

# TOWELLERS LIMITED

ANNUAL REPORT  
FOR THE YEAR ENDED  
JUNE 30, 2021



## **Vision**

*The Company's Management strives to achieve the top slot in any business field that they enter and having achieved that, their endeavour is to retain that status without overstepping the bounds of fair play and the norms of business ethics.*

## **Mission**

*Through self discipline be an example to their fellow beings that great heights are achievable in all fields without trampling the rights of others and also ensuring that those associated with the venture, be it the shareholders, the workers from the top to the bottom are satisfied with the returns that accrue to them. A seemingly difficult, if not an impossible task but it is the chosen path on which the Company is headed and thus far it has successfully followed it. Providing maximum employment opportunities and contributing their mite to the Country's economy.*

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# Contents

	Page
Company Information	3
Notice of Meeting	4/5
Chairman's Review Report	6
Director's Report	7/9
Corporate Matters	10/11
Independent Auditor's report to the members	12/16
Statement of Compliance with Code of Corporate Governance	17/18
Six Years Comparative Key Operating & Financial Results	19
Balance Sheet	20
Profit and Loss Account	21
Statement of Comprehensive Income / Statement of Changes in Equity	22
Cash Flow Statement	23
Notes to the Accounts	24/43
Pattern of Share Holdings	44
Categories of Shareholding	45
Corporate Governance	46/47
Important Notes for the Share's Holder	48/51
Circulation of Annual Audited Accounts	52
Notice of Meeting (Urdu)	53
Envelope	54
Jama Punji	55
Director Report (Urdu)	56/57
Chairman's Review Report (Urdu)	58
Proxy Form (English / Urdu)	59/60

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## TOWELLERS LIMITED

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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

### REGISTRAR & SHARE REGISTRATION OFFICE

T.H.K., Associates Pvt. Ltd  
Plot No. 32-C,  
Jami Commercial Street – 2  
D.H.A., Phase-VII,  
Karachi, 75500, Pakistan

### REGISTERED OFFICE

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

Web Site: [www.towellers.com](http://www.towellers.com)

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 Plot No. 9 & 10, Sector 12-C, N.K.I.A., Karachi.

## **TOWELLERS LIMITED**

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### **Notice of Annual General Meeting.**

Notice is hereby given that the Forty Eight Annual General Meeting of the Company will be held at Towellers House WSA, 30-31, Block-I Federal B Area Karachi on Wednesday October 27<sup>th</sup> 2021 at 3:30 p.m to transact the following business. Please note that the meeting can also be attended through Video Conference/ link.

#### **ORDINARY BUSINESS:**

1. To confirm the minutes of the Annual General Meeting held on Tuesday 27<sup>th</sup> October, 2020.
2. To receive consider and adopt the Audited Financial Statements of the Company for the year ended June 30<sup>th</sup> 2021 together with Auditor's and Director's Reports.
3. To elect eight Directors of the Company as fixed by the Board for a term of three years commencing from the date of election i.e. October 27<sup>th</sup> 2021 in accordance with section 159 of the Companies Act, 2017. The following Directors are retiring and are eligible for re-election.  
1. Mehreen Obaid Agha 2. Mahjabeen Obaid 3. Sana Bilal 4. Hadeel Obaid  
5. Zeeshan K. Sattar 6. Abdul Jalil Shariff 7. Vally Tariq Rangoonwala 8. Muhammad Sarfraz
4. To appoint Auditors for the ensuing year and fix their remuneration.

#### **OTHER BUSINESS:**

5. Any other business with the permission of the Chair.

A Statement pertaining to the material facts is being sent to the shareholders along with this notice.

Karachi: October 1<sup>st</sup> 2021.

NOTES:

M. Farhan Adil  
Company Secretary

## **TOWELLERS LIMITED**

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1. The share transfer Books of the Company will remain closed from October 20<sup>th</sup> 2021 to October 27<sup>th</sup> 2021 (Both days inclusive).
2. A member entitled to attend, speak and vote at this AGM shall be entitled to appoint another member as a proxy to attend and vote on him / her behalf. The Instrument appointing Proxies must be received at the Registered Office of the Company not less than 48 hours before the time of the meeting.
3. In light of the threat by the prevailing coronavirus (COVID-19) situation the Securities & Exchange Commission of Pakistan vide Circular No 4 of 2021 dated February 15, 2021 and subsequent Circular No 6 of 2021 dated March 03, 2021, the Company has decided to hold Annual General Meeting (AGM) through electronic means in order to protect the well-being of the shareholders.
4. Shareholders interested in attending the AGM through Video Conference/Link, are requested to get themselves registered with the Company Secretary office by providing the following detail at the earliest but not later than 24 hours before the time of AGM with subject Registration for Towellers Limited AGM. In case any member who want to attend the AGM personally are advise to follow SOPs for COVID -19 prescribed by the Government.  
A) Mobile/WhatsApp: 03008205172 and E-mail : [farhan@towelllers.com](mailto:farhan@towelllers.com). Shareholders are advised to mention Name, CNIC Number, Folio/CDC Account Number, Cell number and email ID for identification. The Company will send the login credentials at their e-mail address on the date of meeting Shareholders can also provide their comments/suggestions for the proposed agenda item of the AGM on above email or Whatsapp No.
5. CDC Account Holders will also have to follow the under mentioned guidelines as laid down in Circular 1 dated January 26, 2000 issued by the Securities and change Commission of Pakistan.
6. Any person who seeks to contest the election of Director shall file with the Company not later than 14 days before the date of meeting at which elections are to be held, a notice of his/her intention to offer himself/herself for election as Director in terms of section 159(3) of the Companies Act 2017, along with (a) Duly filed and signed consent on Form 28 (b) Profile, along with attested copy of valid CNIC/Passport(c) Declaration that (i) he/she is not ineligible to become director of a company under Companies Act 2017(ii) he/she is not serving as director on more than seven listed companies including this Company (iii) he/she is aware of duties and powers of directors under Companies Act, 2017 other laws/regulations and Memorandum & Articles of Association of the Company(d) persons contesting as Independent Director shall also submit a declaration that he/she qualifies the criteria of independence as laid down in section 166 of the Companies Act, 2017.
7. Pursuant to Companies (Postal Ballot) Regulations, 2018, for the purpose of election of directors, where in case number of contestants are more than the number of directors to be elected, members will be allowed to exercise their right to vote through postal ballot, that is voting by post in accordance with the requirements and procedures contained in the aforesaid Regulations.

### **STATEMENT OF MATERIAL FACTS UNDER SECTION 166(3) OF THE COMPANIES ACT, 2017**

1. The Board of Directors in its meeting held on 21<sup>st</sup> September 2021, has fixed the number of directors to elected as eight (8) for the period of the next three years.

For Independent Directors, consent papers will be accepted from only those persons who fulfil the criteria of independence as laid down in section 166 of the Companies act, 2017.

## **TOWELLERS LIMITED**

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### **CHAIRPERSON'S REVIEW REPORT**

It gives me immense pleasure to present this Review Report to the shareholders of the Company pertaining to the overall performance of the Board of Directors and their effectiveness in guiding the Company towards accomplishing its aims and objectives.

The Board exercised its duties in professional manner with integrity and diligence, while focusing on the sustainability of growth, exploring new markets & finding new customers and building confidence of their existing customers by maintaining high quality of its products.

The Board constantly reviews the strategic direction of the Company and ensures effectiveness in its business operations. Chief Executive provides reports and updates to the Board on regular basis on areas such as business plans, operating performance, cashflows, relevant financial information and risk management.

Alhamodillah, the year 2021 proved to be a much blessed year in comparison with the previous year despite the multiple waves of COVID – 19. Not only that the Country was able to better manage the pandemic situation within itself, but the momentum of growth also started to build up in the economy and business of the Country. Overall, the exports and business of the Country increased and is continuing to perform better even during the first quarter of the year 2021-22

The year also fared very well for your Company. Not only that we achieved our growth targets which were set for the year 2020 but have surpassed them by quite a margin. The company secured the growth by 38% which is well ahead of 10% growth for each of the previous two years. Directors, management and all staff teams strived hard to achieve such growth and performance for which they deserve all the credit. Most importantly, the growth has been complemented by the better profitability and margins for which I would also like to congratulate the whole team.

I am confident and hopeful that we will continue to grow during the current year as the performance during the first two months are showing promising prospects for the year 2022 as well. My dedicated team is putting utmost efforts to continue and sustain such a growth during the current year as well and with the help of Allah Almighty we shall achieve our targets, Inshallah.

In the end, I would like to thank all our Board Members for their commitment and contribution.

Karachi: October 1<sup>st</sup>, 2021

**Mahjabeen Obaid**  
Chairperson

## TOWELLERS LIMITED

### DIRECTORS REPORT TO THE MEMBERS

On behalf of the Board of Directors, We feel great pleasure to place before you the Audited Financial Statements of your Company for the year ended June 30th, 2021. These Financial Statement have been prepared in accordance with the requirements of International Accounting Standards and the provisions of the Companies Act, 2017 under section 227.

### ECONOMIC OVERVIEW

Financial year 2020-21 came out to be a much better year for the economy of Pakistan as compared to the previous year, even though the COVID – 19 pandemic is far from getting over and it continued affecting lives of the people of the country and of the whole world. As per initial estimates, expected GDP growth of Pakistan for the year 2021 was to remain at around 1.5%. However, later on, provisional estimates issued by the GOP suggested the GDP growth rate to be at 3.9%. Finally, the GDP growth rate for the year 2021 is expected to be within 4% to 5% indicating much improved performance.

Total exports of the Country for the year 2021 remained at US\$. 25.3 Billion which was 18% higher than the previous year, whereas during the months of July & August, 2021 it was reported at US\$ 2.35 Billion and US\$ 2.26 Billion, respectively.

Textile exports during the year 2020-21 were US\$ 15.40 Billion showing a growth of 22.94% compared to the last year. Whereas, the Government has set the textile export target of US\$ 20 Billion for the year 2021-22.

### COMPANY'S PERFORMANCE

The Company has achieved a turnover of Rs. 5.221 Billion as compared to Rs. 3.772 Billion last year posting a growth of 38%.

Net profit after tax of Rs. 556.46 Million was recorded (2020: Rs. 275.89 Million) whereas the earning per share remained at 32.73 per share (2020: 16.23 per share).

This remarkable growth and profitability would not be possible without the untiring efforts of our directors, management team and dedication of our workers. The better management of COVID pandemic by the Government of Pakistan also contributed in getting increased orders from International buyers. Besides, business opportunities were expected upon the revival of retail markets of USA and Europe after easing of lockdowns & restrictions due to the pandemic. Your Company is determined to keep achieving better growth, performance and profitability with the help and support of its team and shareholders.

Following is the summarized P&L for a quick review:

	Rupees in Thousands	
	30-JUN-2021	30-JUN-2020
Sales (Net	5,220,747	3,772,254
Gross Profit	1,111,536	700,870
Distribution Cost	198,402	157,920
Administrative Expenses	285,427	237,658

## TOWELLERS LIMITED

Other Operating Expenses	33,444	18,296
Other Income	25,389	34,308
Finance Cost	5,444	6,388
Profit Before Taxation	614,208	314,915
Profit After Taxation	556,456	275,894
Earning Per Share	32.73	16.23

### PERFORMANCE OF THE COMPLETED PROJECTS

Following are the results of the completed projects which were undertaken during the previous year:

#### i) Solar Power Project

The Company had invested in solar power project at one of our factories which remained operational during the current year. Savings in electricity costs through solar power generation during the current financial year were Rs. 8.4 M. The Company is hopeful that the project cost would be paid back within 3 years.

#### ii) Knitting Department

Knitting machines that were purchased are producing better quality of fabric with improved efficiency and have displaced some of the additional cost being paid to vendors. Your Company is cognizant of the need to invest further in the latest plant and machinery to reap the fruits of better quality and efficiency.

#### iii) ERP Implementation

First phase of ERP implementation had completed, and the Company is smoothly operating with revised SOPs that were suggested by the ERP. We are looking forward to expand its application to other areas of business.

#### iv) Dyeing Machine

The Company has purchased new Dyeing machine which was installed and commissioned during the subsequent period to the balance sheet date. We are hopeful, that its usage will improve the quality of our products with more operational efficiency.

### PATTERN OF SHAREHOLDING

Pattern of shareholding of the Company in accordance with the section 227 (2) (f) of the Companies Act, 2017 as at June 30, 2021 is annexed to this report.

### DIRECTOR TRAINING

The Company takes keen interest in the professional development of its Board Members. Directors are kept updated about relevant laws and current matters regarding Corporate Governance and other regulatory changes. Four directors of the company have completed certification from **Pakistan Institute of Corporate Governance (PICG)** in compliance with the CCG rules.

## TOWELLERS LIMITED

### TRADING

No trading in the shares of the Company was carried out by the Board of Directors, CEO, CFO, Company Secretary and Head of Internal Audit, along with their spouses and minor children except the transactions mentioned in the pattern of shareholding.

### DIVIDEND

Remarkable growth of business resulted in the increased requirement of working capital. The Company had to invest not only in inventory but have purchased machineries, equipment and have hired additional labor to manage the increased production. As the Company's focus is on continuous growth, its need to invest further in capital expenditure still persist. Hence, the Company is not in a position to announce any dividend at this point in time and would seek support and cooperation of shareholders in this regard.

### ELECTION OF DIRECTORS

The terms of the Board of Directors ended on October 27, 2021 and fresh election of directors is due to be held on the same date during Annual General Meeting.

### EARNINGS PER SHARE

The basic and Diluted earnings per share After tax is Rs.32.73 (2020-Rs. 16.23)

### CHAIRPERSON'S REVIEW

The Chairperson's review is part of this annual report and directors of Company fully endorse contents therein.

### AUDITORS

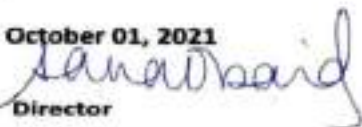
The present auditors M/s Mushtaq and Co. Chartered Accountants retire and offer themselves for re-appointment. The board of Directors on recommendation of Audit Committee proposes the re-appointment of Mushtaq and Co. Chartered Accountants for the year ending June 30, 2022.

### ACKNOWLEDGEMENT

Your directors would like to express their gratitude to all the stakeholders and appreciate them for their encouragement and support. We also appreciate members of the Company for their commitment, dedication and hard work put by them, and our shareholders, who have always shown their confidence and faith in the Company.

October 01, 2021

Director



Chief Executive Officer



## TOWELLERS LIMITED

### COMPOSITION OF THE BOARD OF DIRECTORS.

The present Board of Directors comprises a well-balanced mix of executive, non-executive and independent Director, It has seven Directors the positions of Chairperson and Chief Executive Officer are held by separate individuals.

The total No. of directors are seven as per the following.

- A. Male 3.
- B. Female 4.

Ms. Mahjabeen Obaid hold the position of Chairperson of the Board while Ms. Mehreen Obaid Agha is Chief Executive Officer of the Company.

Board has explicitly defined and documented role and responsibilities of Chairperson and CEO. The Chairperson represent the non-executive director and lead the board to ensure that it place an effective role in fulfilling its responsibilities, beside assessing and making recommendations on the efficiency of the committees and individual direction in fulfilling their responsibilities and avoidance of conflict of interest.

The CEO of the company and her role entails being ultimately responsible for all day to day operations and conduct of the business in accordance with the law. The CEO acts as a direct liaison between the board and management of the Company and communicates to the board on behalf of management in accordance with the law.

### Board Meeting and Attendance of each Director.

During the period under review, four meetings of the Board of Directors were held and following were in attendance.

Director	Status	Attended	Leave of Absence Grand
Mehreen Obaid Agha	C.E.O Executive	4	
Mahjabeen Obaid	Chairperson Non Executive	4	
Sana Bilal	Non Executive Director	4	
Hadeel Obaid	Non Executive Director	3	1
Zeeshan K. Sattar	Non Executive Director	3	1
Abdul Jalil Shariff	Non Executive Director	4	
Vally Tariq Rangoonwala	Independent Director	2	2

Leave of absence was granted to the directors who could not attend the Board meeting due to busy schedule and other appointments.

All Board members possess necessary qualifications and experience and are fully conversant with their duties required under the Code of Corporate Governance 2019.

### COMMITTEES OF THE BOARD OF DIRECTORS

The Board of Directors of the Company oversees the operations and affairs of the Company in an efficient and effective manner, for the sake of smooth functioning, the Board has constituted two committees. These committees are entrusted with the task of ensuring speedy management decisions.

**BOARD AUDIT COMMITTEE**

The audit committee consists of three members all of whom are non-executive directors including the chairman of the committee who is an independent director. The term of reference of this committee have been determine in accordance with the listed companies (code of corporate governance) regulation 2019 The audit committee annually review the financial aspects and appropriates of resources, the corporate accounting and financial reporting process, the effectiveness and adequacy of internal controls, the management of risks and the external and internal audit process of control at each level.

The Committee meets at least once in a quarter or as often as it considers necessary, to review and discuss all matters specified in the Code of Corporate Governance Regulation 2019.

Director	Status	Attended
Vally Tariq Rangoonwala	Chairman	3
Hadeel Obaid	Member	4
Abdul Jalil Shariff	Member	4

Term of reference of the Audit Committee has also been determined by the Board in accordance with the guidelines provided in the regulations.

Under the code of corporate governance directors are pleased to state as follows:

- The financial statements prepared by the management of the company present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
- Proper books of accounts have been maintained by the company, appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgement.
- International Financial Reporting Standards as applicable in Pakistan have been followed in preparation of Financial Statements.
- The system of internal controls is sound in design and has been effectively implemented and monitored.
- There are no doubts upon the company's ability to continue as a going concerned.
- The highlights of operating and financial data for the last six years are annexed.
- Information about taxes and levies is given in the notes and forming part of financial statement

**Board Human Resource and Remuneration Committee.**

The company has established this committee in accordance with the requirement of the code of corporate governance regulation 2019 all issues concerning remuneration, recommendation, evaluation and compensation of the senior management are deliberated and decided by this committee. The HR committee also reviews and recommends HR policies and direct report to CEO. It also considers and approve recommendation of the related matters to key management position who report directly to the CEO. The committee comprises of three members consisting non-executives directors including one Independent director. This committee meets at-least once in a year.

Director	Status	Attended
Vally Tariq Rangoonwala	Chairman	1
Abdul Jalil Shariff	Member	1
Zeeshan K Sattar	Member	1

### **Independent Auditors' Report To The Members of Towellers Limited**

#### ***Report on the Audit of the Financial Statements***

##### ***Qualified Opinion***

We have audited the annexed financial statements of Towellers Limited, which comprise the statement of financial position as at June 30, 2021, and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, except for the effect of the matter described in the paragraph (a), the statement of financial position, statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2021 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

##### ***Basis for Qualified Opinion***

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion and after due verification we report that:

- a) As fully explained in note 19.1.2, 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.

## TOWELLERS LIMITED

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Following are the Key audit matters:

S. No.	Key audit matter	How the matter was addressed in audit
1	<b>Stock in trade</b>  Refer to note no. 8 to the audited financial statements, the company has stock in trade aggregating Rs.1,101.7 million comprising raw materials, work in process and finished goods. We identified this area as a key audit matter.	<p>Our audit procedures in respect of this area include:</p> <p>Observation of physical inventory count procedures and compared on a sample basis, physical count with valuation sheets;</p> <p>Compared on a sample basis specific purchases and directly attributable cost with underlying supporting documents;</p> <p>Compared the NRV, on a sample basis, to the cost of finished goods to assess whether any adjustments are required to value stock in accordance with applicable accounting and reporting standards; and</p> <p>We also considered the adequacy of the related disclosures and assessed these are in accordance with the applicable financial reporting standards and the Companies Act, 2017.</p>

## TOWELLERS LIMITED

2	<p><b>Defined Benefit Obligations (Gratuity)</b></p> <p>Refer to note no. 17 to the audited financial statements.</p> <p>The Company operates an unfunded gratuity plan, giving rise to net liability of Rs.174.794 million, which is significant in the context of the overall balance sheet of the Company.</p> <p>The valuation of liability requires judgment and technical expertise in choosing appropriate assumptions. Changes in a number of the key assumptions, including:</p> <ul style="list-style-type: none"> <li>- salary increase and inflation;</li> <li>- discount rate; and</li> <li>- mortality.</li> </ul> <p>All can have a material impact on the calculation of the liability. The Company uses external actuaries to assist in assessing these assumptions and calculations of these liabilities.</p> <p>The use of these actuaries increases the risk of error as data is passed to third parties for analysis and calculation purposes.</p>	<p>We evaluated the qualification of actuary and assessed, whether the assumptions used in valuation report for calculating the gratuity plan liabilities, including salary increases, inflation, mortality rate and discount rate assumptions, were reasonable and consistent with based on national and industry data. We were satisfied that the rates used fell within acceptable ranges.</p> <p>We understood and tested key controls over the completeness and accuracy of data extracted and supplied to the Company's actuary</p> <p>We also performed sample testing to agree underlying employee data, supporting human resources documentation and assessed the appropriateness of the closing liability based on known movements and assumptions. No issues were identified to raise concerns over the valuation of the gratuity liability.</p> <p>We also read and assessed the disclosures made in the financial statements, including disclosures of the assumptions, and found them to be appropriate.</p>
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## **TOWELLERS LIMITED**

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### ***Information Other than the Financial Statements and Auditor's Report Thereon***

Management is responsible for the other information. The other information comprises information obtained prior to the date of auditor's report, and information expected to be made available to us after the date of auditor's report; but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

### ***Responsibilities of Management and Board of Directors for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017(XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors is responsible for overseeing the Company's financial reporting process.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

## TOWELLERS LIMITED

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Report on Other Legal and Regulatory Requirements**

Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is Mr. Zahid Hussain Zahid, FCA.

Karachi, October 01<sup>st</sup>, 2021

**MUSHTAQ & CO.**  
Chartered Accountants

## TOWELLERS LIMITED

### STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019 FOR THE YEAR ENDED JUNE 30<sup>th</sup> 2021

The Company has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are seven as per the following:

Male	3
Female	4

2. The composition of the Board is as follows:

CATEGORY	NAMES
Independent Director	Valy Tariq Rangoonwala
Non-Executive Directors	Mahjabeen Obaid Zeeshan K. Sattar Abdul Jalil Shariff Hadeel Obaid Sana Bilal
Executive Directors	Mehreen Obaid Agha

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company.
4. The company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/shareholders as empowered by the relevant provisions of the Companies Act 2017 and these Regulations.
7. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board.
8. The Board has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. Out of the seven, four Directors have obtained certificate of Director's Training Program as per the listed Companies (Code of Corporate Governance) Regulations 2019. The remaining Directors are expected to get training in future.
10. The Board has approved appointment of the Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
11. Chief Financial Officer and the Chief Executive Officer duly endorsed the financial statements before approval of the Board.
12. The board has formed committees comprising of members given below:

#### Audit Committee

- Valy Tariq Rangoonwala	Chairman
- Hadeel Obaid	Member
- Abdul Jalil Shariff	Member

## TOWELLERS LIMITED

### HR and Remuneration Committee

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

- 13 The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
- 14 The frequency of meetings (Quarterly/half yearly/yearly) of the committees were as per following:
- |                               |   |
|-------------------------------|---|
| Audit Committee               | Four quarterly meetings were held during the financial year ended June 30, 2021 |
| HR and Remuneration Committee | One meeting was held during the financial year ended June 30, 2021              |
- 15 The Board has set up an effective internal audit function, the chief internal auditor is suitable qualified and experienced person.
- 16 The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company.
- 17 The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;
- 18 We confirm that all requirements of the regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.
- 19 Explanation for non-compliance with requirements, other than regulations 3,6,7,8,27,32,33, and 36 are below (if applicable).

S.No	Non-Mandatory Requirement	Explanation	Reg.No.
1.	<b>Requirement to attain certification:</b> At least 75% of the Directors have Obtained DTP certification.	Currently, 4 out of 7 directors have obtained DTP certification. The Company will arrange training for the remaining directors to comply with the requirement.	(19)
2.	<b>Representation of Minority Shareholder:</b> The Minority Members as a class Shall be facilitated by the Board to Contest election of Director by proxy Solicitation	No are intended to contest election as director representing minority shareholders	(5)
3.	<b>Responsibilities of the Board and its Members:</b> Adoption of the corporate governance Practices	Non-mandatory provisions of the CCG Regulations are partially Complied. The Company intend to fully comply all the provisions gradually.	10(1)

**Mehreen Obaid Agha**  
Chief Executive Officer

Dated: October 1<sup>st</sup> 2021

## TOWELLERS LIMITED

SIX YEARS AT GLANCE						
FROM 2016 TO 2021						
RUPEES IN THOUSANDS						

PARTICULARS	2021	2020	2019	2018	2017	2016
Turn over-Net	5,220,747	3,772,254	3,848,285	2,605,809	2,686,140	2,700,457
Cost of sales	4,109,212	3,071,384	2,985,218	2,217,211	2,319,246	2,241,467
Gross profit / (loss)	1,111,536	700,870	863,067	388,598	366,895	458,990
Profit/(loss) from operation	619,652	321,304	457,560	284,807	94,121	175,702
Finance cost	5,444	6,388	6,482	5,201	6,398	6,957
Profit/(loss) before taxation	614,208	314,915	451,077	279,606	87,723	168,744
Profit / (loss) after taxation	556,456	275,894	402,684	253,606	61,695	144,833
Dividend	-	-	-	-	-	-

### FINANCIAL DATA

Fixed assets-w.d.v	1,810,526	1,663,761	1,231,256	1,264,375	989,150	1,024,075
Long term loans	19,501	16,861	12,851	10,643	12,041	12,880
Long term deposits	29,349	16,875	19,755	19,755	6,530	7,430
Current assets	2,437,648	1,852,202	1,475,871	1,048,309	955,356	878,201
Total	4,297,024	3,549,699	2,739,733	2,343,082	1,963,078	1,922,585

### EQUITY & LIABILITIES

Equity	3,277,720	2,714,251	2,053,845	1,631,240	491,128	360,538
Non current liabilities	174,794	163,376	97,902	111,449	204,153	253,680
Current liabilities	844,511	672,072	587,986	600,393	670,531	685,186
Total	4,297,024	3,549,699	2,739,733	2,343,082	1,365,812	1,299,404

### KEY RATIOS%

Gross margin%	21.29	18.58	22.43	14.91	13.66	17.00
Net profit (loss)%	10.66	7.31	10.46	9.73	2.30	5.36
Quick acid ratio%	0.91	1.32	1.20	0.62	0.59	0.45
EBIT margin%	11.87	8.52	11.89	10.93	3.50	6.51
Current ratio%	2.89	2.76	2.51	1.75	1.42	1.28
Earning/(loss) per share Rs	32.73	16.23	23.69	14.92	3.63	8.52
Cash dividend Rs.	-	-	-	-	-	-
Debt equity ratio%	0.31	0.31	0.33	0.44	1.78	2.60

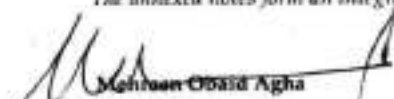
# TOWELLERS LIMITED

## STATEMENT OF FINANCIAL POSITION

As at June 30, 2021

	Note	2021 Rupees	2020 Rupees
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	4	1,810,525,586	1,663,760,818
Long term loans and advances	5	19,501,496	16,860,935
Long term deposits	6	29,349,160	16,875,320
		1,859,376,242	1,697,497,073
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools	7	50,934,963	27,003,224
Stock in trade	8	1,101,733,164	567,968,278
Trade debts	9	452,800,676	510,349,437
Loans and advances	10	52,890,095	13,177,902
Trade deposits and short term prepayments	11	16,738,365	27,880,342
Other receivables	12	187,025,341	86,258,889
Income tax and sales tax refundable	13	275,128,248	269,267,981
Cash and bank balances	14	300,397,215	350,295,502
		2,437,648,067	1,852,201,554
		<u>4,297,024,309</u>	<u>3,549,698,627</u>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized capital			
25,000,000 (June 30, 2020: 25,000,000) ordinary shares of Rs. 10 each		250,000,000	250,000,000
Issued, subscribed and paid up capital	15	170,000,000	170,000,000
Reserves		1,928,578,690	1,317,201,714
Surplus on revaluation of property, plant & equipment	16	1,179,141,139	1,227,048,962
		3,277,719,849	2,714,250,676
<b>LIABILITIES</b>			
<b>NON CURRENT LIABILITIES</b>			
Staff retirement benefits	17	174,793,710	163,375,631
<b>CURRENT LIABILITIES</b>			
Trade and other payables	18	844,510,750	672,072,320
		844,510,750	672,072,320
<b>CONTINGENCIES AND COMMITMENTS</b>			
	19	-	-
		<u>4,297,024,309</u>	<u>3,549,698,627</u>

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

  
Mehrooz Ahmad Agha  
Chief Executive

  
Sana Bilal  
Director

  
Adnan Moosa  
Chief Financial Officer

Karachi, October 01<sup>st</sup>, 2021

## TOWELLERS LIMITED

### STATEMENT OF PROFIT OR LOSS

For the year ended June 30, 2021

	Note	2021 Rupees	2020 Rupees
Sales - net	20	5,220,747,170	3,772,254,058
Cost of sales	21	(4,109,211,539)	(3,071,383,593)
<b>Gross profit</b>		<b>1,111,535,631</b>	<b>700,870,465</b>
Distribution cost	22	(198,401,982)	(157,920,278)
Administrative expenses	23	(285,426,637)	(237,657,958)
Other operating expenses	24	(33,443,585)	(18,296,140)
Other income	25	25,388,878	34,307,662
		(491,883,326)	(379,566,714)
<b>Profit from operations</b>		<b>619,652,305</b>	<b>321,303,752</b>
Finance cost	26	(5,444,177)	(6,388,281)
<b>Profit before taxation</b>		<b>614,208,128</b>	<b>314,915,471</b>
Provision for taxation	27	(57,751,775)	(39,021,125)
<b>Profit for the year</b>		<b>556,456,353</b>	<b>275,894,346</b>
<b>Earnings per share - basic and diluted</b>	28	<b>32.73</b>	<b>16.23</b>

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

  
Mehreen Obaid Agha  
Chief Executive

Karachi, October 01<sup>st</sup>, 2021

  
Sana Bilal  
Director

  
Adnan Moosaji  
Chief Financial Officer

## TOWELLERS LIMITED

### STATEMENT OF COMPREHENSIVE INCOME

For the year ended June 30, 2021

	Note	2021 Rupees	2020 Rupees
Profit for the year		556,456,353	275,894,346
Other comprehensive income for the year			
<i>Items that will not be reclassified to profit and loss account</i>			
Gain/(Loss) on remeasurement of staff retirement benefits	17.1	7,012,820	(44,530,044)
Surplus on revaluation of land, building & plant and machinery		-	429,041,341
Total comprehensive income for the year		563,469,173	660,405,643

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

### STATEMENT OF CHANGES IN EQUITY

For the year ended June 30, 2021

Particulars	Issued, subscribed and paid up capital	Reserves			Revaluation Surplus	Total
		Capital Reserve	Revenue Reserve	Sub Total		
		Share premium	Unappropriated profit			
Rupees						
Balance as at June 30, 2019	170,000,000	63,000,000	971,033,529	1,034,033,529	649,841,504	2,053,845,033
Profit for the year	-	-	275,894,346	275,894,346	-	275,894,346
Other comprehensive income for the year	-	-	(44,530,044)	(44,530,044)	429,041,341	384,511,297
Transferred from surplus on revaluation of property, plant & equipment	-	-	51,833,883	51,833,883	(51,833,883)	-
Balance as at June 30, 2020	170,000,000	63,000,000	1,254,331,714	1,317,331,714	1,227,048,962	2,714,350,676
Profit for the year	-	-	556,456,353	556,456,353	-	556,456,353
Other comprehensive income for the year	-	-	7,012,820	7,012,820	-	7,012,820
Transferred from surplus on revaluation of property, plant & equipment	-	-	47,907,803	47,907,803	(47,907,803)	-
Balance as at June 30, 2021	170,000,000	63,000,000	1,265,578,696	1,328,578,696	1,179,141,159	3,277,719,644

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

  
Mahreen Obaid Agha  
Chief Executive

Karachi, October 01<sup>st</sup>, 2021

  
Sana Bilal  
Director

  
Adnan Moosaji  
Chief Financial Officer

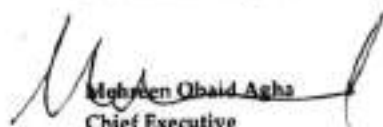
# TOWELLERS LIMITED

## CASH FLOWS STATEMENT

For the year ended June 30, 2021

	Note	2021 Rupees	2020 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before taxation		614,208,128	314,915,471
<b>Adjustments for:</b>			
Depreciation		93,947,222	91,070,544
Amortization		375,299	-
Staff retirement benefits - gratuity		42,772,685	36,292,339
Finance cost		5,444,177	6,388,281
Workers' profit participation fund		32,326,744	16,574,499
Bad debt recovered		-	(224,929)
(Gain) / loss on disposal of property, plant and equipment		(1,774,298)	209,264
		173,091,829	150,309,998
Profit before working capital changes		787,299,957	465,225,469
<b>(Increase) / decrease in current assets</b>			
Stores, spare parts and loose tools		(23,931,739)	(6,281,276)
Stock in trade		(533,764,886)	(81,016,263)
Trade debts		57,548,762	(107,653,128)
Loans and advances		(79,712,193)	3,095,825
Trade deposits and short term prepayme		11,141,977	(11,375,693)
Other receivables		(100,766,452)	56,400,041
		(629,484,531)	(146,830,494)
<b>(Decrease) / increase in current liabilities</b>			
Trade and other payables		156,686,185	90,979,785
Cash generated from operations		314,501,611	409,374,760
Finance cost paid		(5,444,177)	(6,388,281)
Taxes (paid) / received		(63,612,044)	(205,274,166)
Workers' profit participation fund paid		(16,574,499)	(23,467,914)
Long term loan to employees		(2,640,561)	(4,009,718)
Long term deposits		(12,473,840)	2,880,000
Staff retirement benefits - gratuity paid		(24,341,786)	(15,348,767)
<b>Net cash generated from operating activities</b>		189,414,704	157,765,915
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from sale of property, plant and equipment		10,931,000	522,500
Fixed capital expenditure		(250,243,991)	(95,266,229)
<b>Net cash used in investing activities</b>		(239,312,991)	(94,743,729)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Short term borrowings		-	-
<b>Net cash used in financing activities</b>		-	-
<b>Net increase in cash and cash equivalents</b>		(49,898,287)	63,022,186
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 year	14	300,397,215	350,295,502

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

  
Mehreen Obaid Agha  
Chief Executive

  
Sana Bilal  
Director

  
Adnan Mousaji  
Chief Financial Officer

Karachi, October 01<sup>st</sup>, 2021

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

### 1 LEGAL STATUS AND NATURE OF BUSINESS

The Company was incorporated in Pakistan as a Private Limited Company on 31st May 1973 and subsequently converted into Public Limited Company on 22nd June 1994 under the Companies Act, 1913 (Now Companies Act, 2017) and is quoted on Pakistan Stock Exchange. The main business of Company is manufacturing and export of textile made ups, garments and towels. Following are the geographical locations and addresses of all business units of the Company:

**Head office:** WSA - 30 & 31, Block - 1, Federal "B" Area Karachi.

**Manufacturing units of the Company:**

- a) WSA - 30 Block - 1, Federal "B" Area Karachi.
- b) Plot No.14,15/1,15/2,15/A,16/2,17/1,17/2,17/3. Sector 12-D North Karachi Industrial Area Karachi.
- c) Plot No.9 & 10 Sector 12-C North Karachi Industrial Area Karachi.

### 2 BASIS OF PREPARATION

#### 2.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of International Financial Reporting Standards (IFRS) 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 provisions of and directives issued under the Companies Act, 2017 differ from the IFRS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

#### 2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except as otherwise disclosed in the respective accounting policy notes.

#### 2.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupees which is also the Company's functional currency. All financial information presented in Pakistan Rupees has been rounded off to the nearest rupee.

### 2.4 ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Estimates and judgements are continually evaluated and are based on historic experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

### 2.5 STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS

#### 2.5.1 Standards, amendments to approved accounting standards and interpretations that are not yet effective and have not been early adopted by the company:

	Effective date annual reporting periods beginning on or after
IAS 1 Presentation of financial statements (Amendments)	January 1, 2023
IAS 8 Accounting policies, changes in accounting estimates and errors	January 1, 2023
IAS 12 Income Taxes (Amendments)	January 1, 2023
IAS 16 Property, Plant and Equipment (Amendments)	January 1, 2022
IAS 37 Provisions, Contingent Liabilities and Contingent Assets (Amendments)	January 1, 2022
IFRS 3 Business Combinations (Amendments)	January 1, 2022
IFRS 7 Financial Instruments: Disclosures (Amendments)	January 1, 2021
IFRS 9 Financial Instruments (Amendments)	January 1, 2021
IFRS 16 Leases (Amendments)	January 1, 2021

The management anticipates that adoption of above standards, amendments and interpretations in future periods, will have no material impact on the financial statements other than in presentation / disclosures.

Further, the following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which are yet to be notified by the Securities and Exchange Commission of Pakistan (SECP), for the purpose of their applicability in Pakistan:

## NOTES TO THE FINANCIAL STATEMENTS

## For the year ended June 30, 2021

Further, the following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which are yet to be notified by the Securities and Exchange Commission of Pakistan (SECP), for the purpose of their applicability in Pakistan:

IFRS 1 First-time Adoption of International Financial Reporting Standards

IFRS 17 Insurance contracts

The following interpretation issued by the IASB has been waived off by SECP:

IFRIC 12 Service concession arrangements

As per Securities and Exchange Commission of Pakistan (SECP) SRO 985 (1)/ 2019, dated September 2, 2019, for companies holding financial assets due from Government of Pakistan, the requirements contained in IFRS 9 with respect to expected credit losses method shall not be applicable till June 30, 2021, provided that such companies shall follow relevant requirements of IAS 39 – Financial Instruments: Recognition and Measurement, in respect of above referred financial assets during the exemption period. The Company has assessed that the above SRO does not have any significant impact on its financial statements.

### 3 Summary of Significant Accounting Policies

#### 3.1 Property, plant and equipment

The significant accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented unless otherwise stated.

##### 3.1.1 Owned

These are stated at cost less accumulated depreciation and any identified impairment loss, except land which is stated at revalued amount less any identified impairment loss (if any), while building, plant and machinery are stated at revalued amount less accumulated depreciation and any identified impairment loss.

Depreciation on all items of property, plant and equipment is charged to income applying the reducing balance method so as to write off the depreciable amount of an asset over its estimated useful life. Depreciation is being charged at the rates given in note to property plant & equipment. Leasehold land is amortized over the term of lease, if material.

Depreciation on additions to property, plant and equipment is charged from the month in which an assets become available for use, while no depreciation is charged for the month in which the asset is disposed off.

The assets' residual values and useful lives are continually reviewed by the company and adjusted if impact on depreciation is significant. The company's estimate of the residual value of its property, plant and equipment as at June 30, 2021 has not required any adjustment, as its impact is considered insignificant.

The company continually assesses at each statement of financial position date whether there is any indication that property, plant and equipment may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in profit and loss account for the year. The recoverable amount is the higher of an assets' fair value less costs to sell and value in use. Where an impairment loss is recognized, the depreciation charge is adjusted in the future periods to allocate the assets' revised carrying amount over its estimated useful life.

The profit or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense. Maintenance and normal repairs are charged to income. Major renewals and improvements are capitalized.

#### 3.2 Capital work in progress

Capital work in progress is stated at cost less any identified impairment loss and represents expenditure incurred on fixed assets in the course of construction and installation. Transfers are made to relevant fixed assets category as and when assets are available for use.

#### 3.3 Intangible assets

These are stated at cost less accumulated amortization and accumulated impairment losses, if any.

Amortization is provided on straight line method. A full month's amortization is charged in the month of addition, and no amortization is charged in the month of de-recognition.

Rate of amortization, which is disclosed in the relevant note, is designed to write-off the cost over the estimated useful life of the intangible asset. The carrying values of the intangible assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying value exceeds the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

## TOWELLERS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

#### 3.4 Investments

Investments intended to be held for less than twelve months from the statement of financial position date or to be sold to raise operating capital, are included in current assets, all other investments are classified as non-current. Management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis.

#### 3.5 Loans, advances, deposits and other receivables

These are stated at cost. Provision is made for the amounts considered doubtful. Amounts considered irrecoverable are written off to profit and loss account.

#### 3.6 Stores, spares and loose tools

These are stated at average cost and goods-in-transit are stated at actual cost.

Provision is made in the financial statements for obsolete and slow moving stores and spares based on management estimate.

#### 3.7 Stock-in-trade

Stock-in-trade is stated at the lower of cost and net realizable value except waste which is valued at net realizable value. Cost is determined as follows:

Raw material	At weighted average cost or replacement cost which ever is lower
Work in progress	At average manufacturing cost
Finished goods	At average manufacturing cost or net realizable value which ever is lower
Waste	Net realizable value

Raw material in transit is stated at invoice price plus other charges paid thereon upto the balance sheet date.

Average manufacturing cost in relation to work in process and finished goods, consist of direct material and proportion of manufacturing overheads based on normal capacity.

Net realizable value is the estimated selling price in the ordinary course of business less costs of completion and selling expenses.

#### 3.8 Trade debts

Trade debts are carried at original invoice amount which is the fair value of consideration to be received for goods and services less an estimate made for doubtful debts based on a review of all outstanding amounts at the year-end. Bad debts are written-off when identified.

#### 3.9 Staff retirement benefits - gratuity

The Company operates an unfunded gratuity scheme (defined benefit plan) for all its permanent employees who have completed minimum qualifying period of service as defined under the respective scheme. Liability is adjusted annually to cover the obligation and the adjustment is charged to profit or loss. The determination of the Company's obligation under the scheme requires assumptions to be made of future outcomes, the principal ones being in respect of increases in remuneration, expected average remaining working lives of employees and discount rate used to derive present value of defined benefit obligation.

There is risk that the final salary at the time of cessation of service is greater than what the entity has assumed. Since the benefit is calculated on the final salary, the benefit amount would also increase proportionately.

Amounts recognized in the balance sheet represent the present value of the defined benefit obligation as adjusted for unrecognized actuarial gains and losses and unrecognized past service cost.

Actuarial gains and losses are recognized in comprehensive income for the period in which these arise.

#### 3.10 Trade and other payables

Liabilities for trade and other amounts payable are measured at cost which is the fair value of the consideration to be paid in future for goods and services received.

#### 3.11 Taxation

##### Current year

Provision of current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates. The charge for current tax also includes adjustments, where considered necessary, to provision for taxation made in previous years arising from assessments framed during the year for such years.

**NOTES TO THE FINANCIAL STATEMENTS****For the year ended June 30, 2021****3.12 Dividend**

Dividend is recognized as a liability in the period in which it is approved by shareholders.

**3.13 Provisions**

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and reliable estimate of the amount can be made. Provisions are reviewed at each statement of financial position date and adjusted to reflect the current best estimate.

**3.14 Revenue recognition**

- a) According to the core principles of IFRS-15, the company recognizes the revenue from sale when the company satisfies a performance obligation (at a point of time) by transferring promised goods to customers being when the goods are dispatched to customers. Revenue is measured at fair value of the consideration received or receivable and is reduced for allowances such as taxes, duties, commission, sales returns and discounts.
- b) Return on bank balances is accrued on a time proportion basis by reference to the principal outstanding and the applicable rate of return.
- c) Dividend income and entitlement of bonus shares are recognized when right to receive such dividend and bonus shares is established.

**3.15 Borrowing cost**

Borrowing costs are recognized as an expense in the period in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs are capitalized as part of the cost of that asset up to the date of its commencing.

**3.16 Foreign currency transactions**

Foreign currency transactions are translated into Pak Rupees using the exchange rates prevailing at the dates of the transactions. All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the balance sheet date. Foreign exchange gains and losses on translation are recognized in the profit and loss account. All non-monetary items are translated into rupees at exchange rates prevailing on the date of transaction or on the date when fair values are determined.

**3.17 Cash and cash equivalents**

Cash and cash equivalents comprise of cash at banks, cash in hand and short term deposits. For the purposes of cash flow statement cash and cash equivalents consist of cash and cash equivalents as defined above, net of temporary overdrawn bank balances.

**3.18 Impairment**

The carrying amount of the company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indications exist, the asset's recoverable amount is estimated in order to determine the extent of the impairment loss, if any. Impairment loss is recognized as expense in the profit and loss account.

**3.19 Financial instruments**

Financial assets and financial liabilities are recognized when the company becomes a party to the contractual provisions of the instrument and de-recognized when the company loses control of the contractual rights that comprise the financial assets and when the obligation specified in the contract is discharged, cancelled or expires. Any gain or loss on derecognizing of financial assets and financial liabilities is included in the profit and loss account for the year. All financial assets and liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value, amortized cost or cost, as the case may be.

**3.20 Offsetting of financial assets and liabilities**

Financial assets and liabilities are offset and the net amount is reported in the financial statements only when there is a legally enforceable right to setoff the recognized amount and the company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

**3.21 Related party transactions**

All transactions with related parties are carried out by the Company at arms' length price using the method prescribed under the Companies Act, 2017.

Nature of the related party relationship as well as information about the transactions and outstanding balances are disclosed in the relevant note to the financial statements.

# TOWELLERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS for the year ended June 30, 2021

### A. PROPERTY, PLANT AND EQUIPMENT

	Note	2021 Rugby	2020 Rugby
Operating fixed assets	41	1,441,024,454	1,557,307,850
Capital work in progress - at cost	43	363,227,043	6,252,865
Intangible assets	44	3,277,667	-
		<u>1,810,529,164</u>	<u>1,563,560,715</u>

### 4.1. Operating fixed assets

	Building on leased land	Plant & machinery	Electric installations	Gas installations	Furniture & fixtures	Office equipment	Refrigerator	Vehicle	Motor vehicle installations	Solar plant	Total
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At July 31, 2020

Cost	796,901,799	565,190,175	370,475,282	11,872,861	235,368	19,605,439	139,499,184	22,375	67,894,287	14,514,197	2,011,951,261
Accumulated depreciation	-	(128,277,946)	(81,378,263)	(11,368,537)	(114,469)	(12,824,546)	(86,716,611)	(21,148)	(80,030,771)	(1,469,142)	(353,443,426)
Net book value	796,901,799	436,912,229	289,097,019	69,504	80,899	6,780,893	52,782,573	2,227	87,863,516	13,795,055	1,658,507,835
Year ended June 30, 2021											
Opening net book value	796,901,799	436,912,229	289,097,019	69,504	80,899	6,780,893	52,782,573	2,227	87,863,516	13,795,055	1,658,507,835
Additions during the year	-	-	31,871,675	-	-	2,101,555	13,311,736	-	24,802,678	-	70,214,441
Disposals (Transferred from CWIP)	-	-	(13,302,107)	-	-	-	-	-	-	-	(13,302,107)
Depreciation / transfers	-	-	-	-	-	-	-	-	-	-	-
Accumulated depreciation	-	-	(40,905,953)	-	-	-	-	-	(12,751,803)	-	(40,905,953)
Depreciation charge for the year	-	-	(11,731,027)	(65,534)	(8,899)	(641,241)	(5,327,949)	(223)	(6,553,254)	(3,292,539)	(90,942,227)
Closing net book value June 30, 2021	796,901,799	436,912,229	301,000,012	99,710	80,814	8,338,298	60,170,110	2,004	99,112,319	10,502,516	1,747,665,658

Annual depreciation rate % / Useful life

10%

10%

10%

10%

10%

10%

10%

10%

10%

10%

10%

10%

# TOWELLERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS for the year ended June 30, 2020

2020

At July 31, 2019

Cost  
Accumulated depreciation weighted  
Net book value

Year ended June 30, 2020

Opening net book value  
Additions during the year  
Additions (transferred from CWP)

Residuals

Deposits / transfers

Cost

Accumulated depreciation

Depreciation charge for the year

Closing net book value June 30, 2020

Annual depreciation rate % / Useful life

Land and building	Building on leased land	Plant & machinery	Electric installation	Gas installation	Fixtures & fittings	Office equipment	Motorcycles	Vehicles	Motor Vehicle Insurance Fund	Solar plant	Total
519,737,489	442,753,031	286,677,257	11,512,461	235,364	19,132,225	138,648,825	22,275	64,032,967	19,631,667	-	1,471,617,488
-	(8,155,362)	(52,907,448)	(11,293,946)	(18,562)	(12,947,405)	(6,120,362)	(10,891)	(1,699,215)	(2,106,563)	-	(24,216,130)
519,737,489	434,597,669	233,769,809	798,515	96,802	6,184,820	132,528,463	11,384	62,333,752	17,525,104	-	1,447,401,358
-	361,592,849	233,769,809	798,515	96,802	6,184,820	132,528,463	11,384	62,333,752	17,525,104	-	1,447,401,358
-	5,035,675	17,682,365	-	-	303,335	9,279,353	-	3,115,336	-	-	36,578,599
-	4,699,274	31,426,414	-	-	-	1,467,946	-	-	-	31,736,947	79,283,583
278,194,279	107,558,655	65,416,576	-	-	-	-	-	-	-	-	451,179,510
-	-	(2,329,005)	-	-	-	-	-	(48,070)	-	-	(2,377,075)
-	-	1,921,463	-	-	-	-	-	20,770	-	-	1,942,233
-	(17,114,944)	(50,693,016)	(72,927)	(6,876)	(57,292)	(5,421,725)	(347)	(4,433,679)	(1,793,412)	(1,611,667)	(11,070,518)
796,601,794	436,831,279	295,867,032	826,588	88,934	6,496,888	132,799,125	1,137	57,879,116	15,731,692	15,925,300	1,437,367,833
-	10%	10%	10%	10%	20%	10%	10%	20%	10%	10%	10%

Lease land are located at Karachi with an area of 15,752 sq. ft. to 15,752 sq. ft.

	Note	Rs. per	Rs. per
Cost of sales	21.1	40,356,755	79,012,499
Administrative expenses	22	13,260,667	9,584,258
		<u>53,617,422</u>	<u>88,596,757</u>



# TOWELLERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

	Note	2021 Rupees	2020 Rupees
<b>5 LONG TERM LOANS AND ADVANCES</b>			
Loan to employees - secured			
Executives	5.1	18,779,106	18,191,321
Other employees		6,220,547	3,514,484
		24,999,653	21,705,805
Current portion of loans shown under current assets			
Executives	10	(2,749,950)	(3,115,350)
Other employees	10	(2,748,207)	(1,729,520)
		(5,498,157)	(4,844,870)
		<u>19,501,496</u>	<u>16,860,935</u>
<b>5.1 Movement in loans to executives</b>			
Balance at the beginning of the Year		18,191,321	16,829,215
Amount disbursed during the year		3,728,674	5,841,754
		21,919,995	22,670,969
Amount recovered during the Year		(3,140,889)	(4,479,648)
Balance at the end of the Year		<u>18,779,106</u>	<u>18,191,321</u>
<b>5.1.1</b> These are interest free loans recoverable in monthly installments over a period of one year. These loans are secured against employees' retirement benefit obligation- gratuity.			
<b>5.1.2</b> Maximum amount due from executives during the year, calculated by reference to month-end balances, was Rs.19,099,143 (June 30, 2020: Rs.18,191,321).			
<b>6 LONG TERM DEPOSITS</b>			
Security deposits		<u>29,349,160</u>	<u>16,875,320</u>
<b>7 STORES, SPARE PARTS AND LOOSE TOOLS</b>			
Stores		50,304,465	24,211,936
Spare parts and loose tools		630,498	2,791,288
		<u>50,934,963</u>	<u>27,003,224</u>
<b>7.1</b> No item of stores, spare and loose tools is pledged as security as at reporting date.			
<b>8 STOCK IN TRADE</b>			
Raw material	8.1	427,722,818	189,000,361
Work in process		448,502,839	225,408,784
Finished goods	8.2	225,507,527	153,559,133
		<u>1,101,733,164</u>	<u>567,968,278</u>
<b>8.1</b> Raw material stock cost PKR: Nil have been valued at PKR: Nil being the replacement cost of raw material. The amount charge to profit and loss in respect of raw material written down to net realizable value is PKR: Nil.			
<b>8.2</b> Finished Goods stock cost PKR: Nil have been valued at PKR: Nil being the net realizable value of finished goods. The amount charge to profit and loss in respect of Finished Goods written down to net realizable value is PKR: Nil.			
<b>8.3</b> No items of stock in trade is pledged as security as at reporting date.			

# TOWELLERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS For the year ended June 30, 2021

	Note	2021 Rupees	2020 Rupees
<b>9 TRADE DEBTS</b>			
Secured against letter of credit			
Foreign debts	9.1	519,138,225	388,579,254
Unsecured- considered good			
Foreign debts		124,653,946	117,576,334
Domestic debts		9,070,437	4,193,849
Allowance for ECL	9.2	(61,932)	-
		<u>452,600,676</u>	<u>510,349,437</u>
9.1 Foreign debts are secured against letter of credit.			
9.2 Particulars of allowance for ECL on doubtful debts			
Balance at beginning of the year		-	-
Allowance no longer required / recovered		-	-
Charge during the year		61,932	-
Balance at the end of the year		<u>(61,932)</u>	<u>-</u>
<b>10 LOANS AND ADVANCES</b>			
Loan to employees-Secured against gratuity			
Executive - secured	5	2,749,950	3,115,350
Others - secured	5	2,748,207	1,729,520
		<u>5,498,157</u>	<u>4,844,870</u>
Advances:			
to suppliers		31,383,691	6,782,486
to services		16,038,247	2,050,546
		<u>47,391,938</u>	<u>8,833,032</u>
		<u>52,890,095</u>	<u>13,177,902</u>
<b>11 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS</b>			
Security deposits		60,000	13,237,072
Prepayments		17,044,479	15,609,384
Less: Impairment loss		(966,114)	(966,114)
		<u>16,738,365</u>	<u>27,880,342</u>
<b>12 OTHER RECEIVABLES</b>			
Considered good			
Export rebate		18,082,909	13,610,023
Drawback local taxes levies		168,942,432	39,187,984
Sales tax demand	12.1	-	33,460,882
		<u>187,025,341</u>	<u>86,258,889</u>

- 12.1 The company had filed appeal before the Commissioner Inland Revenue (Appeal) Karachi bearing No. dated 08 November 2013 against the order in original No.10 of 2013 dated 26 August 2013 for the recovery of Rs. 24,686,265 which was rejected by Commissioner Inland Revenue (Appeal-I) Karachi on dated 13 October 2014. The company filed appeal bearing No. 194/KB/2014 U/s 45 (b) before the appellate Tribunal Inland Revenue Karachi Pakistan. Before the decision of Appeal No.194/KB/2014 office of the Assistant Commissioner Inland Revenue, E&C Unit/04 Zone IV RTO Karachi issued recovery notice No.293 dated 27 May 2015 for the recovery of Rs. 24,686,265 with the penalty & default surcharge for Rs. 5,774,617 and attached the bank accounts and recovered the Rs. 33,460,882. The pending appeal No.194/KB/2014 was allowed in the favor of the company by setting aside adverse order dated 26 August 2013 and dated 13 October 2014. During the year, the Company recovered back the amount of Rs. 33,460,882 which was collected by the Assistant Commissioner Inland Revenue during the year 2015 in line with the favorable decision of appeal with Appellate Tribunal Inland Revenue Karachi against such demand.

# TOWELLERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

	Note	2021 Rupees	2020 Rupees
<b>13 INCOME TAX AND SALES TAX REFUNDABLE</b>			
Income Tax refundable			
Balance at the beginning of the year		29,095,335	22,078,214
Advance income tax		7,459,636	7,346,552
Provision for taxation adjusted against advance tax		(5,047,392)	(329,431)
Balance at the end of the year		31,507,579	29,095,335
Sales tax refundable		243,620,669	240,172,647
		<u>275,128,248</u>	<u>269,267,981</u>
<b>14 CASH AND BANK BALANCES</b>			
Cash in hand		540,646	273,656
Cash at banks:			
In current accounts		151,120,813	13,068,628
In saving accounts	14.1	148,735,756	336,953,218
		299,856,569	350,021,845
		<u>300,397,215</u>	<u>350,295,502</u>
14.1 It carries mark up at the rate of 3.25% to 6.35% (June 30, 2020 : 6.5% to 12.25%) per annum.			
<b>15 ISSUED, SUBSCRIBED AND PAID UP CAPITAL</b>			
		2021 Number of shares	2020 Rupees
9,372,247	9,372,247	Ordinary shares of Rs. 10 each allotted for consideration paid in cash	93,722,470
1,012,753	1,012,753	Ordinary shares of Rs. 10 each allotted as bonus shares	10,127,530
6,615,000	6,615,000	Ordinary shares of Rs. 10 each allotted for consideration against plant & machinery	66,150,000
<u>17,000,000</u>	<u>17,000,000</u>		<u>170,000,000</u>
15.1 The shareholders are entitled to receive all distributions to them including dividend and other entitlements in the form of bonus and right shares as and when declared by the Company. All shares carry "one vote" per share without restriction.			
<b>16 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT</b>			
Balance at the beginning of the Year		1,227,048,962	849,841,504
Surplus on revaluation of land, building & plant and machinery		-	429,041,343
		<u>1,227,048,962</u>	<u>1,278,882,845</u>
Transfer to unappropriated profit in equity on account of incremental depreciation charged in profit and loss account		(47,907,803)	(51,833,883)
Balance at the end of the Year		<u>1,179,141,159</u>	<u>1,227,048,962</u>

# TOWELLERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS For the year ended June 30, 2021

	Note	2021 Rupees	2020 Rupees
<p>16.1 Revaluation of property plant and equipment was carried out on December 14, 1994 by M/s. Iqbal A. Nanjee &amp; company, an independent valuer which resulted a surplus of Rs. 51,761,688/- further revaluations were carried by the same valuer on property plant and equipment on 18.09.2002 resulting a surplus of Rs. 114,522,302/-, property plant and equipment on 31.08.2006, resulting surplus of Rs. 290,598,092/-, on property plant and equipment (Karachi located) on 18.04.2009 which resulted a surplus of Rs. 111,213,341/- and on 24.05.2013 which resulted a surplus of Rs. 426,916,311/- and a deficit of Rs. 60,988,241/- and were credited and debited to surplus on revaluation account. Location wise revaluation of property plant and equipment was carried out on April 30,2015 by M/s.Iqbal A.Nanjee &amp; company which resulted a surplus of Rs. 299,410,253 and were credited to surplus on revaluation account. Revaluation of property plant and equipment was carried out on August 05, 2017 by M/s. Iqbal A. Nanjee &amp; company, an independent valuer which resulted a surplus of Rs. 283,178,245/. Revaluation of property plant and equipment was carried out on August 26, 2019 by M/s. Iqbal A. Nanjee &amp; company, an independent valuer which resulted a surplus of Rs. 429,041,341/.</p>			
<b>17 STAFF RETIREMENT BENEFITS</b>		<b>2021 Rupees</b>	<b>2020 Rupees</b>
Staff retirement benefits-Gratuity	17.1	174,793,710	163,375,631
		<u>174,793,710</u>	<u>163,375,631</u>
<b>17.1 Movement in the net liability recognized in the balance sheet</b>			
Opening net liability		163,375,631	97,902,015
Expense for the year	17.2	42,772,685	36,292,339
Remeasurement (Gain)/ loss recognized in other comprehensive income		(7,012,820)	44,530,044
		<u>199,135,496</u>	<u>178,724,398</u>
Benefits paid during the year		(24,341,786)	(15,348,767)
Closing net liability		<u>174,793,710</u>	<u>163,375,631</u>
<b>17.2 Expense recognized in the profit and loss account</b>			
Current service cost		29,121,305	25,490,259
Interest cost		13,651,380	10,802,080
		<u>42,772,685</u>	<u>36,292,339</u>
<b>17.3 Expense recognized in other comprehensive income</b>			
Net actuarial (gain) / loss recognized in the balance sheet		(7,012,820)	44,530,044
		<u>(7,012,820)</u>	<u>44,530,044</u>
<b>17.4 Movement in the present value of defined benefit obligation</b>			
Present value of defined benefit obligation		163,375,631	97,902,015
Past service cost		-	-
Current service cost		29,121,305	25,490,259
Interest cost		13,651,380	10,802,080
Actuarial (gain)/ loss		(7,012,820)	44,530,044
Benefits paid		(24,341,786)	(15,348,767)

# TOWELLERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

	Note	2021 Rupees	2020 Rupees
<b>17.5</b>	<b>Gratuity expenses have been allocated as follows</b>		
Cost of goods manufactured		29,724,686	30,735,277
Administrative expenses		13,048,029	15,557,067
		<u>42,772,685</u>	<u>46,292,339</u>
<b>17.6</b>	<b>Historical information</b>		
		2021	2020
Present value of defined benefit obligation		174,793,710	163,375,631
		2019	2018
		97,902,015	103,605,364
		2017	2016
		96,309,338	103,605,364
<b>17.7</b>	<b>Reconciliation</b>		
Present value of defined benefit obligation		174,793,710	163,375,631
		<u>174,793,710</u>	<u>163,375,631</u>
<b>17.8</b>	<b>General description</b>		
The scheme provides for terminal benefits for all of its permanent employees who attain the minimum qualifying period. Annual charges is made using the actuarial technique of Projected Unit Credit Method.			
<b>17.9</b>	<b>Principal actuarial assumption</b>		
Following are a few important actuarial assumption used in the valuation.			
		%	%
Discount rate		10.00%	8.50%
Expected rate of increase in salary		10.00%	10.00%
<b>17.10</b>	<b>Sensitivity analysis of actuarial assumptions</b>		
The calculation of defined benefit obligation is sensitive to assumptions given above. The below information summarizes how the defined benefit obligation at the end of the reporting period would have increased / (decreased) as a result of change in respective assumptions by 100 basis point.			
		Increase in assumption	Decrease in assumption
Discount rate		(4,932,325)	5,493,111
Expected rate of increase in future salaries		9,605,074	(5,661,863)
<b>17.11</b>	Expected gratuity expense for the year ending June 30, 2022 works out to Rs.45,485,973/-.		
<b>17.12</b>	The weighted average duration of defined benefit obligation is 7 years.		
<b>18</b>	<b>TRADE AND OTHER PAYABLES</b>		
Trade Creditors		722,725,797	609,990,586
Accrued liabilities		48,747,639	22,955,071
Advances from customers	18.1	40,697,498	22,532,109
Workers' profit participation fund	18.2	32,306,744	16,574,499
Sindh sales tax withholding		4,906	12,378
Further Tax		8,104	7,477
		<u>844,510,750</u>	<u>672,072,320</u>
<b>18.1</b>	Advance received from customer is recognised as revenue when the performance obligation in accordance with the policy is satisfied. Revenue for an amount of Rs. 22,532,109 has been recognised in current year in respect of advance from customers at the beginning of the period.		

# TOWELLERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

	Note	2021 Rupees	2020 Rupees
<b>18.2 Workers' profit participation fund</b>			
Balance at the beginning of the Year		16,574,499	23,467,914
Interest on fund utilized in company's business		531,765	1,710,721
		17,106,264	25,178,635
Paid during the year		(17,106,264)	(25,178,635)
		-	-
Allocation for the year		32,326,744	16,874,499
Balance at the end of the Year		32,326,744	16,574,499
<b>19 CONTINGENCIES AND COMMITMENTS</b>			
<b>19.1 Contingencies</b>			
<b>19.1.1</b>	The Company filed CP No.D-6619 in the Sindh High Court on dated 31-10-2017 against the imposition of section 5A of income tax ordinance 2001 for the tax on undistributed profit. The Honorable Sindh High Court grant stay order and respondents have restrained for taking any action against the Company pursuant to the impugned amendments in Finance Act 2017. Therefore no provision for the tax on undistributed profit has been recorded in this financial statement ending June 30, 2021.		
<b>19.1.2</b>	The Government levied Gas Infrastructure Development Cess (GIDC) amounting to Rs.36.689 million. Levy was challenged by the company in the High Court of Sindh. The Hon'able Court passed the judgment in favor of the Company and declares GIDC as illegal. Government approached the Supreme Court of Pakistan and again Supreme Court of Pakistan passed the order in our favor. Government filed appeal against the order of single bench to Appellate Jurisdiction where Honorable Supreme Court of Pakistan issued judgment on August 13 2020 declaring the levy as valid. Subsequent to the decision of the Supreme Court Appellate Jurisdiction industry as a whole filed a review petition in the Supreme Court of Pakistan which is pending and in the meantime industry also filed suit in Sindh High Court and Honorable High Court granted stay against the recovery of the same.		
<b>19.1.3 Guarantees</b>			
Bank guarantees issued in the ordinary course of business.		14,350,018	9,405,000
<b>19.2 Commitments</b>			
There were no commitments as on year end (2020: Nil).		-	-
<b>20 SALES - NET</b>			
Export	20.1	5,078,450,303	3,745,289,809
Local		53,327,424	7,548,925
Waste		4,164,193	4,785,788
		5,135,941,920	3,757,624,522
		192,924,016	109,013,440
Rebate		(37,001,480)	(43,237,864)
Commission on exports		(71,117,286)	(51,146,040)
Discount on exports		-	-
		5,220,747,170	3,772,254,058
<b>20.1</b>	Exchange gain due to currency rate fluctuations relating to export sales amounting to Rs.13 million (June 30, 2020: Rs. 22.14 million) has been included in export sales.		
<b>21 COST OF SALES</b>			
Cost of goods manufactured	21.1	4,011,596,273	2,776,061,683

# TOWELLERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS For the year ended June 30, 2021

	Note	2021 Rupees	2020 Rupees
<b>Finished goods</b>			
Opening stock		153,559,133	150,013,082
Purchases		169,563,660	298,867,961
Closing stock		(225,807,527)	(153,599,133)
<b>Cost of sales</b>		<b>4,109,211,539</b>	<b>3,071,383,593</b>
<b>21.1 Cost of goods manufactured</b>			
Raw material consumed	21.1.1	2,419,716,370	1,479,949,419
Purchase (semi finished goods)		200,202,698	294,907,784
Stores and spares consumed	21.1.2	5,121,483	14,597,552
Other manufacturing expenses	21.1.3	905,404,217	486,863,635
Salaries, wages and other benefits	21.1.4	420,112,333	327,823,700
Communication expenses		1,517,608	601,485
Conveyance		369,730	225,814
Utilities		101,551,378	91,279,373
Insurance		18,568,518	20,542,021
Repairs and maintenance		24,790,226	26,019,412
Oil and lubricants		39,630	139,572
Printing and stationery		2,426,729	2,193,529
Subscription, fees and taxes		21,548,884	7,460,090
Entertainment expenses		6,825,891	5,045,628
Vehicle running and maintenance		9,960,737	8,374,651
Depreciation	4.1	80,356,755	80,457,606
Other expenses		15,677,121	8,006,390
		<b>4,234,690,308</b>	<b>2,854,487,661</b>
<b>Work in process</b>			
Opening stock		225,408,784	146,982,806
Closing stock		(448,502,819)	(225,408,784)
		<b>(223,094,035)</b>	<b>(78,425,978)</b>
	Note	Rupees	Rupees
<b>21.1.1 Raw material consumed</b>			
Opening stock		189,000,361	189,956,127
Purchases - net		2,635,523,655	1,464,791,193
Cartage-in		22,915,172	14,202,460
		<b>2,847,439,188</b>	<b>1,668,949,780</b>
Closing stock		(427,722,818)	(189,000,361)
		<b>2,419,716,370</b>	<b>1,479,949,419</b>
<b>21.1.2 Stores and spares consumed</b>			
Opening stock		27,003,224	20,721,948
Purchases - net		29,053,222	20,878,828
		<b>56,056,446</b>	<b>41,600,776</b>
Closing stock		(50,934,963)	(27,003,224)
		<b>5,121,483</b>	<b>14,597,552</b>

# TOWELLERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

		2021	2020
<b>21.1.3 Other manufacturing expenses</b>			
Fabric dyeing and processing charges		595,306,402	309,599,403
Stitching charges		310,097,815	177,264,232
		<u>905,404,217</u>	<u>486,863,635</u>
<b>21.1.4</b>	Salaries, wages and other benefits include Rs.29,724,656/- (June 30, 2020: Rs. 20,735,272/-) in respect of staff retirement benefits (gratuity).		
<b>22 DISTRIBUTION COST</b>			
Export development surcharge		12,987,513	8,992,003
Export freight		143,363,165	88,320,131
Clearing and forwarding		30,840,947	23,454,739
Marine insurance		3,877,655	2,886,687
Fair & exhibition		91,750	12,784,687
Buyer Entertainment		-	1,947,075
Travelling		7,240,952	19,534,956
		<u>198,401,982</u>	<u>157,920,278</u>
<b>23 ADMINISTRATIVE EXPENSES</b>			
Directors' remuneration		33,624,452	30,384,584
Staff salaries and other benefits	<b>23.1</b>	154,081,021	126,255,905
Conveyance		284,704	162,466
Vehicle running and maintenance		6,764,179	5,519,240
Subscription, fees and taxes		20,403,459	23,374,960
Utilities		4,973,818	4,899,779
Printing and stationery		1,415,014	1,070,256
Legal and professional charges		290,820	914,130
Repairs and maintenance		15,402,385	5,494,738
Communication expenses		11,471,274	11,754,820
Entertainment		7,291,391	5,678,519
Office expenses		4,931,088	3,603,743
Insurance		7,563,252	7,353,755
Advertisement		2,923,082	578,125
Allowance for Ecl		61,932	-
Depreciation	<b>4.1</b>	13,590,467	10,612,938
Amortization		375,299	-
		<u>285,426,637</u>	<u>237,657,958</u>
<b>23.1</b>	Staff salaries and other benefits includes Rs.13,048,029 /- (June 30, 2020: Rs.15,557,067/-) in respect of staff retirement benefits (gratuity).		
<b>24 OTHER OPERATING EXPENSES</b>			
Workers' profit participation fund	<b>18.2</b>	32,326,744	16,574,499
Auditors' remuneration	<b>24.1</b>	1,116,841	1,041,841
Donation	<b>24.2</b>	-	679,800
		<u>33,443,585</u>	<u>18,296,140</u>

# TOWELLERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS For the year ended June 30, 2021

	Note	2021 Rupees	2020 Rupees
<b>24.1 Auditors' remuneration</b>			
Annual audit fee		825,000	750,000
Half yearly review fee		128,841	128,841
Code of corporate governance review		55,000	55,000
Tax services		108,000	35,000
Other services		-	73,000
		<u>1,116,841</u>	<u>1,041,841</u>
<b>24.2</b>	None of the directors or their spouses had any interest in donee fund.		
<b>25 OTHER INCOME</b>			
<b>From financial assets</b>			
Profit on savings account		23,614,580	34,291,998
Bad debt recovered		-	224,929
<b>From other than financial assets</b>			
Gain / (loss) on sale of property, plant and equipment	4.3	1,774,298	(209,264)
		<u>25,388,878</u>	<u>34,307,662</u>
<b>26 FINANCE COST</b>			
Interest on WPPF	18.2	531,765	1,710,721
Bank charges		4,912,412	4,677,560
		<u>5,444,177</u>	<u>6,388,281</u>
<b>27 TAXATION</b>			
<b>Provision / reversal for taxation</b>			
Current year		56,475,193	36,652,712
Prior Year Adjustment		(122,703)	-
Sindh sales tax	27.3	1,399,285	2,368,413
		<u>57,751,775</u>	<u>39,021,125</u>
<b>27.1</b>	The provision for taxation has been made in these financial statements on the basis of section 169 of the Income Tax Ordinance, 2001. The numerical reconciliation between the average tax rate and the applicable tax rate has not been presented in these financial statements as the total income falls under section 169 of the Income Tax Ordinance 2001.		
<b>27.2</b>	No provision in these accounts has been made for deferred tax. A technical release i.e. TR-27 issued by the Institute of Chartered Accountants of Pakistan prescribed that deferred tax accounting does not apply to those companies whose entire sales are covered under section 169 of the Income Tax Ordinance, 2001, as there will be no timing differences.		
<b>27.3</b>	Sindh sales tax is non refundable tax.		
<b>28 Earnings per share</b>			
<b>Basic earnings per share</b>			
Profit for the year	Rupees	<u>556,456,353</u>	<u>275,894,346</u>
Weighted average number of ordinary shares outstanding during the year	Numbers	<u>17,000,000</u>	<u>17,000,000</u>
Profit per share - basic	Rupees	<u>32.73</u>	<u>16.23</u>
<b>Diluted earnings per share</b>			
There were no convertible dilutive potential ordinary shares in issue as at June 30, 2021 and June 30, 2020.			

# TOWELLERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS For the year ended June 30, 2021

for the year ended June 30, 2021

	Note	2021 Rupees	2020 Rupees
29	REMUNERATION TO CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES		
		2021 Rupees	2020 Rupees
		CEO	Directors
		Executives	CEO
		Directors	Executives
		Rupees	Rupees
Managerial remuneration		5,881,136	27,743,316
Bonus		-	3,982,584
Utilities		-	1,256,142
Medical expenses		-	1,877,345
Fuel & maintenance		-	3,590,548
Others		1,614	19,149
		5,882,750	34,486,500
		56,346,237	5,538,435
		30,780,115	47,215,610
Number of persons		1	5
		13	1
		5	13

- 29.1 The Chief Executive and Directors are using personal cars but the fuel and maintenance paid by the company and Executives are provided with free use of Company's maintained car. Reimbursement of utility bills at Director & Executives residence as per Company policy.

### 30 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise directors and key management personnel. Amounts due to related parties are shown in the relevant notes to the financial statements. Transactions with related parties are disclosed below:

Nature of transaction	Relationship	2021	2020
Salaries and other benefits	Key management personnel	40,369,250	36,318,550

The company continues to have a policy whereby all transactions with related parties are entered at arm's length.

### 31 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

The company has exposures to the following risks from its use of financial instruments:

- 31.1 Credit risk
- 31.2 Liquidity risk
- 31.3 Market risk

The board of directors has overall responsibility for the establishment and oversight of company's risk management framework. The board is also responsible for developing and monitoring the company's risk management policies.

#### 31.1 Credit risk

##### 31.1.1 Exposure to credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Carrying amounts of financial assets represent the maximum credit exposure. Credit risk of the Company arises from deposits with banks, trade debts, loans and advances and other receivables. The management assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board. The utilisation of credit limits is regularly monitored.

The Company monitors the credit quality of its financial assets with reference to historical performance of such assets and available external credit ratings.

Carrying values of financial assets exposed to credit risk and which are neither past due nor impaired are as under:

		2021 Rupees	2020 Rupees
Long term loans and advances	5	19,501,496	16,860,935
Long term deposits	6	29,549,160	16,979,320
Trade debts	9	672,800,676	510,349,837

# TOWELLERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS For the year ended June 30, 2021

	Note	2021 Rupees	2020 Rupees
Loans and advances	10	52,890,095	13,177,902
Trade deposits and short term prepayments	11	16,738,365	27,880,342
Other receivables	12	187,025,741	86,256,889
Cash and bank balances	14	300,397,235	350,295,502
		<u>1,056,702,348</u>	<u>1,021,698,326</u>

31.1.2 The maximum exposure to credit risk for trade debts at the balance sheet date by geographical region is as follows:

		2021 Rupees	2020 Rupees
Domestic	9	9,101,437	4,193,889
Export	9	519,138,225	388,579,254
		<u>528,239,662</u>	<u>392,773,143</u>

The majority of export debtors of the company are situated in Asia, Europe, Africa and North America.

31.1.3 The aging of trade debtors at the balance sheet is as follows:

		2021 Rupees	2020 Rupees
Net past due		409,469,689	449,735,778
Past due 0 - 30 days		23,824,814	60,350,517
Past due 31 - 90 days		9,122,491	293,142
Past due 91 days - 1 year		10,435,833	-
More than one year		7,800	-
		<u>452,867,808</u>	<u>510,349,437</u>
Allowance for ECL		(61,432)	-
		<u>452,806,376</u>	<u>510,349,437</u>

31.1.4 Credit quality of counter parties is assessed based on historical default rates. All receivables past due are considered good. The management believes that allowance for impairment of receivables past due is not necessary, as these comprise amounts due from old customers, which have been re-negotiated from time to time and are also considered good.

31.2 Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation. The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements.

	2021					
	Carrying Amount	Contractual Cash flows	Six months or less	Six to twelve months	Two to five years	More than five years
	Rupees					
Non - derivative Financial liabilities						
Trade and other payables	844,510,750	844,510,750	844,510,750	-	-	-
	<u>844,510,750</u>	<u>844,510,750</u>	<u>844,510,750</u>	<u>-</u>	<u>-</u>	<u>-</u>
	2020					
	Carrying Amount	Contractual Cash flows	Six months or less	Six to twelve months	Two to five years	More than five years
	Rupees					
Non - derivative Financial liabilities						
Trade and other payables	665,178,905	665,178,905	665,178,905	-	-	-
	<u>665,178,905</u>	<u>665,178,905</u>	<u>665,178,905</u>	<u>-</u>	<u>-</u>	<u>-</u>

# TOWELLERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS For the year ended June 30, 2021

	Note	2021 Rupees	2020 Rupees
31.2.1	The contractual cash flows relating to the above financial liabilities have been determined on the basis of mark up rates effective as at June 30. The rates of mark up have been disclosed in relevant notes to these financial statements.		

### 31.3 Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities, and liquidity in the market. The company is exposed to currency risk and interest rate risk only.

#### 31.3.1 Currency risk

##### Exposure to currency risk

The company is exposed to currency risk on trade debts, borrowing and import of raw material and stores that are denominated in a currency other than the respective functional currency of the company, primarily in US Dollar and Euro. The currencies in which these transactions primarily are denominated in US Dollar and Euro. The company's exposure to foreign currency risk is as follows:

	US Dollar	Euro	GBP	Rupees
Trade debts 2021	2,735,013	64,890	-	319,130,225
Trade debts 2020	2,953,392	48,899	-	368,379,254

The following significant exchange rates applied during the year:

	Average rates		Reporting date rates	
	2021	2020	2021	2020
US Dollar to Rupee	181.38	181.83	198.50	188.25

##### Sensitivity analysis

5% strengthening of Pak Rupee against the following currencies at June 30, would have increased / (decreased) equity and profit and loss by the amount shown below. The analysis assumes that all other variables, in particular interest rates, remain constant. 5% weakening of Pak Rupee against the above currencies at periods ends would have had the equal but opposite effect on the above currencies to the amount shown below, on the basis that all other variables remain constant.

US Dollar	(21,674,972)	(24,943,414)
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The sensitivity analysis prepared is not necessarily indicative of the effects on profit for the year and liabilities of the company.

#### 31.3.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate exposures arise from short and long term borrowings from bank and term deposits and deposits in PLS saving accounts with banks. At the balance sheet date the interest rate profile of the company's interest bearing financial instrument is as follows:

<b>Fixed rate instruments</b>		
Financial assets	1,005,966,018	1,455,456,441
<b>Variable rate instruments</b>		
Financial assets	148,735,756	336,953,218
Financial liabilities	844,510,790	665,178,905

##### Fair value sensitivity analysis for fixed rate instruments

The company does not account for any fixed rate financial assets and liabilities at fair value through profit and loss. Therefore, a change in interest rates at the reporting date would not affect profit and loss account.

##### Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for June 30, 2021.

	Profit and loss		Equity	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
	Rupees			
Cash flow sensitivity - variable rate instruments 2021	8,145,167	(8,145,167)	-	-
Cash flow sensitivity - variable rate instruments 2020	6,720,723	(6,720,723)	-	-

#### 31.3.3 Other Price Risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether these changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The company is not exposed to commodity price risk as it does not hold financial instruments based on commodity prices.

# TOWELLERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

	Note	2021 Rupees	2020 Rupees
31.4	<b>Fair value of financial assets and liabilities</b>		
	The carrying value of all financial instruments reflected in the financial statements approximate to their fair values. Fair value is determined on the basis of objective evidence at each reporting date.		
31.5	<b>Off balance sheet items</b>		
	Bank guarantees issued in ordinary course of business	14,350,014	9,405,000
31.6	The effective rate of interest / mark up for the monetary financial assets and liabilities are mentioned in respective notes to the financial		

### 32 CAPITAL RISK MANAGEMENT

The company's prime object when managing capital is to safeguard its ability to continue as a going concern in order to provide adequate returns for shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the company monitors capital on the basis of the gearing ratio. The ratio is calculated as total borrowings divided by total capital employed. Borrowings represent long term financing, long term financing from directors and others and short term borrowings. Total capital employed includes total equity as shown in the balance sheet plus borrowings.

Total equity	Rupees	3,277,719,849	2,714,350,676
Total capital employed	Rupees	3,277,719,849	2,714,350,676
Gearing ratio	Percentage	0.00	0.00

### 33 MEASUREMENT OF FAIR VALUES

A number of the Company's accounting policies and disclosure require the measurement of fair values for both financial and non-financial assets and financial liabilities. The carrying value of financial assets and financial liabilities approximates their fair values.

### 34 NUMBER OF EMPLOYEES

Total and average number of employees at year end and during the year respectively are as follows:

	2021	2020
Total number of employees as at June 30-Factory	1080	910
Total number of employees as at June 30-Head Office	115	104
<b>Total</b>	<b>1195</b>	<b>1014</b>
Average number of employees during the year-Factory	995	907
Average number of employees during the year-Head Office	110	107
<b>Total</b>	<b>1105</b>	<b>1014</b>

### 35 IMPACT OF COVID-19

During the year, the World Health Organization declared the Novel strain of Corona virus (Covid-19) a global pandemic and recommended containment and mitigation measures worldwide. The Federal and Provincial governments of Pakistan also took various measures, including imposition of lockdowns, from the end of March 2020 to contain the spread of Covid-19. This caused an overall economic slowdown and varying degree of disruption to various businesses including textile sector, resulting in temporary decline in sale. Company's management has assessed the possible accounting implications arising from Covid-19 for these financial statements and concluded the following:

	2021 Rupees	2020 Rupees
Following are the estimated impacts of Covid-19 pandemic:		
Lost turnover	-	378,540,906
Lost profitability	-	112,443,123
<b>Total estimated sales &amp; profitability for the year, had Covid pandemic would not have occurred:</b>		
Total Sales	-	4,151,456,317
Profitability	-	883,807,872

### 37 CORRESPONDING FIGURES

Figures have been rounded off to the nearest Rupee.

### 38 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue by the board of directors of the company 01 October, 2021.

Mehreen Obaid Agha  
Chief Executive

Sana Bilal  
Director

Adnan Moosaaji  
Chief Financial Officer

Karachi, October 01<sup>st</sup>, 2021

## TOWELLERS LIMITED

### PATTERN OF HOLDING OF THE SHARES HELD BY SHAREHOLDERS AS ON JUNE 30, 2021

#### AS PER REQUIREMENTS OF CODE OF CORPORATE GOVERNANCE

Number of SHAREHOLDERS	SHARE HOLDINGS		TOTAL SHARES HELD
	From	To	
493	1	3463	0.0204
111	101	50096	0.2947
50	501	48213	0.2836
94	1001	271462	1.5968
27	5001	220000	1.2941
9	10001	120600	0.7094
8	15001	140800	0.8282
2	20001	44000	0.2588
2	25001	60000	0.3529
1	30001	35000	0.2059
1	65001	65200	0.3835
1	100001	100651	0.5921
1	110001	113000	0.6647
1	125001	129759	0.7633
1	135001	136500	0.8029
1	265001	268500	1.5794
2	465001	937648	5.5156
1	525001	526000	3.0941
3	2455001	7379247	43.4075
1	2465001	2467043	14.5120
1	3880001	3882818	22.8401
811		17000000	100.0000

### CATEGORIES OF SHAREHOLDING AS ON JUNE 30, 2021

	CATEGORIES OF SHARE HOLDERS	NUMBER OF SHARE HOLDERS	SHARES HELD	PERCENTAGE OF HOLDING
1	GENERAL PUBLIC (LOCAL)	745	15699532	92.3501
2	GENERAL PUBLIC (FOREIGN)	32	108609	0.6389
3	ASSOCIATED COMPANIES	4	50800	0.2988
4	INSURANCE COMPANIES	2	655759	3.8574
5	PUBLIC SECTOR COMPANIES	9	119300	0.7018
6	MODARABAS AND MUTUAL FUNDS	3	254500	1.4971
7	OTHERS	16	111500	0.6559
	COMPANY TOTAL	811	17000000	100.0000

## TOWELLERS LIMITED

### CATEGORIES OF SHAREHOLDING AS ON JUNE 30, 2021

Categories of Shareholders	No. of Share holders	Shares Held	Percentage
<b>DIRECTORS, CEO &amp; SPONSORS</b>			
Ms. Mahjabeen Obaid	1	2,467,043	14.51
Ms. Mehreen Obaid Agha	1	2,459,748	14.47
Ms. Sana Bilal	1	2,459,748	14.47
Ms. Hadeel Obaid	1	2,459,751	14.47
Mr. Zeeshan K. Sattar	1	468,448	2.76
Mr. Abdul Jalil Shariff	1	5,000	0.03
Sheikh Obaid Humza	1	3,983,469	23.43
<b>ASSOCIATED COMPANIES</b>			
Iftikhar Corporation	1	10,000	0.06
Chenab Textile Corporation	1	15,800	0.09
Ranjha Linen	1	10,000	0.06
Fine Fabrico	1	15,000	0.09
<b>INSURANCE COMPANY</b>			
National Insurance Company Ltd	1	526,000	3.09
Pakistan Reinsurance Company Ltd	1	129,759	0.76
<b>PUBLIC SECTOR COMPANIES</b>			
Y.S. Securities & Services Pvt Ltd	1	1,000	0.0059
Time Securities (Pvt) Ltd	1	500	0.0029
NCC	1	3,500	0.0206
ABA Ali Habib Securities (Pvt) Limited	1	10,000	0.0588
Tumbi (Private) Limited	1	10,000	0.0588
Market 786 (Private) Limited	1	65,200	0.3835
Axis Global Limited - MF	1	1,000	0.0059
MRA Securities Limited - MF	1	13,100	0.0771
Khadim Ali Shah Bukhari Securities (Pvt)Ltd	1	15,000	0.0882
<b>GENERAL PUBLIC</b>			
LOCAL	741	1,650,825	9.7107
FOREIGN	32	108,609	0.6389
OTHERS	16	111,500	0.6559
<b>Total</b>	<b>811</b>	<b>17,000,000</b>	<b>100.00</b>

#### SHAREHOLDERS HOLDING FIVE PERCENT OR MORE VOTING RIGHTS IN THE LISTED COMPANY

Mahjabeen Obaid	2,467,043
Mehreen Obaid Agha	2,459,748
Sana Bilal	2,459,748
Hadeel Obaid	2,459,751
Humza Shaikh Obaid	3,983,469

### Corporate Matters Disclosures

#### **CORPORATE GOVERNANCE**

#### **CORPORATE SOCIAL RESPONSIBILITIES**

The company fully understands its responsibility to contribute towards the well being of the society and citizens in general. Hence, it demonstrates its commitment by investing back in various social contributions. These include the health, education, recreational activities, water supply, food supplies, sports, environmental activities, etc. The company regularly contributes to various institutions who are engaged in providing free educational and health facilities for the less privileged citizens of our country. Contributions are being made to an institution that is building hospitals and schools for public in general and for women's education in particular and is also providing vocational training to help people find their own livelihood and employment opportunities. The Company also runs a sponsored school for under privileged children for supporting the cause of education for less fortunate.

During the outbreak of COVID – 19 Pandemic, the Company distributed ration bags to deserving fellow countrymen to help them during the lockdowns enforced to curtail the pandemic. The Company participated in planting new trees around the factory premises.

#### **HEALTH, SAFETY AND ENVIRONMENT**

The management of the Company is aware of its responsibility to provide a safe and healthy working environment to our associates and give highest priority to it. Our safety culture is founded on the premise that all injuries are preventable if due care is taken. We follow up and investigate on all incidents and injuries to address their root causes and take appropriate measures and remedial actions so that such incidents do not recur. Due to the blessings of Allah Almighty and the importance being given to the safe environment, no major accident took place at our factories. During the year, the Company has further enhanced the already existing fire hydrant system in our factories to make it compliant with international standards and to strengthen the ability to counter the hazards of fire at our premises.

The installation of Solar Power Project had taken place last year and was made functional. The said investment is reaping fruits now and is contributing to generate clean and green energy, which is also bringing cost savings and reduced carbon emissions.

During the year the Company acquired new dyeing machines which were installed and commissioned within the subsequent period to the balance sheet date. They consume much lesser water as compared to the older models and emit much lesser contaminated water. Acquisition of these new machines have greatly contributed in the saving the environment, besides bringing about the significant efficiencies.

#### **HUMAN RESOURCE**

Our employees are our greatest assets and the key strength of our business. Towellers firmly believes in nurturing, investing in and promoting its employees. The management of the company is committed to excellence and has a clear vision that trained human resources and delegating leadership practices are important enablers of high productivity and sustainable competitive advantage of our company. Therefore, the management of the company gives much importance to the optimal use of human resources by way of trainings and proper guidance of the employees.

The Company had hired and trained number of college and university graduates as internees, which had helped them in uplifting their careers through technical knowledge, skill development and financial support via employment. Few of them are now valuable resource of the current operational team.

### **ENVIRONMENT PROTECTION – WASTEWATER TREATMENT PLANT**

Environmental pollution is a major challenge our country is facing, and it is very important that appropriate measures be taken to protect our atmosphere, seas and land from getting more polluted. The toxic and hazardous chemicals which are emitted into our drains are a major threat to our underground water table, streams and our seas. The company is fully cognizant of this fact and therefore have invested in the wastewater treatment plant. The plant that we have installed at our factory is designed and operated to meet and exceed environmental standard, securing the health of our employees and local atmosphere by neutralizing the toxic chemicals and wastes before they are excreted into our drains.

### **WHISTLEBLOWING POLICY**

The Company is committed to create an atmosphere ensuring accountability, integrity and transparency. A whistleblowing policy has been in place as part of Company's efforts to provide a mechanism for raising alert against any wrongdoing, malpractice or impropriety. This is intended to further improve governance and service quality. The policy set out the procedures for lodging of concern by the employees, handling of concern by the organization, reporting requirement and protection of whistleblower and periodic monitoring of the policy. The employees are encouraged to use the guidance provided by the program. Application of ERP within the Organization has brought about more efficiency, controlling, monitoring and transparency which will continue to strengthen and support the whistleblowing function.

### **INSIDER TRADING**

Company has taken definitive steps in ensuring that all employees, officers, members of the Board and all such relevant persons follow strict guidelines while trading in the shares of the company. No employee or his / her spouse will transact in the shares of the company during the closed period prior to the announcement of financial results. Employees categorize as executive according to the requirement of code of corporate governance should also inform the management immediately about any transaction performed by them and their spouse other than during the close period. Management remains vigilant and ensures that none of the financial information is divulged to any person until the annual financial statements are published and made public.

### **POLICY FOR SAFEGUARDING OF RECORDS**

Company policy for safety of records extend beyond the regulatory requirements and falls in the ambit of a comprehensively formulated business continuity planning which provide for preservation of company record of significant or permanent value for periods exceeding the legal stipulated timeframe in an efficient, secure and easy to retrieve manner. With the advent of ERP, safety of information and records will further strengthen as the Company has established a proper IT department having qualified IT professionals who are assigned to ensure the preservation of information and records through regular backups, trouble shooting and disaster recoveries.

### **INFORMATION TECHNOLOGY**

The implementation of phase I of ERP was completed during the year and is now completely operational throughout the organization. Now the accounts and reports are being prepared through the said ERP which has enabled the management to control and monitor resources and performance in a much improved and efficient manner. Management information and reporting will now further improve which will provide the management to assess the performance and financial & operational position in a much better way.

## TOWELLERS LIMITED

### IMPORTANT NOTES FOR THE SHAREHOLDERS

Dear Shareholder(s)

Please go through the following notes, it will be appreciated if you please respond to your relevant portion at the earliest.

1. **Notice of Book Closure:**

The Share Transfer Books of the Company will remain closed from October 20<sup>th</sup> 2021 to October 27<sup>th</sup> 2021 (both days inclusive) Transfer received in order by our Share Registrar, M/s. THK Associates Pvt Ltd. Plot No. 32-C, Jami Commercial Street - 2 D.H.A., Phase-VII, Karachi, 75500, at the close of business on October 19<sup>th</sup> 2021 will be considered in time for the purpose of attending the AGM.

2. **Coronavirus Contingency - Participation in AGM through electronic means**

- i) In view of the Coronavirus situation, the Securities and Exchange Commission of Pakistan (SECP) has, vide Circular No. 4 dated February 15, 2021 directed listed companies to provide facility for attending general meetings through electronic means as a regular feature,
- ii) Considering the fact the Company has made arrangement to provide video-link facility to members who wish to participate in the AGM through electronic means.
- iii) To attend the AGM through video-link, Members are requested to register their following particulars by sending an email at [farhan@towers.com](mailto:farhan@towers.com) with subject 'Video-Link Registration'.

NAME OF MEMBER (S)	FOLIO / CDC ACCOUNT NUMBER/ CDC PARTICIPANT ID	NUMBER OF SHARES HELD	CNIC/ PASSPORT NUMBER	CELL/MOBILE NUMBER	EMAIL ID

- iv) The Video link and login credentials will be shared with the Members whose emails, containing all the required particulars as mentioned, are received at the given email address before the close of business hours i.e. 05:00 p.m. on October 19<sup>th</sup> 2021.
- v) In case any members who want to attend the AGM personally are advised to follow SOPs for COVID-19 as prescribed by the Government.
- vi) For any queries, the Members may please contact at the aforesaid email.

3. **Appointment of Proxies and Attending AGM:**

- i) A member eligible to attend and vote at the Meeting may appoint another member as his/her proxy to attend, and vote **instead** of him/her.
- ii) A blank instrument of proxy applicable for the meeting is being provided with the notice sent to members. Further copies of the instrument of proxy may be obtained from the registered office of the Company during normal office hours or can be downloaded from the Company's website.
- iii) A duly completed instrument of proxy and the power of attorney or other authority (if any), under which it is signed or a notarized certified copy of such power or authority must, to be valid, be deposited at the

## TOWELLERS LIMITED

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registered office not less than 48 working hours before the time of the meeting. Attested copies of valid CNIC or the passport of the member and the Proxy shall be furnished with the Proxy Form.

- iv) In case of corporate entity, the Board of Directors Resolution / Power of Attorney with specimen signature shall be submitted with proxy form.
- v) The owners of the physical shares and the shares registered in the name of Central Depository Company of Pakistan Ltd. (CDC) and / or their proxies are required to produce their Original Computerized National Identity Card (CNIC) or Passport (in case of foreign nationals) for identification purpose at the time of attending the meeting.
- vi) CDC account holders will further have to follow the under mentioned guidelines as laid down in Circular No. 1, dated January 26, 2000 issued by the Securities & Exchange Commission of Pakistan.
- vii) For attending meeting through video-link, cell number and email id of proxy, shall be provided on the duly signed proxy form.

4. Video-Conferencing Facility for attending AGM

If members holding ten percent of the total paid up capital, are resident in any other city, the company shall provide the facility of video-conferencing to such members for attending annual general meeting of the company, if so required by such members in writing to the company at least seven days (7) before the date of the meeting.

The Company will intimate members regarding venue of conference facility at least 5 days before the date of general meeting along with complete information necessary to enable them to access such facility.

5. Change in Members Addresses:

Members are requested to notify any changes in their addresses immediately to the Share Registrar M/s. THK Associates Pvt Ltd. Plot No. 32-C, Jami Commercial Street - 2 D.H.A., Phase-VII, Karachi, 75500.

6. Submission of Copies of Valid CNICs/NTN:

Members are requested to submit a copy of their valid CNICs/NTN Certificates along with the folio numbers to the Company's Share Registrar, if not already provided, otherwise payment of dividend would be withheld in terms of section 243 of the Companies Act, 2017 ('the Act') and clause 6 of the Companies (Distribution of Dividends) Regulations, 2017 (the Regulations).

7. Availability of Financial Statements and Reports on the Website:

The Annual Report of the Company for the year ended June 30, 2021 has been placed on the Company's website at the below link:  
<http://www.towellersltd.com>

8. Circulation of Annual Financial Statements for the year ended June 30, 2021 through CD:

The Securities and Exchange Commission of Pakistan (SECP) vide SRO No. 470(I)/2016 dated May 31, 2016, has allowed listed companies to circulate their Annual Audited Accounts (i.e. the annual balance sheet and profit and loss account, auditor's report and director's report) to its members through CD at their registered addresses instead of sending them in hard copies. As per request received of members, the Annual Audited Financial Statements of the Company for the year ended June 30, 2020, are being circulated to the members through CD.

## TOWELLERS LIMITED

### 9. Transmission of Annual Financial Statements and Reports and notice of meeting through Email:

In terms of SRO No 787(I)2014 dated September 8, 2014, shareholders can opt to obtain annual balance sheet and profit and loss account, auditor's report and directors' report etc, along with the notice of Annual General Meeting through email. The Companies Act, 2017 also allow electronic circulation of annual financial statements and reports thereon. Accordingly, we are pleased to offer this facility to our members who desire to receive Annual Financial Statements and Notice of the Company through e-mail in future.

For the convenience of shareholders, a Standard Request Form has been made available at our website - [www.towellersltd.com](http://www.towellersltd.com) to opt receiving of future annual reports through email or in hard & signed form may be emailed to the Company Secretary at [farhan@towellers.com](mailto:farhan@towellers.com) or the same can be submitted through post/courier to Company's Share Registrar - M/s. THK Associates Pvt Ltd. Plot No. 32-C, Jami Commercial Street - 2 D.H.A., Phase-VII, Karachi, 75500.

Members who do not provide their email ids or request for a hard copy shall continue to receive their future Annual Financial Statements and reports through CD/DVD/USB at the registered address.

### 10. Deduction of Income Tax under Section 150 of the Income Tax Ordinance, 2001:

- a) The rate of deduction of income tax under Section 150 of the Income Tax Ordinance, 2001, from payment of dividend to a **NON-FILER** of income tax return is prescribed as 30% and for **FILER** of Tax Returns as 15% List of Filers is available at Federal Board of Revenue's (FBR) website: <http://www.fbr.gov.pk>. Members are therefore advised to update their tax FILER status latest by July 08, 2021.
- b) Further, according to clarification received from Federal Board of Revenue (FBR), with-holding tax will be determined separately on 'Filer/Non-Filer' status of Principal shareholder as well as joint-holder(s) based on their shareholding proportions, in case of joint accounts.

In this regard all shareholders who hold shares jointly are requested to provide shareholding proportions of Principal shareholder and Joint-holder(s) in respect of shares held by them to our Share Registrar, in writing as follows:

Folio/CDC A/c No.	Total Number Of shares	Principal Shareholders		Joint Holders (s)	
		Name and CNIC No.	Shareholding Proportion (No. of Shares)	Name and CNIC No.	Shareholding Proportion (No. of Shares)

The required information must reach our Share Registrar by the close of business on July 08, 2021; otherwise it will be assumed that the shares are equally held by Principal shareholder and Joint Holder(s)

- c) The corporate shareholders having CDC accounts are required to have their National Tax Number (NTN) updated with their respective participants, whereas corporate physical shareholders should send a copy of their NTN certificate to the company or Share Registrar. The shareholders while sending NTN or NTN certificates, as the case may be, must quote company name and their respective folio numbers.

## **TOWELLERS LIMITED**

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- d) The information received within the above specified time would enable the Company to deduct income tax at the applicable rates from the payment of dividend if announced by the Company on July 16, 2021.
- e) Members seeking exemption from deduction of income tax or deduction at a reduced rate under the relevant provisions of the Income Tax Ordinance, 2001, are requested to submit a valid tax certificate or necessary documentary evidence, as the case may be, latest by October 19<sup>th</sup> 2021

### **11. E-DIVIDEND MANDATE (MANDATORY)**

Under section 242 of Companies Act, 2017 (Act), every listed company is required to pay dividend if any to their members compulsorily through electronic mode by directly crediting the same in their bank account provided by them. In terms of SRO No. 1145(I)/2017 dated 06 November 2017, it is mandatory for shareholders to provide their bank account details to receive their cash dividend directly into their bank accounts, failing which the company shall be bound to withhold dividend of those members who do not provide their bank details.

All members are required to provide to the Company's Share Registrar, particulars relating to name, folio number, bank account number, title of account, complete mailing address of the bank. CDC account holders should submit their request directly to their broker (participant)/CDC. A Form is available at the Registered Office of the Company and the same are also placed on the Company's website.

### **12. Unclaimed Dividend / Shares**

Pursuant to Section 244 of the Companies Act, 2017, any shares issued or dividend declared by the company, which remain unclaimed or unpaid for a period of three years from the date it became due and payable shall vest with the Federal Government after compliance of procedures proscribed under the Companies Act, 2017.

All valued members of the Company, who by any reason, could not claim their dividend/shares, if any, are requested to contact Company's Share Registrar, to file their claims with Company's Share Registrar for any unclaimed dividend or shares outstanding in their name.

In compliance with Section 244 of the Companies Act, 2017, after having completed the stipulated procedure, all such dividend outstanding for a period of 3 years or more from the date due and payable shall be deposited to the Federal Government in case of unclaimed dividend and in case of shares, shall be delivered to the SECP.

### **13. Conversion of physical shares into book entry form**

Pursuant to Section 72 of the Companies Act, 2017 every existing company shall be required to replace its physical shares with book-entry form in a manner as may be specified and from the date notified by the Commission, within a period not exceeding four years from the commencement of the Companies Act, 2017.

The shareholders having physical shares are encouraged to convert their physical shares into book-entry form by depositing shares into Central Depository Company Pakistan Limited by opening CDC sub-account with any broker or investor accounts directly with CDC.

## TOWELLERS LIMITED

### Standard Request Form Circulation of Annual Audited Accounts

**The Company Secretary**  
Towellers Limited  
WSA, 30-31, Block-1  
F.B. Area, Karachi.

**Subject: Circulation of Annual Audited Accounts via Email/CD/USB/DVD or Other**

Pursuant to the directions given by the Securities and Exchange Commission of Pakistan through its SRO 787(1)/2014 dated September 8, 2014 and SRO 470(1)/2016 dated May 31, 2016 that have allowed the companies to circulate its Annual Audited Accounts (i.e. Annual Balance Sheet and Profit and Loss Accounts, Statements of Comprehensive Income, Cash Flow Statement, Notes to the Financial Statements, Auditor's and Director's Report) to its members through Email/CD/DVD/USB/ or any other Electronic Media at their registered Addresses.

Shareholders who wish to receive the hardcopy of Financial Statements shall have to fill the below form and send us to Company address.

I/We hereby consent Option 1 or Option 2 to the above said SROs for Audited Financial Statements and Notice of General Meeting(s) delivered to me hard form instead Email/CD/DVD/USB or any others Electronic Media.

#### Option 1 – Via Email

Name of the Member/ Shareholders : \_\_\_\_\_

CNIC /SNIC # : \_\_\_\_\_

Folio / CDC Account Number : \_\_\_\_\_

Valid Email Address: \_\_\_\_\_  
(to receive Financial Statements alongwith  
Notice of General Meeting(s) instead of  
hard copy, CD/DVD/USB.)

#### Option 2 – Hard Copy

Name of the Member/ Shareholders : \_\_\_\_\_

CNIC /SNIC # : \_\_\_\_\_

Folio / CDC Account Number : \_\_\_\_\_

Mailing Address: \_\_\_\_\_  
(on which I wish receive Financial  
Statements alongwith Notice of  
General Meeting(s) instead of  
Email/CD/DVD/USB and any other  
Electronic Media.)

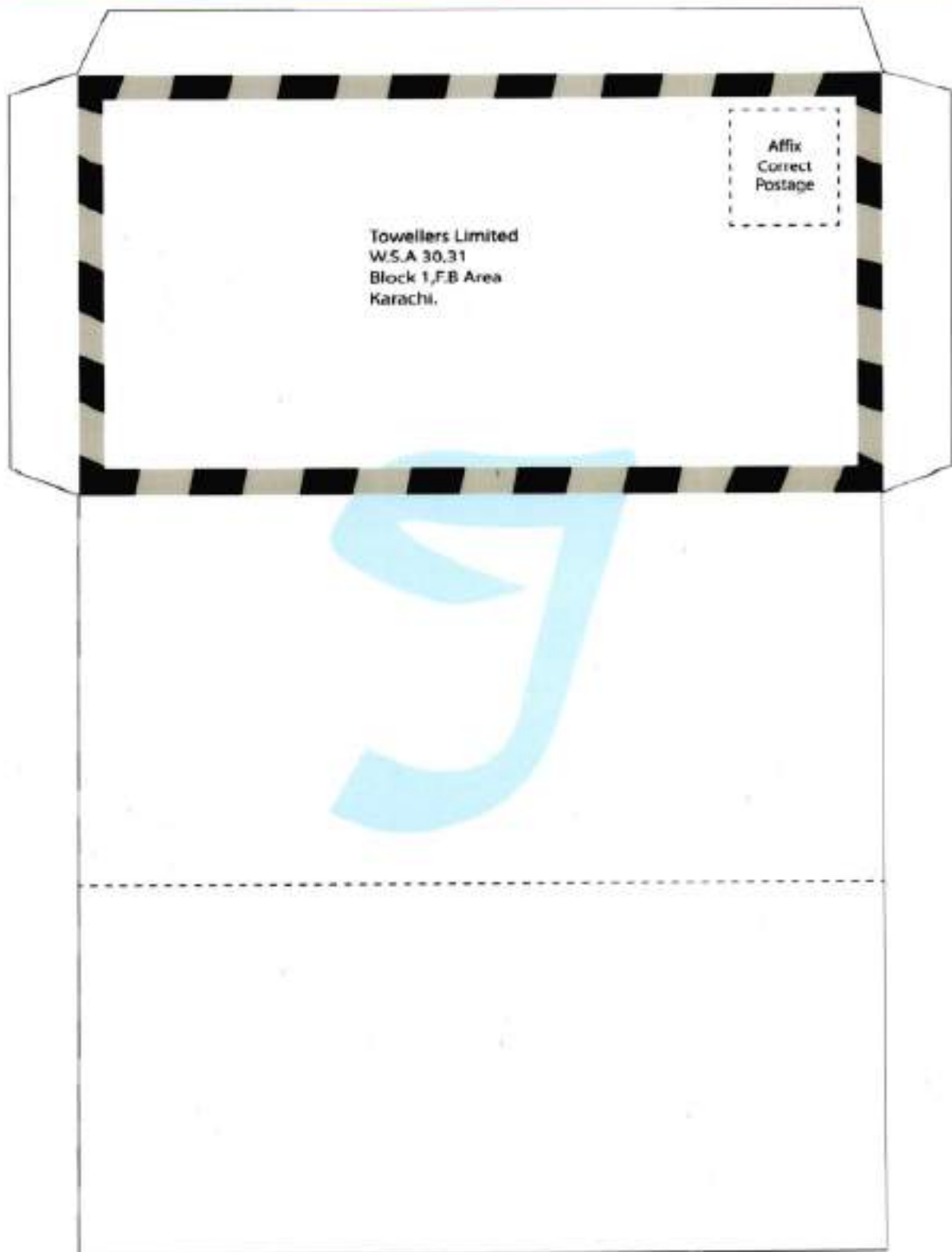
I/We hereby confirm that the above mentioned information is correct and in case of any change therein, I/we will immediately intimate to the Company's Share Registrar/Company. I/we further confirm that the transmission of Company's Annual Audited Financial Statements and Notice of General Meeting(s) through my/our above address would be taken as compliance with the Companies Act, 2017.

Shareholder's signature



## **TOWELLERS LIMITED**

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## TOWELLERS LIMITED

### INVESTORS' EDUCATION

In compliance with the securities and Exchange Commission of Pakistan's SRO 924(1)2015 dated September 9, 2015, Investors attention is invited to the following information message:

[www.jamapunji.pk](http://www.jamapunji.pk)



**Be aware, Be alert,  
Be safe**

**Learn about investing at  
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- 🗨️ FAQs Answered
- 📖 Online Quizzes

- 📈 Stock trading simulator (based on live feed from PSX)
- 📖 Knowledge center
- 📊 Risk profiler\*
- 📊 Financial calculator
- 📱 Subscription to Alerts (event notifications, corporate and regulatory actions)
- 📱 Jamapunji application for mobile device



Jama Punji is an Investor Education Initiative of Securities and Exchange Commission of Pakistan

[jamapunji.pk](http://jamapunji.pk)

[@jamapunji\\_pk](https://twitter.com/jamapunji_pk)

\*Mobile apps are also available for download for android and ios devices

## ڈائریکٹر رپورٹ

معزز ممبران گرامی:

یورڈ آف ڈائریکٹر کی جانب سے ہم 30 جون 2021 قسم ہونے والے سال کے لیے آپ کی کمپنی کے آڈٹ شدہ مالیاتی ریکارڈز کے ساتھ پیش کر کے بہت خوشی محسوس کر رہے ہیں جو ان ریکارڈز 227 آؤٹسٹینڈنگ 2017 کے تحت ہے۔

### اقتصادی جائزہ:

مالی سال 2020-21 پچھلے سال کے مقابلے میں پاکستان کی معیشت کے لیے بہت بھروسہ سال 2020-21 سالانہ کوڈ 19 مالی مرشل نے ساری دنیا اور ہمارے ملک کے لوگوں کی زندگی کو متاثر کیا۔ ابتدائی تخمینوں کے مطابق سال 2021 میں پاکستان کی معیشت کی ڈی پی کی شرح متوقع 1.5 فیصد رہی۔ تاہم بعد میں جی ڈی پی کی طرف سے جاری کردہ عارضی تخمینوں نے جی ڈی پی کی شرح کو 3.9 فیصد رہنے کا اشارہ دیا جبکہ حتمی طور پر سال 2021 کی جی ڈی پی کی شرح 4 سے 5 فیصد کے اندر رہنے کی توقع ہے جو کہ بھروسہ دار کی کوٹا پر مبنی ہے۔

سال 2021 کے لیے ملک کی کل برآمدات امریکی ڈالر کے حساب سے 25.3 بلین رہی جو کہ پچھلے سال کے مقابلے میں 18 فیصد اضافہ ہے جبکہ جولائی اور اگست 2021 کے مہینوں میں یہ پانچویں 2.36 بلین اور 2.26 بلین امریکی ڈالر تائی گئی۔ سال 2020-21 کے دوران نیٹ ایکس کی برآمدات 15.40 بلین امریکی ڈالر تھی جو گزشتہ سال کے مقابلے میں 22.94 فیصد اضافہ ظاہر کرتی ہے، جبکہ حکومت نے 2021-22 کے لیے 20 بلین امریکی ڈالر کا نیٹ ایکس برآمدات کا ہدف مقرر کیا ہے۔

### کمپنی کی کارکردگی:

کمپنی نے 5.22 بلین روپے کا کرن اور حاصل کیا ہے جبکہ کمپنی نے پچھلے سال کے 3.772 بلین کے کرن اور کے مقابلے میں 5.22 بلین کا کرن اور حاصل کیا ہے جو کہ 38 فیصد اضافہ ظاہر کرتا ہے۔ منسلک پر وقت آؤٹنگس 558.46 ملین روپے ریکارڈ کیا گیا۔ (2020: 275.89 ملین روپے) جبکہ فی شخص آمدنی 32.73 رہی (2020: 16.23)۔

یہ قابل ذکر ترقی اور نتائج ہمارے ڈائریکٹر مینجمنٹ ٹیم کی محنت اور ہمارے کارکنوں کی لگن کے بغیر ممکن نہیں ہوتی۔ حکومت پاکستان کی طرف سے کوڈ 19 مالی مرشل کے بہتر انتظام نے بھی بین الاقوامی خریداروں کے زیادہ برآمدی آرڈر حاصل کرنے میں کردار ادا کیا۔ اس کے علاوہ مالی امور میں کی وجہ سے لاک ڈاؤن اور پابندیوں میں ترقی کے بعد امریکا اور یورپ کی منڈیوں کی بحالی پر کاروباری مواقع متوقع تھے۔ کمپنی اپنی ٹیم اور بھیروں کی مدد سے بہتر ترقی کارکردگی اور نتائج کے حصول کو ہماری دیکھنے کے لیے پرعزم ہے۔

پی ایچ ایل کا مالیاتی خلاصہ مندرجہ ذیل ہے: (روپے ہزاروں میں)

2020، جون 30	2021، جون 30	
3,772,254	5,220,747	۱۔ فروختی (نیٹ)
700,870	1,111,536	۲۔ مجموعی منافع
157,920	198,402	۳۔ لاگت برائے تقسیم مال
237,658	285,427	۴۔ لاگت برائے انتظامی امور
18,296	33,444	۵۔ دیگر آپریشنل اخراجات
34,308	25,389	۶۔ دیگر آمدنی
6,388	5,444	۷۔ فنانس لاگت
314,915	614,208	۸۔ ٹیکس سے پہلے کا منافع
275,894	556,456	۹۔ ٹیکس کے بعد کا منافع
16.23	32.73	۱۰۔ فی شخص آمدنی

### مکمل شدہ پراجیکٹس کی کارکردگی:

درج ذیل پراجیکٹس کے نتائج ہیں جو پچھلے سال کے دوران کیے گئے تھے۔

۱۔ سول پاور پراجیکٹ:

کمپنی نے گزشتہ سال کے دوران اپنی ایک ٹیکسٹری میں سول پاور پراجیکٹ میں سرمایہ کاری کی تھی جو رواں سال کے دوران ۲ پیکسل رہی جو مجموعی سال کے دوران بخشی توانائی سے بجلی کے اخراجات میں 8.4 ملین کی بچت ہوئی۔ کمپنی پرامید ہے کہ اس منصوبے کی لاگت تین سال کے اندر حاصل کر لی جائے گی۔

## TOWELLERS LIMITED

(۲) ٹکنگ ڈیپٹمنٹ:

ٹکنگ ڈیپٹمنٹ جو خریدی گئی چیزیں ان کے کم لاگت میں بیخرا اور مدیاری کیڑا حاصل ہو رہا ہے۔ اس کی وجہ سے باہر سے ٹکنگ کرائے کی مقدار میں کمی واقع ہوئی ہے۔ آپ کی کٹائی میں یہ ترین چائنٹ اور مشینری میں سرمایہ کاری کی ضرورت سے آگاہ ہے تاکہ بہتر معیار اور کارکردگی کے حصول ممکن ہو سکے۔

(۳) ای آر پی کا نظام:

ای آر پی کے نظام کا پہلا مرحلہ مکمل ہو چکا ہے اور کٹائی ای آر پی کی طرف سے جو پز کروا لیں اور بیج کے وقت سے کام کر رہی ہے۔ ہم اس کے اطلاقی کو کاروبار کے دیگر شعبوں تک بڑھانے کی ترتیب کے منتظر ہیں۔

(۴) ٹکنگ مشینیں:

کمپنی نے نئی ڈائنگ مشین خریدی ہے جو کہ 30 جون 2021 کے بعد انٹرنل اور کٹاؤں کر دی گئی ہے۔ ہم یہ امید ہیں کہ اس کے استعمال سے ہماری مصنوعات کا معیار پر مشتمل کارکردگی کے ساتھ بہتر ہوگا۔

(۵) میسر ہولڈرز کا مسئلہ:

30 جون 2021 تک کیٹیڈرا ایکٹ 2017 کے سیکشن 227 (۲) (f) کے مطابق کمپنی کی میسر ہولڈر تک کا ٹریڈ اس رپورٹ سے ٹکنگ ہے۔

(۶) ڈائریکٹر ٹکنگ:

کمپنی اپنے بورڈ ممبران کی پیشہ وارانہ ترقی میں کبری و لچکی رکھتی ہے، کاروبار ہٹ گورننس اور دیگر ریگولیٹو تبدیلیوں سے متعلق قوانین اور موجودہ حالات کے بارے میں ڈائریکٹر کو اپ ڈیٹ رکھا جاتا ہے۔ کمپنی کے 154 ڈائریکٹر نے پاکستان اسٹیٹ آف کارپورٹ گورننس (PICG) سے CCG قوانین کی تعمیل میں سرٹیفیکیٹ مکمل کیا ہے۔

(۷) ٹریڈ ٹکنگ:

کمپنی کے میسر کے لین دین میں کوئی ٹریڈ ٹکنگ بورڈ آف ڈائریکٹر CFO, CEO کمپنی ٹکنگری اور ہیڈ آف انٹرنل آڈٹ کے سربراہ یا کوئی جملی ممبرز کے ذریعے کمپنی کے حصص میں کوئی ٹریڈ ٹکنگ نہیں کی گئی ہے۔

(۸) ایوڈٹ:

کاروبار کی قابل ذکر ترقی کے نتیجے میں ورکنگ کپٹل کی ضرورت میں اضافہ ہوا۔ کمپنی کو نہ صرف انٹرنری میں سرمایہ کاری کرنا پڑی بلکہ میٹیری، اضافی پیچہ اور کوشیا لے کے لیے اضافی مزدور رکھنا پڑے۔ چونکہ کمپنی کی توجہ مسلسل ترقی پر ہے، لہذا کمپنی اس وقت کسی بھی ڈیوڈ کا اعلان کرنے کی پوزیشن میں نہیں ہے اور اس مسئلے میں میسر ہولڈر سے تعاون و کار ہے۔

(۹) ڈائریکٹر کا انتخاب:

بورڈ آف ڈائریکٹر کی فرم 27 اکتوبر 2021 کو ختم ہو رہی ہیں اور ڈائریکٹر کے نئے انتخاب اسی سال سالانہ جنرل میٹنگ (AGM) کے دوران اسی تاریخ کو ہونے والے ہیں۔

(۱۰) میسر فی حصص آمدنی:

ٹکنس کے بعد میسر فی حصص آمدنی 32.73 روپے ہیں اور پہلے سال یہ (16.23-2020)۔

(۱۱) میسر پرنسپل جانتا اور پورٹ:

میسر پرنسپل جانتا اور پورٹ اس سالانہ رپورٹ کا حصہ ہے اور کمپنی کے ڈائریکٹر ان صدر راجد کی مکمل تائید کرتے ہیں۔

(۱۲) IT پورٹ:

سو بورڈ آف ڈائریکٹر سربراہان کی اینڈ کمپنی چارٹرڈ اکاؤنٹنٹ رینائر ہو کر دوبارہ تقرری کے لیے تیار کرتے ہیں۔ بورڈ آف ڈائریکٹر نے آڈٹ کمپنی کی گزارش پر 30 جون 2022 کو ختم ہونے والے سال کے لیے محتاقی اینڈ کمپنی چارٹرڈ اکاؤنٹنٹ کی دوبارہ تقرری کی تجویز منظور کی ہے۔

(۱۳) اعتراض:

آپ کی ڈائریکٹر اس موقع پر تمام اسٹیک ہولڈرز کا شکریہ ادا کرتے ہیں اور ان کی حوصلہ افزائی اور تعاون کے عوض ان کی تقرری کرتے ہیں۔ ہم کمپنی کے بورڈ ممبران کی جانب سے ان کے عزم، لگن اور محنت کا بھی شکریہ ادا کرتے ہیں اور اس کے ساتھ ہمارے حصص یافتگان کی پرفورمنس تقریب کرتے ہیں۔ جنہوں نے ہمیں کمپنی کے اوپر اپنا اعتماد اور یقین ظاہر کیا ہے۔

## چیمبر پرسن جائزہ رپورٹ:

انتہائی مسرت کے ساتھ میں یہ جائزہ رپورٹ کمپنی کے شراکت داروں کو پیش کرتی ہوں جو بورڈ آف ڈائریکٹرز کی کارکردگی اور کمپنی کے اہداف کے حصول کی افادیت کے متعلق ہے۔

بورڈ آف ڈائریکٹرز نے اپنے فرائض کو پیشہ وارانہ انداز اور دیانت داری کے ساتھ انجام دیا ہے۔ جبکہ اپنی مصنوعات کے اعلیٰ معیار کو برقرار رکھتے ہوئے اپنی صارفین کے اعتماد میں استحکام پیدا کرنے اور نئی مارکیٹ اور نئے گاہکوں پر توجہ دی ہے۔

بورڈ کمپنی کی اسٹرٹجک سمت کا مسلسل جائزہ لیتا رہتا ہے اور اپنے کاروباری کاموں میں بہتری کو یقینی بناتا ہے، چیف ایگزیکٹو بورڈ کی کاروباری منصوبہ بندی، آپریٹنگ کارکردگی، کیش فلو، متعلقہ مالیاتی معلومات اور رسک منجمنٹ جیسے شعبوں پر باقاعدہ بنیادوں پر رپورٹ اپ ڈیٹ کرتے ہیں۔

الحمد للہ، سال 2021 کو یڈ 19 وبا کی متعدد لہروں کے باوجود پچھلے سال کے مقابلے میں بہت بہتر سال ثابت ہوا ہے، نہ صرف یہ کہ ہمارے ملک میں اس وبائی صورتحال کو بہتر طریقے سے سنبھالنے میں کامیاب رہا بلکہ ترقی کی رفتار بھی تیز کی۔ مجموعی طور پر ملک کی معیشت، کاروبار، اور برآمدات میں کافی اضافہ ہوا ہے جب کہ سال 2021-22 کی پہلی سہ ماہی کے دوران بھی بہتر کارکردگی جاری ہے۔ یہ سال بھی آپکی کمپنی کے لیے بہت اچھا رہا نہ صرف ہم نے اپنی ترقی کے اہداف حاصل کر لیے جو سال 2020 کے لیے مقرر کیے گئے تھے بلکہ اس سے کافی زیادہ گروتھ حاصل کی، کمپنی نے 38 فیصد ترقی حاصل کی، جو کہ پچھلے 2 سالوں کی 10 فیصد گروتھ سے بہت زیادہ ہے۔ ڈائریکٹرز، منجمنٹ اور تمام عملے نے ترقی اور کارکردگی کے حصول کے لیے بھرپور کوشش کی۔ جس کے لیے وہ تعریف کے مستحق ہیں، اہم بات یہ ہے کہ اس ترقی کے ساتھ بہتر منافع اور مارجن بھی حاصل کیا گیا ہے۔ جس کے لیے میں پوری ٹیم کو مبارکباد دینا چاہتی ہوں۔

ہم پر امید ہیں کہ رواں سال کے دوران ترقی کرتے رہیں گے جبکہ پہلے تین ماہ کی کارکردگی بھی امید افزا نتائج دکھا رہی ہیں۔ ہماری ٹیم رواں سال کے دوران بھی اس طرح کی ترقی کو جاری رکھنے اور برقرار رکھنے کے لیے بھرپور کوشش کرتی رہے گی اور اللہ تعالیٰ کی مدد سے ہم اپنے اہداف کو حاصل کر لیں گے۔ انشا اللہ۔ آخر میں، میں تمام بورڈ ممبران کے کام، عزم اور محنت کے لیے شکریہ ادا کرنا چاہتی ہوں۔

کراچی

یکم اکتوبر 2021

ماہر حسین عبید

چیمبر پرسن

## TOWELLERS LIMITED

### Form of Proxy

#### 48<sup>th</sup> Annual General Meeting

I/We \_\_\_\_\_  
Of \_\_\_\_\_  
Being member(s) of Towellers Limited holding \_\_\_\_\_  
Ordinary shares hereby appoint \_\_\_\_\_  
Of \_\_\_\_\_ or failing him / her \_\_\_\_\_  
Of \_\_\_\_\_ who is / are also member(s) of Towellers Limited as my/our proxy in  
my / our absence to attend and vote for me / us and on my / our behalf at the forty eight Annual General  
Meeting of the Company to be held on October 27, 2021, and at any adjournment thereof.

As witness my / our hand / seal this \_\_\_\_\_ day of \_\_\_\_\_ 2021

Signed by the said \_\_\_\_\_

In the presence of 1. \_\_\_\_\_

2. \_\_\_\_\_

Folio / CDC Account No.

Signature

This signature should  
agree with the  
specimen registered  
with the Company.

#### Important:

1. This Proxy Form, duly completed and signed, must be received at the Registered Office of the Company, WSA, 30, 31 Block #-1, F.B. Area, Karachi, not less than 48 hours before the time of holding the meeting.
2. No person shall act as proxy unless he himself is a member of the Company, except that a corporation may appoint a person who is not a member.
3. If a member appoints more than one proxy and more than one instruments of proxy are deposited by a member with the Company, all such instruments of proxy shall be rendered invalid.

#### For CDC Account Holders / Corporate Entities:

In addition to the above the following requirements have to be met:

- i) The proxy form shall be witnessed by two persons whose names, addresses and CNIC / SNIC (Computerized National Identity Card / Smart National Identity Card) numbers shall be mentioned on the form.
- ii) Attested copies of CNIC / SNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- iii) The proxy shall produce his original CNIC / SNIC or original passport at the time of the meeting.
- iv) In case of corporate entity, the Board of Directors resolution / power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

