plant and equipment	(37,153,484)	(66,848,394)
<b>Net cash used in investing activities</b>	<b>(34,073,484)</b>	<b>(62,998,394)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payment of long term financing	(363,212,070)	(132,689,537)
Proceed from liability against assets subject to finance lease	6,180,000	5,536,000
Payment of liability against assets subject to finance lease	(4,611,372)	(2,916,918)
Dividend paid	(59,916,479)	(5,981,369)
<b>Net cash from financing activities</b>	<b>(421,559,921)</b>	<b>(136,051,824)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>39,116,105</b>	<b>7,875,831</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>36,211,372</b>	<b>22,665,590</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>75,327,477</b>	<b>30,541,421</b>

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

**Mohammad Salim**  
Chief Executive

**Mohammad Shakeel**  
Director

Karachi : 26<sup>th</sup> April, 2011





## BHANERO TEXTILE MILLS LIMITED

### Condensed Interim Statement of Changes In Equity (Unaudited) For The Nine Months Ended 31<sup>st</sup> March, 2011

	Share Capital	General Reserves	Unappropriated Profit	Total
	Rupees	Rupees	Rupees	Rupees
<b>Balance as at 30<sup>th</sup> June, 2009</b>	30,000,000	900,000,000	54,716,498	984,716,498
Final dividend for the year ended June 30, 2009 PKR. 2.00 per share	-	-	(6,000,000)	(6,000,000)
Profit for nine months ended March 31, 2010	-	-	201,625,799	201,625,799
<b>Balance as at 31<sup>st</sup> March, 2010</b>	30,000,000	900,000,000	250,342,297	1,180,342,297
Profit for the remaining period	-	-	220,210,726	220,210,726
Transferred to general reserve	-	400,000,000	(400,000,000)	-
<b>Balance as at 30<sup>th</sup> June, 2010</b>	30,000,000	1,300,000,000	70,553,023	1,400,553,023
Final dividend for the year ended June 30, 2010 PKR. 20.00 per share	-	-	(60,000,000)	(60,000,000)
Profit for nine months ended March 31, 2011	-	-	708,946,748	708,946,748
<b>Balance as at 31<sup>st</sup> March, 2011</b>	<b>30,000,000</b>	<b>1,300,000,000</b>	<b>719,499,771</b>	<b>2,049,499,771</b>

**Mohammad Salim**  
Chief Executive

**Mohammad Shakeel**  
Director

Karachi : 26<sup>th</sup> April, 2011



## BHANERO TEXTILE MILLS LIMITED

### Condensed Interim Notes to Financial Statement (Un-audited) For The Nine Months Ended 31<sup>st</sup> March, 2011

**1 NATURE AND SCOPE OF THE BUSINESS**

The company was incorporated in Pakistan as a public limited company on March 30, 1980. Its shares are quoted on the Karachi, Lahore and Islamabad Stock Exchanges. The company is principally engaged in manufacturing and sale of yarn and fabrics. The registered office is located at Umer House, 23/1, Sector 23, S.M Farooq Road, Korangi Industrial Area, Karachi.

**2 ACCOUNTING POLICIES**

All accounting policies adopted for the preparation of these quarterly accounts are the same as applied in preparation of the preceding annual published accounts of the company for the year ended June 30, 2010.

**3 CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS**

There is no material change in contingencies and commitments as disclosed in annual financial statements for the year ended June 30, 2010.

<b>4 ACQUISITION AND DISPOSAL OF FIXED ASSETS</b>	<b>March 31, 2011 Rupees</b>	<b>June 30, 2010 Rupees</b>
Written down value of assets - opening	1,573,154,818	1,724,335,447
Addition during the period	15,648,530	17,136,511
disposal during the period - written down value	(2,169,703)	(4,106,247)
depreciation charged during the period	<u>(117,422,327)</u>	<u>(164,210,893)</u>
written down value of assets - closing	<u>1,469,211,318</u>	<u>1,573,154,818</u>

**5 CAPITAL WORK IN PROGRESS**

Factory Building	22,750,029	7,026,781
Plant & Machinery	56,548,972	59,868,560
Others	9,101,290	-
	<u>88,400,291</u>	<u>66,895,341</u>



## BHANERO TEXTILE MILLS LIMITED

### Condensed Interim Notes to Financial Statement (Un-audited) For The Nine Months Ended 31<sup>st</sup> March, 2011

#### 6 TRANSACTIONS WITH ASSOCIATED UNDERTAKING

The Company enters into transactions with the related parties in normal course of business at arm's length determined in accordance with "Comparable Uncontrolled Price Method". Transactions with related parties other than remuneration and benefits to key management personnel under the terms of employment are as follows:

	March 31, 2011 Rupees	March 31, 2010 Rupees
Services received	90,000	1,790,000
Services rendered	13,556,659	10,310,454
Electricity purchased	245,468,198	153,636,887
Purchase of yarn, fabric, cotton and stores	141,400,381	155,641,340
Sales of yarn and fabric	606,463,103	317,690,737

#### 7 DATE OF AUTHORIZATION FOR ISSUE

These nine months period financial statements were authorized for issue on 26<sup>th</sup> April 2011 by the board of directors of the company.

#### 8 DIVIDEND

The Company has paid cash dividend at the rate of 200.0% (i.e. PKR 20.00 per share) on the ordinary shares as approved in 31<sup>st</sup> Annual General Meeting held on October 26, 2010.

#### 9 OTHERS

There are no other significant activity since June 30, 2010 affecting the financial statements.

#### 10 COMPARATIVE FIGURES

In order to comply with the requirements of international Accounting Standards 34 "Interim Financial Reporting", Balance Sheet has been compared with the balances of annual financial statements while profit & Loss Accounts has been compared with corresponding figures of last year period.

**Mohammad Salim**  
Chief Executive

**Mohammad Shakeel**  
Director

Karachi : 26<sup>th</sup> April, 2011

## Vision

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A premier quality company,  
Providing quality products  
And maintaining an  
Excellent level of  
Ethical and professional standard



## Mission Statement

*To become a leading manufacturer  
Of textile products in the  
International & local markets and  
To explore new era to  
Achieve the highest of success.*

*Book Post*  
PRINT MATTER

*If undelivered please return to:*

**BHANERO TEXTILE MILLS LIMITED**

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