

TOWELLERS LIMITED

REVIEWED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED
DECEMBER 31, 2020



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COMPANY INFORMATION BOARD OF DIRECTORS

Mrs.	Mahjabeen Obaid	Chairperson
Mrs.	Mehreen Obaid Agha	Chief Executive Officer
Mrs.	Sana Bilal	Director
Mrs.	Hadeel Obaid	Director
Mr.	Zeeshan K. Sattar	Director
Mr.	Abdul Jalil Shariff	Director
Mr.	Valy Tariq Rangoon wala	Independent Director

BOARD AUDIT COMMITTEE

Mr.	Valy Tariq Rangoon wala	Chairman
Mrs.	Hadeel Obaid	Member
Mr.	Abdul Jalil Shariff	Member

HUMAN RESOURCE AND REMUNERATION COMMITTEE:

Mr.	Valy Tariq Rangoonwala	Chairman
Mr.	Zeeshan K. Sattar	Member
Mr.	Abdul Jalil Shariff	Member

CHIEF FINANCIAL OFFICER

Mr. Adnan Moosaji

COMPANY SECRETARY

Mr. M. Farhan Adil

STATUTORY AUDITORS

Mushtaq & Company
Chartered Accountants
407-Commerce Centre, Hasrat Mohani Road, Karachi.

BANKERS

Soneri Bank Limited
Allied Bank Limited
Muslim Commercial Bank Limited
Faysal Bank Ltd
Dubai Islamic Bank Pakistan Ltd
Meezan Bank Limited
Al Barka Bank Pakistan Ltd.

REGISTRAR & SHARE REGISTRATION OFFICE

Plot No. 32-C, Jami Commercial Street-2,
D.H.A., Phase-VII, Karachi-75500

REGISTERED OFFICE

WSA-30 & 31, Block-1, Federal "B" Area, Karachi-75950

Web Site:

Company Registration
C.R. # 0004042

National Tax
NTN 0676889-0,

Sales Tax No.
Sales Tax # 02-03-5111-007-55

FACTORIES

Plots No. 14, 15/1, 15/2, 15/A, 16/2, 17/1, 17/2, 17/3
Sector 12-D, N.K.I.A., and Plots No. 9 & 10, Sector 12-C, N.K.I.A., Karachi.

DIRECTORS' REPORT TO THE SHAREHOLDERS

The Board of Directors are pleased to present their report together with the un-audited financial statements of the Company for the second quarter ended December 31, 2020.

Alhamdulillah, the robust growth that the textile industry had achieved during the first quarter continued during this quarter as well. The Textile exports of Pakistan grew by 19.78% during the first half of the financial year 2021. Your Company also achieved and enjoyed the tremendous growth, which has resulted in 32% increase in turnover as compared to the same period last year. Total turnover during the Jul-Dec, 2020 is Rs. 2.96 B as compared to Rs. 2.24 B last year.

The tremendous growth in sales has resulted in after tax net profitability of 14% (i.e. Rs. 424 M) and an EPS of Rs. 24.97. The Company is exploring new avenues to increase its customer base and also making efforts to enhance its capacities and efficiencies by investing in BMR.

The financial highlights of the performance of the Company is as under:

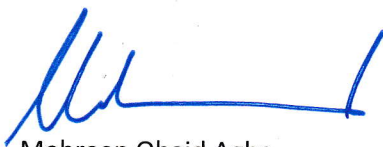
FINANCIAL HIGHLIGHTS**HALF YEAR ENDED DECEMBER 31, 2020**

	Rupees in Thousands	
	2020	2019
Sales	2,955,521	2,243,297
Gross Profit	698,728	438,055
Profit from operations	437,920	206,625
Taxation	25,357	20,533
Profit after taxation	424,521	198,897

With the blessings of Allah, your prayers and the untiring efforts of Management of the Company, we are hoping that the Company closes this financial year with unprecedented turnover and profitability numbers.

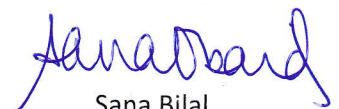
Acknowledgment

We thank all stakeholders for their endless support in achieving our growth targets. Also, we appreciate efforts of our sales, production and all the teams to achieve our set growth targets and their commitment towards the prosperity of our company.



Mehreen Obaid Agha
Chief Executive Officer

Karachi, February 24, 2021



Sana Bilal
Director

ڈائریکٹر رپورٹ برائے حصص یافتگان

بورڈ آف ڈائریکٹر 31 دسمبر 2020 کو ختم ہونے والی دوسری سہ ماہی کیلئے کمپنی کے غیر آڈٹ شدہ مالیاتی تفصیلات پیش کرنے میں خوشی محسوس کرتے ہیں۔

الحمد للہ! پہلی سہ ماہی کے دوران ٹیکسٹائل کی صنعت نے جو زبردست تیزی حاصل کی تھی اس سہ ماہی کے دوران بھی وہ جاری رہی ہے، مالی سال 2021ء کی پہلی ششماہی کے دوران پاکستان کی ٹیکسٹائل کی برآمدات میں 19.78% کا اضافہ دیکھنے میں آیا ہے اسی مدت کے دوران آپ کی کمپنی کی فروخت میں بھی زبردست اضافہ دیکھنے میں آیا ہے، جس کے نتیجے میں گزشتہ سال کی اسی مدت کی مقابلے میں کاروبار میں 32% اضافہ ہوا ہے، جولائی سے دسمبر 2020ء کے دوران کل کاروباری حجم 2.96 ارب روپے رہا، جبکہ اسی مدت کے دوران پچھلے سال یہ 2.24 ارب روپے رہا تھا۔

بیرون ملک فروخت میں زبردست اضافے کے نتیجے میں بعد از ٹیکس خالص منافع 14% (424 ملین) رہا اور آمدن فی حصص 24.97 رہا ہے، کمپنی اپنے کسٹمر بیس کو بڑھانے کیلئے نئی راہیں تلاش کر رہی ہے اور بی ایم آر میں سرمایہ کاری کر کے اپنی صلاحیتوں اور اہلیت کو بڑھانے کیلئے بھی کوشش کر رہی ہے۔ کمپنی کی کارکردگی کی مالی جھلکیاں اس طرح ہیں

مالیاتی صورتحال

نصف سال 31 دسمبر 2020

رقم ہزاروں میں		
2019	2020	
2,243,297	2,955,521	کل فروختگی
438,055	698,728	مجموعی منافع
206,625	437,920	منافع برائے آپریشن
20,533	25,357	ٹیکسز
198,897	424,521	بعد از ٹیکس منافع

اللہ تعالیٰ کے فضل و کرم، آپ کی دعاؤں اور کمپنی کی انتظامیہ کی انتھک کوششوں سے ہم امید کر رہے ہیں کہ کمپنی اس مالی سال کو غیر معمولی کاروبار اور منافع بخش اہداف کو حاصل کر سکے۔

اظہار تشکر

ہم تمام اسٹیک ہولڈرز کا ترقی کے اہداف کے حصول میں تعاون پر شکریہ ادا کرتے ہیں نیز ہم اپنی فروخت، پیداوار اور تمام ٹیموں کی ہماری ترقی اور ہماری خوشحالی کیلئے ان کے عزم کے حصول کے لئے کی جانے والی کوششوں کی تعریف کرتے ہیں۔

ثناء بلال

ڈائریکٹر

مہرین عبید آغا

چیف ایگزیکٹو آفیسر

کراچی

تاریخ: 24 فروری 2021

INDEPENDENT AUDITORS' REVIEW REPORT ON CONDENSED INTERIM FINANCIAL INFORMATION

TO THE MEMBERS OF TOWELLERS LTD

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **Towellers Limited** as at **December 31, 2020**, and the related condensed interim statement profit or loss, condensed interim statement of comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in equity together with the notes forming part thereof (here-in-after referred to as the "interim financial information") for the half year then ended. Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarter ended December 31, 2020 and December 31, 2019 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2020.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of the persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an 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.

Basis for Qualified Conclusion

The following observation came to our knowledge during our review of interim financial information:

- a) The company has not accounted for the amount of Rs. 36,689,591 payable in respect of Gas Infrastructure Development Cess (GIDC) in the financial statements. Had the above amount been recorded in the accounts, the profit would have been decreased by Rs.36,689,591 and consequently the liability would have been increased by the same amount.

Qualified Conclusion

Based on our review, except for the effects of the matter described in basis for qualified conclusion paragraph, nothing has come to our attention that causes us to believe that the accompanying interim financial information for the half year ended 31st December, 2020, is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the review resulting in this independent auditor's review report is **Mr. Zahid Hussain Zahid ACA**.

MUSHTAQ & COMPANY
Chartered Accountants

Karachi, February 24, 2021

TOWELLERS LIMITED

Condensed Interim Financial Position (Un-audited) As at December 31, 2020

NON CURRENT ASSETS

Property, plant and equipment
Long term loans
Long term deposits

Note	UNAUDITED	AUDITED
	31-Dec-20	30-Jun-20
	Rupees	
6	1,677,710,280	1,663,760,816
	17,341,746	16,860,935
	24,628,141	16,875,320
	1,719,680,167	1,697,497,071

CURRENT ASSETS

Stores, spare parts and loose tools
Stock in trade
Trade debts
Loans and advances
Trade deposits and short term prepayments
Other receivables
Income tax and sales tax refundable
Cash and bank balances

7	27,074,658	27,003,224
	725,854,869	567,968,278
	996,118,246	510,349,437
	16,650,766	13,177,902
	11,534,490	27,880,342
	179,250,588	86,258,889
	236,054,501	269,267,982
	379,284,976	350,295,502
	2,571,823,094	1,852,201,556
	4,291,503,260	3,549,698,627

TOTAL ASSETS

EQUITY AND LIABILITIES

SHARE CAPITAL AND RESERVES

Authorized capital

25,000,000 (June 30, 2020: 25,000,000) ordinary shares of Rs. 10 each

250,000,000	250,000,000
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Issued, subscribed and paid up capital

17,000,000 (June 30, 2020: 17,000,000) ordinary shares of Rs. 10 each

170,000,000	170,000,000
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Reserves

1,765,676,149	1,317,201,714
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Surplus on revaluation of property, plant & equipment

1,203,095,060	1,227,048,962
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3,138,771,209	2,714,250,676
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NON CURRENT LIABILITIES

Deferred liabilities

Staff retirement benefits - gratuity

169,422,114	163,375,631
169,422,114	163,375,631

CURRENT LIABILITIES

Trade and other payables

983,309,936	672,072,320
983,309,936	672,072,320

CONTINGENCIES AND COMMITMENTS

TOTAL EQUITY AND LIABILITIES

8	-	-
	4,291,503,260	3,549,698,627

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

Mehreen Obaid Agha
Chief Executive Officer

Sana Bilal
Director

Adnan Moosaji
Chief Financial Officer


Karachi, February 24, 2021

Condensed Interim Statement of Profit or Loss (Un-audited)

For the half year ended December 31, 2020

	Half Yearly		Quarterly	
	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
	Rupees			
Net Sales	2,955,521,371	2,243,296,516	1,629,534,346	1,176,556,734
Cost of sales	(2,256,793,464)	(1,805,241,063)	(1,226,696,175)	(921,570,529)
Gross profit	698,727,907	438,055,453	402,838,171	254,986,205
Distribution cost	(102,574,006)	(105,136,626)	(67,072,134)	(59,963,023)
Administrative expenses	(134,556,412)	(114,744,976)	(70,724,733)	(54,569,169)
Other operating expenses	(23,677,738)	(11,548,924)	(13,493,210)	(7,344,209)
	(260,808,156)	(231,430,526)	(151,290,077)	(121,876,401)
Profit / (loss) from operations	437,919,751	206,624,927	251,548,094	133,109,804
Other charges / income				
Other income	13,469,070	15,135,375	5,539,811	7,727,718
Finance cost	(1,511,801)	(2,330,739)	(716,926)	(1,297,535)
	11,957,269	12,804,636	4,822,885	6,430,183
Profit before taxation	449,877,021	219,429,563	256,370,979	139,539,987
Provision for taxation	(25,356,489)	(20,532,718)	(14,561,620)	(11,004,144)
Profit for the period	424,520,532	198,896,845	241,809,359	128,535,843
Profit per share-basic and diluted	24.97	11.70	14.22	7.56

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



Mehreen Obaid Agha
Chief Executive Officer

Karachi, February 24, 2021



Sana Bilal
Director



Adnan Moosaji
Chief Financial Officer


TOWELLERS LIMITED

Condensed Interim Statement of Comprehensive Income (Un-audited)


For the half year ended December 31, 2020

	Half Yearly		Quarterly	
	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
	Rupees			
Profit for the period	424,520,532	198,896,845	241,809,359	128,535,843
Surplus on revaluation of property, plant & equipment	-	429,897,084	-	-
Total comprehensive Profit for the period	424,520,532	628,793,929	241,809,359	128,535,843

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


Mehreen Obaid Agha
Chief Executive Officer

Karachi, February 24, 2021


Sana Bilal
Director

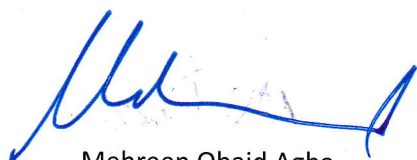

Adnan Moosaji
Chief Financial Officer

TOWELLERS LIMITED

Condensed Interim Statement of Changes in Equity (Un-audited) For the half year ended December 31, 2020

Particulars	Share capital	Reserves			Total
		Capital	Revenue	Capital Reserve	
		Share premium	Unappropriated profit	Revaluation Surplus	
Balance as at July 1, 2019	170,000,000	63,000,000	990,744,900	819,673,514	2,043,418,414
Profit for the period	-	-	198,896,845	429,897,084	628,793,929
Transferred from surplus on revaluation of property, plant & equipment	-	-	28,265,310	(28,265,310)	-
Balance as at Dec 31, 2019	170,000,000	63,000,000	1,217,907,055	1,221,305,288	2,672,212,343
Balance as at July 1, 2020	170,000,000	63,000,000	1,254,201,715	1,227,048,962	2,714,250,677
Profit for the period	-	-	424,520,532	-	424,520,532
Other comprehensive income for the period	-	-	-	-	-
Transferred from surplus on revaluation of property, plant & equipment	-	-	23,953,902	(23,953,902)	-
Balance as at Dec 31, 2020	170,000,000	63,000,000	1,702,676,149	1,203,095,060	3,138,771,209

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



Mehreen Obaid Agha
Chief Executive Officer

Karachi, February 24, 2021



Sana Bilal
Director



Adnan Moosaji
Chief Financial Officer

TOWELLERS LIMITED

Condensed Interim Cash Flow Statement (Un-audited) For the half year ended December 31, 2020

CASH FLOWS FROM OPERATING ACTIVITIES

Profit before taxation

449,877,021 219,429,564

Adjustments for:

Depreciation

46,007,037 46,988,571

Finance cost

1,511,801 2,330,739

(Gain) / loss on disposal of property, plant and equipment

(761,114) 178,597

Workers' profit participation fund

23,677,738 11,548,924

Provision for gratuity

18,146,178 11,716,414

88,581,640 72,763,247

Profit before working capital changes

538,458,661 292,192,810

(Increase) / decrease in current assets

Stock, stores, spare parts and loose tools

(157,958,025) 99,905,829

Trade debts

(485,768,809) (297,685,436)

Loans and advances

(3,472,864) (13,188,837)

Trade deposits and short term prepayments

8,593,032 284,352

Other receivables

(92,991,699) (653,881)

(731,598,365) (211,337,974)

(Decrease) / increase in current liabilities

Trade and other payables

287,559,878 145,706,773

Cash generated from operations

94,420,174 226,561,610

Finance cost paid

(1,511,801) (2,330,739)

Taxes refund / (paid)

7,856,994 (164,824,280)

Long term loan paid

(480,811) (1,099,052)

Staff retirement benefits - gratuity net

(12,099,695) (8,756,839)

88,184,861 49,550,699

Net cash generated from operating activities

CASH FLOWS FROM INVESTING ACTIVITIES

Proceeds from sale of property, plant and equipment

9,685,000 526,500

Fixed capital expenditure

(68,880,387) (82,190,231)

Net cash used in investing activities

(59,195,387) (81,663,731)

CASH FLOWS FROM FINANCING ACTIVITIES

Short term borrowings - net

- -

Net cash used in financing activities

- -

Net increase / (decrease) in cash and cash equivalents

28,989,474 (32,113,032)

Cash and cash equivalents at the beginning of the year

350,295,502 287,273,316

Cash and cash equivalents at the end of the period

379,284,976 255,160,284

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

Mehreen Obaid Agha
Chief Executive Officer

Sana Bilal
Director

Adnan Moosaji
Chief Financial Officer

Karachi, February 24, 2021

TOWELLERS LIMITED**SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)**

For the half year ended December 31, 2020

1 LEGAL STATUS AND NATURE OF BUSINESS

The company was incorporated in Pakistan as a Private Limited Company on May 31, 1973 and subsequently converted into Public Limited Company on June 22, 1994 under the Companies Act, 1913 (Now Companies Act, 2017) and is quoted on stock exchanges at Karachi and Lahore. The principal business of the company is to manufacture and export of textile made ups, garments and towels. The registered office of the company is situated at WSA - 30 & 31, Block - 1, Federal "B" Area, Karachi in the province of Sindh, Pakistan.

2 BASIS OF PREPARATION**Statement of compliance**

- (a) These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in
- (i) International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 and Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

- (b) This condensed interim financial statement is unaudited and is being submitted to the shareholders as required under Section 237 of the Companies Act, 2017. This condensed interim financial statement does not contain all the information required for a complete set of financial statements, and should be read in conjunction with the published audited financial statements of the

3 SIGNIFICANT ACCOUNTING POLICIES

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 June 30, 2020.

Amendments to certain existing standards and new interpretations on approved accounting standards effective during the period either were not relevant to the company's operations or did not have any impact on the accounting policies of the company.

4 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.

5 ACCOUNTING ESTIMATES, JUDGMENTS AND FINANCIAL RISK MANAGEMENT

The preparation of this condensed interim financial information in conformity with approved accounting standards requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognized prospectively commencing from the period of revision.

Judgments and estimates made by management in the preparation of this condensed interim financial information are the same as those that were applied to the financial statements as at and for the year ended June 30, 2020. 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 June 30, 2020.

TOWELLERS LIMITED

6 PROPERTY, PLANT AND EQUIPMENT

		(Un-audited)	(Audited)
	Note	31-Dec-20	30-Jun-20
		----- Rupees -----	----- Rupees -----
Operating assets	5.1	1,648,463,761	1,657,507,831
Capital work in progress-at cost	5.2	29,246,519	6,252,985
		<u>1,677,710,280</u>	<u>1,663,760,816</u>

6.1 ASSETS OWNED BY THE COMPANY

		(Un-audited)	(Audited)
		31-Dec-20	30-Jun-20
		----- Rupees -----	----- Rupees -----
Net book value at the beginning of the period/year		1,657,507,831	1,207,399,359
Additions / Surplus on revaluation during the period/year			
Leasehold land		-	278,164,270
Building on leasehold land		-	122,353,744
Plant and machinery		24,546,204	92,527,055
Furniture and fixture		1,477,856	563,205
Office equipment		5,571,792	10,847,299
Solar Power Plant		-	34,339,907
Vehicles		14,291,000	3,115,300
		<u>45,886,852</u>	<u>541,910,780</u>
Net book value of assets disposed during the period/year		(8,923,886)	(731,764)
Depreciation for the period/year		(46,007,037)	(91,070,544)
Net book value at the end of the period/year		<u>1,648,463,761</u>	<u>1,657,507,831</u>

6.2 CAPITAL WORK IN PROGRESS

		(Un-audited)	(Audited)
		31-Dec-20	30-Jun-20
		----- Rupees -----	----- Rupees -----
Building		25,493,534	2,500,000
Software		3,752,985	3,752,985
		<u>29,246,519</u>	<u>6,252,985</u>

7 TRADE DEBTS

		(Un-audited)	(Audited)
	Note	31-Dec-20	30-Jun-20
		----- Rupees -----	----- Rupees -----
Secured - considered good			
Foreign debts		987,216,976	506,155,588
Unsecured - considered good			
Domestic debts		8,901,270	4,193,849
		<u>996,118,246</u>	<u>510,349,437</u>

8 CONTINGENCIES AND COMMITMENTS

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

8.1 Contingencies

Bank guarantees issued in the ordinary course of business

9,405,000	9,405,000
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8.2 There were no commitments as on 31 December, 2020.

9 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements have been authorized for issue on **24th February 2021** by the board of directors of the company.

10 GENERAL

Figures have been rounded off to the nearest rupees.

Mehreen Obaid Agha
Chief Executive Officer

Karachi, February 24, 2021

Sana Bilal
Director

Adnan Moosaji
Chief Financial Officer