



*of Companies*

**THIRD QUARTERLY ACCOUNTS  
2016-2017  
(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 Textiles Mills Limited**, I am pleased to present, the un-audited condensed interim financial statements for nine months ended 31<sup>st</sup> March 2017.

#### Operating Results

During the nine months ended 31<sup>st</sup> March 2017, the company's profit after tax came to PKR 252.097 million as compared to PKR 181.510 million for the nine months ended 31<sup>st</sup> March 2016. The earnings per share (EPS) for the nine months ended 31<sup>st</sup> March 2017 is PKR 84.03 (31<sup>st</sup> March 2016: PKR 60.50).

By the blessing of Allah Al Mighty the profitability of company has increased as compared to previous nine months ended 31<sup>st</sup> March 2016 despite depressed business environment which still prevailed during the nine months ended 31<sup>st</sup> March 2017.

Break up value of shares is PKR 1,287.21 as at 31<sup>st</sup> March 2017 (30<sup>th</sup> June 2016: PKR 1,213.18) which shows that company's financial position continues to remain solid supported by strong capital and revenue reserves.

#### Future Outlook

The government has revised downward the cotton production target and set it at 14.04 million bales for 2017-18, after missing the production target of 14.1 million bales for 2016-17 by around 25 per cent. Pakistan has missed the cotton production target by around 25 per cent as the production has been recorded at 10.7 million bales against the set target of 14.1 million bales for 2016-17. However, the current cotton production surpassed the cotton production of 9.7 million bales recorded during the same period of the last fiscal year (2015-16).

Currently the cotton prices are rising and expected to be bullish in coming quarter.

Availability of gas and uninterrupted electricity is a major concern for textile industry in Pakistan. Due to energy crises the export of textile products has fallen. Government should take immediate steps for the availability of gas for textile units.

Board of directors approved the expansion in unit II of the company located at Sheikhpura by 10,800 spindles. The expansion work expected to be completed in October 2017.

In the present scenario the results are likely to be moderate in coming quarter. The management of the company is doing its best efforts to maintain the profitability margin.

#### Acknowledgement

Board of directors acknowledge and appreciate the efforts of the employees and valuable support of the various government department and our bankers.

For and on behalf of the Board

Karachi: 26<sup>th</sup> April 2017

**Khurram Salim**  
Chief Executive



## BHANERO TEXTILE MILLS LIMITED

### Condensed Interim Balance Sheet (Un-audited) As At March 31, 2017

	Note	March 31, 2017 Rupees	June 30, 2016 Rupees
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
<b>Authorized capital</b>			
6,000,000 (2016: 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		3,500,000,000	3,500,000,000
Unappropriated profit		331,650,419	109,552,719
		3,861,650,419	3,639,552,719
<b>NON CURRENT LIABILITIES</b>			
Long term financing - secured		399,289,781	348,587,741
Infrastructure fee payable		62,567,113	50,643,627
Deferred liabilities	4	179,787,725	173,326,566
		641,644,619	572,557,934
<b>CURRENT LIABILITIES</b>			
Trade and other payables		398,377,376	408,214,348
Mark-up accrued on loans and other payables		10,494,447	7,426,523
Short term borrowings - secured	5	1,346,700,717	-
Current portion of long term borrowings		77,463,948	77,463,948
		1,833,036,488	493,104,819
<b>CONTINGENCIES AND COMMITMENTS</b>	6	-	-
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>6,336,331,526</b>	<b>4,705,215,472</b>

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

**Khurrum Salim**  
Chief Executive

Karachi: 26<sup>th</sup> April 2017

## BHANERO TEXTILE MILLS LIMITED

### Condensed Interim Balance Sheet (Un-audited) As At March 31, 2017

	Note	March 31, 2017 Rupees	June 30, 2016 Rupees
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	7	1,985,534,276	1,958,366,565
Long term deposit		26,205,436	26,205,436
		2,011,739,712	1,984,572,001
 <b>CURRENT ASSETS</b>			
Stores, spares and loose tools		72,253,833	66,372,037
Stock in trade		3,297,960,412	1,742,764,490
Trade debts		430,495,961	413,601,508
Loans and advances		69,724,298	91,805,586
Trade deposits and short term prepayments		66,670,666	68,002,935
Other receivables		12,611,668	17,221,232
Income tax refundable		120,527,369	109,065,600
Sales tax refundable		158,761,782	146,524,408
Cash and bank balances		95,585,825	65,285,675
		4,324,591,814	2,720,643,471
 <b>TOTAL ASSETS</b>		 <b>6,336,331,526</b>	 <b>4,705,215,472</b>



**Mohammad Shaheen**  
Director

## BHANERO TEXTILE MILLS LIMITED

### Condensed Interim Profit And Loss Account (Un-audited) For The Nine Months Ended March 31, 2017

	Nine Months Ended		Quarter Ended	
	31 <sup>st</sup> March 2017 Rupees	31 <sup>st</sup> March 2016 Rupees	31 <sup>st</sup> March 2017 Rupees	31 <sup>st</sup> March 2016 Rupees
Sales	<b>5,064,176,464</b>	4,838,335,929	<b>1,753,306,894</b>	1,694,734,607
Cost of goods sold	<b>4,478,274,181</b>	4,336,698,070	<b>1,539,916,905</b>	1,504,614,979
Gross profit	<b>585,902,283</b>	501,637,859	<b>213,389,989</b>	190,119,628
Other income	<b>3,683,437</b>	3,681,727	<b>1,242,168</b>	724,670
	<b>589,585,720</b>	505,319,586	<b>214,632,157</b>	190,844,298
Distribution cost	<b>111,421,419</b>	101,772,428	<b>35,633,298</b>	35,606,322
Administrative expenses	<b>94,671,444</b>	98,468,540	<b>32,677,521</b>	30,829,073
Other operating expenses	<b>22,383,385</b>	17,049,270	<b>7,911,986</b>	7,110,832
Finance cost	<b>59,016,344</b>	58,196,746	<b>31,032,405</b>	21,125,228
	<b>287,492,592</b>	275,486,984	<b>107,255,210</b>	94,671,455
Profit before tax	<b>302,093,128</b>	229,832,602	<b>107,376,947</b>	96,172,843
Provision for taxation 8				
Current year	<b>49,995,428</b>	48,322,579	<b>16,947,598</b>	16,926,003
Profit after tax	<b>252,097,700</b>	181,510,023	<b>90,429,349</b>	79,246,840
Earnings per share - basic and diluted	<b>84.03</b>	60.50	<b>30.14</b>	26.42

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



**Khurram Salim**  
Chief Executive



**Mohammad Shaheen**  
Director

Karachi: 26<sup>th</sup> April 2017

**BHANERO TEXTILE MILLS LIMITED**

**Condensed Interim Cash Flow Statement (Un-audited)  
For The Nine Months Ended March 31, 2017**

	March 31, 2017 Rupees	March 31, 2016 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	302,093,128	229,832,602
<b>Adjustments for:</b>		
Depreciation on property, plant and equipment	138,995,000	151,793,374
Provision for employees' benefits	35,280,000	35,010,000
Provision for bad debts	-	2,106,356
Infrastructure fee	11,923,486	7,058,545
(Gain) on disposal of property, plant and equipment	(553,287)	(22,421)
Finance cost	59,016,344	58,196,746
<b>Operating cash flows before changes in working capital</b>	<b>546,754,671</b>	<b>483,975,202</b>
<b>(Increase)/decrease in current assets</b>		
Inventories	(1,561,077,718)	(376,774,469)
Trade debts	(16,894,453)	(35,955,932)
Loans and advances	22,081,288	98,941,949
Trade deposits	1,332,269	(12,020,246)
Other receivables	4,609,564	(6,746,394)
Sales tax refundable	(12,237,374)	(74,419,665)
	(1,562,186,424)	(406,974,757)
Increase/(decrease) in trade and other payables	(9,879,092)	45,372,321
<b>Cash (used) / generated by operations</b>	<b>(1,025,310,845)</b>	<b>122,372,766</b>
Finance cost paid	(55,948,420)	(63,014,280)
Employees' benefits paid	(28,818,841)	(21,396,759)
Income taxes paid	(61,457,197)	(49,677,671)
	(146,224,458)	(134,088,710)
<b>Net cash generated / (used) from operating activities</b>	<b>(1,171,535,303)</b>	<b>(11,715,944)</b>

**BHANERO TEXTILE MILLS LIMITED**

**Condensed Interim Cash Flow Statement (Un-audited)  
For The Nine Months Ended March 31, 2017**

	March 31, 2017 Rupees	March 31, 2016 Rupees
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from disposal of property, plant and equipment	2,376,890	307,487
Purchase of property, plant and equipment	(167,986,314)	(34,942,254)
<b>Net cash generated / (used) in investing activities</b>	<b>(165,609,424)</b>	<b>(34,634,767)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payment of long term financing	(58,097,960)	(204,823,026)
Proceeds from long term loans	108,800,000	-
Short term bank borrowings	1,346,700,717	168,714,923
Dividend paid	(29,957,880)	(29,951,490)
<b>Net cash generated / (used) from financing activities</b>	<b>1,367,444,877</b>	<b>(66,059,593)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>30,300,150</b>	<b>(112,410,304)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>65,285,675</b>	<b>177,071,027</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>95,585,825</b>	<b>64,660,723</b>

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



**Khurrum Salim**  
Chief Executive



**Mohammad Shaheen**  
Director

Karachi: 26<sup>th</sup> April 2017

**BHANERO TEXTILE MILLS LIMITED**


**Condensed Interim Statement of Comprehensive Income (Un-audited)  
For The Nine Months Ended March 31, 2017**

	Nine Month Ended		Quarter Ended	
	31 <sup>st</sup> March 2017 Rupees	31 <sup>st</sup> March 2016 Rupees	31 <sup>st</sup> March 2017 Rupees	31 <sup>st</sup> March 2016 Rupees
Profit for the period after taxation	<b>252,097,700</b>	181,510,023	<b>90,429,349</b>	79,246,840
Other comprehensive income	-	-	-	-
<b>Total comprehensive Income for the period</b>	<b><u>252,097,700</u></b>	<u>181,510,023</u>	<b><u>90,429,349</u></b>	<u>79,246,840</u>

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



**Khurrum Salim**  
Chief Executive



**Mohammad Shaheen**  
Director

Karachi: 26<sup>th</sup> April 2017



**BHANERO TEXTILE MILLS LIMITED**

**Condensed Interim Statement of Changes in Equity (Un-audited)  
For The Nine Months Ended March 31, 2017**

	Share Capital	General Reserves	Unappropriated Profit	Total
	Rupees	Rupees	Rupees	Rupees
<b>Balance as at June 30, 2015</b>	30,000,000	3,300,000,000	97,026,374	3,427,026,374
Total comprehensive income for the nine months ended 31st March 2016	-	-	181,510,023	181,510,023
<b>Balance as at March 31, 2016</b>	30,000,000	3,300,000,000	278,536,397	3,608,536,397
Total comprehensive income for the remaining period	-	-	61,016,322	61,016,322
Final dividend paid for the year ended June 30, 2015 at the rate of PKR 10.0 per share	-	-	(30,000,000)	(30,000,000)
Transfer to general reserve	-	200,000,000	(200,000,000)	-
<b>Balance as at June 30, 2016</b>	30,000,000	3,500,000,000	109,552,719	3,639,552,719
Final dividend paid for the year ended June 30, 2016 at the rate of PKR 10.0 per share	-	-	(30,000,000)	(30,000,000)
Total comprehensive income for the nine months ended 31st March 2017	-	-	252,097,700	252,097,700
<b>Balance as at March 31, 2017</b>	<b>30,000,000</b>	<b>3,500,000,000</b>	<b>331,650,419</b>	<b>3,861,650,419</b>

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



**Khurram Salim**  
Chief Executive



**Mohammad Shaheen**  
Director

Karachi: 26<sup>th</sup> April 2017

## BHANERO TEXTILE MILLS LIMITED

### Condensed Interim Notes To Financial Statement (Un-audited) For The Nine Months Ended March 31, 2017

#### 1 REPORTING ENTITY

Bhanero Textile Mills Limited ('the Company') is incorporated in Pakistan as a Public Limited Company under the Companies Ordinance, 1984 and is listed on Pakistan Stock Exchange Limited. The Company is primarily a spinning unit 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 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, 2016.

This condensed interim financial information is being submitted to the shareholders as required by the regulations of Pakistan Stock Exchange and section 245 of the Companies Ordinance, 1984.

##### 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 2016.

##### 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 this condensed interim financial information are the same as those applied in the preparation of the financial statements of the Company for the year ended June 30, 2016.

## BHANERO TEXTILE MILLS LIMITED

### Condensed Interim Notes To Financial Statement (Un-audited) For The Nine Months Ended March 31, 2017

		March 31,2017 <i>Rupees</i> <i>(Un-Audited)</i>	June 30,2016 <i>Rupees</i> <i>(Audited)</i>
<b>4 DEFERRED LIABILITIES</b>			
These include the following:			
Employees retirement benefits		121,031,078	114,569,919
Deferred taxation		58,756,647	58,756,647
		179,787,725	173,326,566
<b>5 SHORT TERM BORROWINGS</b>			
The aggregate available short term funded facilities amounts to Rs. 5,540 million (June 30, 2016: Rs. 5,540 million) out of which Rs.4,193 million (June 30, 2016: Rs. 5,540 million) remained unavailed as at the reporting date.			
<b>6 CONTINGENCIES AND COMMITMENTS</b>			
There is no material change in contingencies and commitments as disclosed in annual financial statements for the year ended June 30, 2016.			
	<b>Note</b>	<b>March 31,2017 <i>Rupees</i> <i>(Un-Audited)</i></b>	<b>June 30,2016 <i>Rupees</i> <i>(Audited)</i></b>
<b>7 PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets			
- assets owned by the Company	7.1	1,846,948,874	1,957,647,010
Capital work in progress		138,585,402	719,555
		1,985,534,276	1,958,366,565
<b>7.1 Assets owned by the Company</b>			
Net book value at the beginning of the period/year		1,957,647,010	2,080,121,779
Additions during the period/year			
Freehold land		8,718,867	19,554,344
Factory buildings		-	4,728,044
Plant and machinery		21,401,600	30,364,885
Equipment and other assets		-	10,676,537
Electric installation		-	1,157,700
Vehicles		-	7,640,340
		30,120,467	74,121,850
Net book value of assets disposed during the period/year		(1,823,603)	(1,196,450)
Depreciation for the period/year		(138,995,000)	(195,400,169)
Net book value at the end of the period/year		1,846,948,874	1,957,647,010

## BHANERO TEXTILE MILLS LIMITED

### Condensed Interim Notes To Financial Statement (Un-audited) For The Nine Months Ended March 31, 2017

#### 8 PROVISION FOR TAXATION

- 8.1 No provision for deferred tax has been made as the impact of the same is considered immaterial.

#### 9 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 includes 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.

Details of transactions and balances with related parties is as follows:

Nature of transaction	Nine Months Ended		Quarter Ended	
	March 31, 2017 Rupees	March 31, 2016 Rupees	March 31, 2017 Rupees	March 31, 2016 Rupees
Services received	243,000	238,500	81,000	79,500
Services rendered	668,411	700,304	-	30,000
Electricity purchased	680,506,549	636,239,774	233,323,131	231,744,623
Purchase of yarn, fabric and machinery	171,932,708	157,144,901	53,453,454	20,042,578
Sales of cotton, yarn, fabric and machinery	418,326,107	454,648,512	110,660,033	127,876,916

#### 10 SEGMENT REPORTING

The Company has three 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	Manufactures and sale of yarn
Weaving	Manufactures and sale of woven fabric
Power	Generation and sale of electricity

- Information about operating segments as at March 31, 2017 is as follows:

	Nine Months ended March 31, 2017			
	Spinning Rupees	Weaving Rupees	Power Rupees	Total Rupees
Revenue from external customers	3,048,487,696	2,015,688,768	-	5,064,176,464
Inter-segment revenues	137,203,450	-	75,882,750	213,086,200
	Nine Months ended March 31, 2016			
	Spinning Rupees	Weaving Rupees	Power Rupees	Total Rupees
Revenue from external customers	2,909,584,632	1,928,751,297	-	4,838,335,929
Inter-segment revenues	202,497,800	-	34,586,820	237,084,620

## BHANERO TEXTILE MILLS LIMITED

### Condensed Interim Notes To Financial Statement (Un-audited) For The Nine Months Ended March 31, 2017

As at March 31, 2017					
	Spinning Rupees	Weaving Rupees	Power Rupees	Un-allocated Rupees	Total Rupees
Segment assets	<u>4,909,678,692</u>	<u>1,050,077,637</u>	<u>71,121,589</u>	<u>305,494,587</u>	<u>6,336,372,505</u>
As at June 30, 2016					
	Spinning Rupees	Weaving Rupees	Power Rupees	Un-allocated Rupees	Total Rupees
Segment assets	<u>3,304,235,557</u>	<u>1,040,698,148</u>	<u>78,486,323</u>	<u>281,795,444</u>	<u>4,705,215,472</u>
As at March 31, 2017					
	Spinning Rupees	Weaving Rupees	Power Rupees	Un-allocated Rupees	Total Rupees
Segment liabilities	<u>219,343,329</u>	<u>121,335,913</u>	<u>47,744,868</u>	<u>2,086,297,976</u>	<u>2,474,722,086</u>
As at June 30, 2016					
	Spinning Rupees	Weaving Rupees	Power Rupees	Un-allocated Rupees	Total Rupees
Segment liabilities	<u>225,079,383</u>	<u>131,445,210</u>	<u>34,818,477</u>	<u>674,319,683</u>	<u>1,065,662,753</u>

#### 11 EVENTS AFTER THE REPORTING PERIOD

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

#### 12 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.

#### 13 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 26th April, 2017.

#### 14 GENERAL

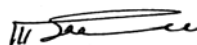
14.1 There are no other significant activities since June 30, 2016 affecting the interim financial information.

14.2 Corresponding figures have been re-arranged where necessary to facilitate comparison. However, there are no significant reclassifications during the period.

14.3 Figures have been rounded off to the nearest Rupee.



**Khurrum Salim**  
Chief Executive



**Mohammad Shaheen**  
Director

Karachi: 26<sup>th</sup> April 2017

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**BHANERO TEXTILE MILLS LIMITED**

Umer House, 23/1, Sector 23, S.M. Farooq Road,  
Korangi Industrial Area, Karachi-74900, Pakistan

Phone : 021 - 35115177 - 80

Fax no. : 021 - 35063002 - 3

E-mail : [khioff@umergroup.com](mailto:khioff@umergroup.com)

Website: <http://www.umergroup.com>