



*of Companies*

THIRD QUARTERLY ACCOUNTS  
2012-2013  
(UN - AUDITED)

UMER GROUP OF COMPANIES

BHANERO TEXTILE MILLS LIMITED



**BHANERO TEXTILE MILLS LIMITED**

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## **Vision**

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





**BHANERO TEXTILE MILLS LIMITED**

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## 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.*



## 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 2014.

#### Operating Results

During the nine months ended 31<sup>st</sup> March 2014, the company's profit after tax came to **PKR 343.078** million as compared to **PKR 355.082 million** for the nine months ended 31<sup>st</sup> March 2013. The earnings per share (EPS) for the nine months ended 31<sup>st</sup> March 2014 is **PKR 114.36** (31<sup>st</sup> March 2013: **PKR 118.36**).

The company's financial position continues to remain stout supported by strong capital and revenue reserves. Break up value of shares is **PKR 1,077.02** as at 31<sup>st</sup> March 2014s (30<sup>th</sup> June 2013: **PKR 982.45**).

During the quarter under review Pakistan textile industry faced multiple issues. Severity of non procurement of yarn and cotton by China has increased during the quarter ended 31<sup>st</sup> March 2014. Due to decline in export of yarn and import of yarn from India, prices of yarn and cotton in local market are coming down due to abundant supply in local market.

Appreciation in Pakistani Rupees has also affected the exporter profitability during the quarter ended 31<sup>st</sup> March 2014. Export proceeds have been reduced about 10% due to appreciation in Pakistani Rupees whereas the cost of production remained the same.

#### Future Outlook

Activity in textile spinning sector in Pakistan is almost dull due to procurement policy of China. China buying in yarn and cotton may remove the dullness in textile spinning sector.

So far no major activity in textile was observed after getting the Grant of Generalized System of Preferences (GSP) Plus status by the European Union. Significant increase in orders from EU countries was being expected followed by increases in production in textile industry. It seems that impact of GSP Plus may be observed after three to four months.

Appreciation in Pakistani Rupee is good but government must ensure that impact of appreciation must be done gradually. Sudden appreciation of Pakistani Rupee severally affects the exporter viability.

Unlike previous year, frequency of gas outage has increased. In the absence of gas supply, we had to operate machineries through power generation based on furnace oil. Generation of power based on furnace oil has resulted in extra fuel and power cost which had to be borne by the company.

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

#### 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 extend their appreciation to the company's banker, buyers and suppliers for the cooperation extended by them.

For and on behalf of the Board

Karachi: 26<sup>th</sup> April 2014

**Khurrum Salim**  
Chief Executive



## BHANERO TEXTILE MILLS LIMITED

### Condensed Interim Balance Sheet (Un-audited) As At 31<sup>st</sup> March , 2014

	Note	March 31, 2014 Rupees	June 30, 2013 Rupees
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
<b>Authorized capital</b>			
6,000,000 (June 2013: 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		2,800,645,500	2,800,000,000
Unappropriated profit		400,435,373	117,357,337
		<u>3,231,080,873</u>	<u>2,947,357,337</u>
<b>NON CURRENT LIABILITIES</b>			
Deferred liabilities		<u>162,677,730</u>	<u>154,958,307</u>
		162,677,730	154,958,307
<b>CURRENT LIABILITIES</b>			
Trade and other payables		<u>575,281,892</u>	<u>467,076,899</u>
Mark-up accrued on loans		27,529,037	5,980,563
Short term borrowings - secured		1,240,902,750	828,550,000
Current portion of long term loan		-	1,699,570
		1,843,713,679	1,303,307,032
<b>CONTINGENCIES AND COMMITMENTS</b>			
	4	-	-
		<u>5,237,472,282</u>	<u>4,405,622,676</u>

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

Karachi: 26<sup>th</sup> April 2014

**Khurram Salim**  
Chief Executive



## BHANERO TEXTILE MILLS LIMITED

### Condensed Interim Balance Sheet (Un-audited) As At 31<sup>st</sup> March , 2014

	Note	March 31, 2014 Rupees	June 30, 2013 Rupees
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	5	1,474,184,227	1,531,890,987
Capital work in progress		147,498,300	40,293,004
Long term investment		965,500	320,000
Long term deposits		11,220,436	10,642,796
		<b>1,633,868,463</b>	<b>1,583,146,787</b>
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools		73,925,985	53,122,008
Stock in trade		2,666,195,983	2,127,754,269
Trade debts		495,426,611	414,889,160
Loans and advances		31,202,528	29,973,488
Trade deposits and short term prepayments		42,630,839	28,912,184
Other receivables		5,954,446	3,949,932
Advance income tax		67,666,165	60,077,776
Sales tax refundable		102,542,301	50,613,456
Cash and bank balances		118,058,961	53,183,616
		<b>3,603,603,819</b>	<b>2,822,475,889</b>
		<b><u>5,237,472,282</u></b>	<b><u>4,405,622,676</u></b>

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

**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 , 2014

	NINE MONTHS ENDED		QUARTER ENDED	
	March 31, 2014 Rupees	March 31, 2013 Rupees	March 31, 2014 Rupees	March 31, 2013 Rupees
Sales	5,794,885,615	5,116,165,264	2,025,111,321	1,769,416,650
Cost of goods sold	5,038,101,500	4,391,447,945	1,847,338,452	1,473,801,880
<b>Gross profit</b>	<b>756,784,115</b>	724,717,319	<b>177,772,869</b>	295,614,770
Other income	8,469,393	3,234,813	628,371	714,530
	<b>765,253,508</b>	727,952,132	<b>178,401,240</b>	296,329,300
Distribution cost	145,235,803	128,370,027	49,733,203	44,446,865
Administrative expenses	88,427,965	76,457,772	31,661,521	26,685,307
Other operating expenses	22,425,123	21,654,145	3,719,874	9,339,506
Finance cost	108,098,766	95,209,567	42,004,805	46,793,141
	<b>364,187,657</b>	321,691,511	<b>127,119,403</b>	127,264,819
<b>Profit before tax</b>	<b>401,065,851</b>	406,260,621	<b>51,281,837</b>	169,064,481
Provision for taxation				
Current period	57,987,815	51,177,994	20,320,623	17,691,911
<b>Profit for the period</b>	<b>343,078,036</b>	<b>355,082,627</b>	<b>30,961,214</b>	<b>151,372,570</b>
<b>Earnings per Share - basic and diluted</b>	<b>114.36</b>	<b>118.36</b>	<b>10.32</b>	<b>50.46</b>

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

**Khurram Salim**  
Chief Executive

**Mohammad Shakeel**  
Director

Karachi: 26<sup>th</sup> April 2014



## BHANERO TEXTILE MILLS LIMITED

### Condensed Interim Statement of Comprehensive Income (Un-audited) For The Nine Months Ended 31<sup>st</sup> March 2014

	Nine Month Ended		Quarter Ended	
	31 <sup>st</sup> March 2014 Rupees	31 <sup>st</sup> March 2013 Rupees	31 <sup>st</sup> March 2014 Rupees	31 <sup>st</sup> March 2013 Rupees
Profit for the period	343,078,036	355,082,627	30,961,214	151,372,570
Other comprehensive income for the period	-	-	-	-
Change in fair value of available for sale of financial assets	645,500	(125,000)	116,000	-
<b>Total comprehensive Income for the period</b>	<b><u>343,723,536</u></b>	<b><u>354,957,627</u></b>	<b><u>31,077,214</u></b>	<b><u>151,372,570</u></b>

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

**Khurram Salim**  
Chief Executive

**Mohammad Shakeel**  
Director

Karachi: 26<sup>th</sup> April 2014





## BHANERO TEXTILE MILLS LIMITED

### Condensed Interim Cash Flow Statement (Un-audited) For The Nine Months Ended 31<sup>st</sup> March , 2014

	March 31, 2014 Rupees	March 31, 2013 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	401,065,851	406,260,621
<b>Adjustments for:</b>		
Depreciation on property, plant and equipment	106,937,512	114,806,546
Provision for employees' benefits	19,440,000	21,825,000
Infrastructure Fees	6,078,167	4,621,972
(Gain) on disposal of property, plant and equipment	(664,091)	(1,168,006)
Finance cost	108,098,766	95,209,567
<b>Operating cash flows before changes in working capital</b>	<b>640,998,876</b>	<b>641,555,700</b>
<b>(Increase)/decrease in current assets</b>		
Inventories	(559,245,691)	(929,884,280)
Trade debts	(80,580,122)	(61,648,282)
Loans and advances	(1,229,040)	(32,252,006)
Trade deposits	(13,718,655)	(4,756,937)
Other receivables	(2,004,514)	(1,355,434)
Sales tax refundable	(51,928,845)	7,620,950
	(708,706,867)	(1,022,275,989)
Increase in trade and other payables	108,226,017	160,239,883
<b>Cash generated by operations</b>	<b>40,518,026</b>	<b>(220,480,406)</b>
Finance cost paid	(86,550,292)	(77,363,899)
Employees' benefits paid	(17,798,744)	(11,265,370)
Income taxes paid	(65,576,204)	(55,135,211)
Long term deposits	(577,640)	-
	(170,502,880)	(143,764,480)
<b>Net cash used in operating activities</b>	<b>(129,984,854)</b>	<b>(364,244,886)</b>



## BHANERO TEXTILE MILLS LIMITED

### Condensed Interim Cash Flow Statement (Un-audited) For The Nine Months Ended 31<sup>st</sup> March , 2014

	March 31, 2014 Rupees	March 31, 2013 Rupees
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceed from disposal of property, plant and equipment	3,837,712	5,255,000
Purchase of property, plant and equipment	<u>(159,609,669)</u>	<u>(19,693,352)</u>
<b>Net cash used in investing activities</b>	<u>(155,771,957)</u>	<u>(14,438,352)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payment of liability against assets subject to finance lease	(1,699,570)	(3,885,679)
Short term bank borrowings	412,352,750	544,268,881
Dividend paid	<u>(60,021,024)</u>	<u>(59,903,322)</u>
<b>Net cash from financing activities</b>	<u>350,632,156</u>	<u>480,479,880</u>
<b>Net increase in cash and cash equivalents</b>	<b>64,875,345</b>	<b>101,796,642</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>53,183,616</b>	<b>32,753,514</b>
<b>Cash and cash equivalents at the end of the period</b>	<u><b>118,058,961</b></u>	<u><b>134,550,156</b></u>

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

**Khurram Salim**  
Chief Executive

**Mohammad Shakeel**  
Director

Karachi: 26<sup>th</sup> April 2014



## BHANERO TEXTILE MILLS LIMITED

### Condensed Interim Statement of Changes in Equity (Un-audited) For The Nine Months Ended 31<sup>st</sup> March 2014

	Share Capital	General Reserves	Available for sale financial assets	Unappropriated Profit	Total
	Rupees	Rupees	Rupees	Rupees	Rupees
<b>Balance as at 30<sup>th</sup> June, 2012</b>	30,000,000	2,300,200,000	(200,000)	90,340,988	2,420,340,988
Profit for the nine months ended 31 <sup>st</sup> March 2013				355,082,627	355,082,627
Other comprehensive income for the nine months ended 31 <sup>st</sup> March 2013	-	-	(125,000)	-	(125,000)
Final dividend for the year ended June 30, 2012 PKR. 20.0 per share	-	-	-	(60,000,000)	(60,000,000)
<b>Balance as at 31<sup>st</sup> March, 2013</b>	30,000,000	2,300,200,000	(325,000)	385,423,615	2,715,298,615
Profit for the remaining period	-	-	-	231,913,722	231,913,722
Transferred to general reserve	-	499,980,000	-	(499,980,000)	-
Other comprehensive income for the year ended 30 <sup>th</sup> June 2013	-	-	145,000	-	145,000
<b>Balance as at 30<sup>th</sup> June, 2013</b>	30,000,000	2,800,180,000	(180,000)	117,357,337	2,947,357,337
Other comprehensive income for the nine months ended 31 <sup>st</sup> March 2014	-	-	645,500	-	645,500
Profit for the nine months ended 31 <sup>st</sup> March 2014	-	-	-	343,078,036	343,078,036
Final dividend for the year ended 30 <sup>th</sup> June, 2013	-	-	-	(60,000,000)	(60,000,000)
<b>Balance as at 31<sup>st</sup> March, 2014</b>	30,000,000	2,800,180,000	465,500	400,435,373	3,231,080,873

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

**Khurrum Salim**  
Chief Executive

**Mohammad Shakeel**  
Director

Karachi: 26<sup>th</sup> April 2014



## BHANERO TEXTILE MILLS LIMITED

### Condensed Interim Notes To Financial Statement (Un-audited) For The Nine Months Ended 31<sup>st</sup> March , 2014

#### 1 NATURE AND SCOPE OF THE BUSINESS

The company was incorporated in Pakistan as a Public limited company on March 30, 1980 under the Companies Act, 1913 (Now Companies Ordinance, 1984). 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 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 30<sup>th</sup> June, 2013.

This condensed interim financial information is being submitted to the shareholders as required by the Listing regulations of Karachi, Lahore and Islamabad Stock Exchanges and section 245 of the Companies Ordinance, 1984.

These condensed interim financial information comprise of condensed interim balance sheet, condensed profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity together with the notes for the nine months March 2014. These condensed interim financial information also include the condensed interim profit and loss account for the quarter ended December 31, 2013.

#### 3 SIGNIFICANT ACCOUNTING POLICIES

- 3.1 The accounting policies and methods of computation which have been used in the preparation of this condensed interim financial information are the same as those applied in preparation of the financial statements for the preceding year ended 30 June, 2013 except for adoption of IAS-19, as more described in note 3.2 below.

##### 3.2 Change in accounting policy for employee benefits - defined benefit plan

IAS 19 (revised) 'Employee benefits' amends the accounting for employment benefits which became effective to the Company from July 1, 2013. The changes introduced by the IAS 19 (revised) are as follows:

- (a) The standard requires past service cost to be recognised immediately in profit and loss account;
- (b) The standard replaces the interest cost on the defined benefit obligation and the expected return on plan assets with a net interest cost based on the net defined benefit assets or liability and the discount rate, measured at the beginning of the year;
- (c) There is new term "remeasurement". This is made up of actuarial gains and losses, the differences between actual investment returns and return implied by the net interest cost; and
- (d) The amendment requires an entity to recognise remeasurements immediately in other comprehensive income. Actuarial gains or losses beyond corridor limits were previously amortised over the expected future services of the employees.

The management believes that the effects of these changes would not have any effect on this condensed interim financial information as the cumulative balance for unrecognised actuarial losses as at June 30, 2013 was Nil.



## BHANERO TEXTILE MILLS LIMITED

### Condensed Interim Notes To Financial Statement (Un-audited) For The Nine Months Ended 31<sup>st</sup> March , 2014

#### 4 CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

There has been no significant change in the contingencies and commitments since the last audited financial statements.

March 31, 2014 Rupees	June 30, 2013 Rupees
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#### 5 PROPERTY, PLANT AND EQUIPMENT

Written down value of assets - opening	1,531,890,987	1,530,549,070
Addition during the period	52,404,373	153,718,946
Disposals during the period - written down value	(3,173,621)	(4,586,507)
Depreciation charged during the period	<u>(106,937,512)</u>	<u>(147,790,522)</u>
Written down value of assets - closing	<u>1,474,184,227</u>	<u>1,531,890,987</u>

#### 6 TRANSACTIONS WITH ASSOCIATED UNDERTAKING

The Company enters into transactions with the related parties in normal course of business at arm's length price 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:

	Nine Months Ended		Quarter Ended	
	March 31, 2014 Rupees	March 31, 2013 Rupees	March 31, 2014 Rupees	March 31, 2013 Rupees
Services received	225,000	3,266,259	75,000	2,271,351
Services rendered	674,858	6,877,986	15,000	1,393,878
Electricity purchased	625,031,016	407,835,278	230,144,295	147,357,530
Purchase of yarn, fabric and machinery	125,396,399	304,632,162	66,048,768	49,154,414
Sales of cotton, yarn and fabric	497,980,501	408,684,472	128,520,856	16,511,887

#### 7 DATE OF AUTHORIZATION FOR ISSUE

These nine months period financial information were authorized for issue on 26th April 2014 by the Board of Directors of the Company.

#### 8 OTHERS

There are no other significant activity since June 30, 2013 affecting the financial statements.

#### 9 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 half year and quarter.

**Khurram Salim**  
Chief Executive

**Mohammad Shakeel**  
Director

Karachi: 26<sup>th</sup> April 2014

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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>