

TOWELLERS LIMITED

ANNUAL REPORT
FOR THE YEAR ENDED
JUNE 30, 2023



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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TOWELLERS LIMITED

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.	Valy Tariq Rangoon wala	Director
Mr.	Niaz Muhammad	Independent Director
Mr.	Muhammad Sarfraz	Independent Director

BOARD AUDIT COMMITTEE

Mr.	Muhammad Sarfraz	Chairman
Mrs.	Hadeel Obaid	Member
Mrs.	Sana Bilal	Member

HUMAN RESOURCE AND REMUNERATION COMMITTEE:

Mr.	Niaz Muhammad	Chairman
Mr.	Zeeshan K. Sattar	Member
Mr.	Valy Tariq Rangoon wala	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
Bank Al Habib Limited
Muslim Commercial Bank Limited
Faysal Bank Ltd
Al Baraka Bank Pakistan Limited
Dubai Islamic Bank Pakistan Ltd

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:

Company Registration
C.R. # 0004042

National Tax
NTN 0676889-0,

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

FACTORIES

Plots No. 14, 17 Sector 12-D, N.K.I.A., and Plot No. 9 & 10, Sector 12-C, N.K.I.A., Karachi.
PLOT NO. 48, SECTOR - 28, Korangi Industrial Area, Korangi Karachi,

TOWELLERS LIMITED

TOWELLERS LIMITED **Notice of Annual General Meeting.**

Notice is hereby given that the 50th Annual General Meeting of the Shareholders of Towellers Limited (the company) will be held at registered Office Towellers House WSA, 30-31, Block-1 Federal B Area Karachi on Thursday October 26th 2023 at 3:30 p.m to transact the following business.

ORDINARY BUSINESS:

1. To confirm the minutes of the 49th Annual General Meeting held on October 26, 2022.
2. To receive consider and adopt Audited Financial Statements of the Company for the year ended June 30th 2023 together with Chairman Review, Directors and Auditors, reports thereon.
3. To approve the payment of final cash dividend for the year ended June 30th 2023 @ 100% i.e. PKR 10/- per share. This is in addition to Interim cash dividend already paid at PKR 3/- per share i.e. 30%.
4. To appoint Auditors for the year ending June 30, 2024, and to fix their remuneration.

SPECIAL BUSINESS:

5. To approve the circulation of the annual financial statements to the members through QR enabled code and weblink by passing an ordinary resolution proposed in the statement of material facts
6. To transit any other business with the permission of the Chair.

A statement under Section 134(3) of the Companies Act, 2017 pertaining to the Special Business is being sent to the members with this notice.

By order of the Board

M. Farhan Adil
Company Secretary

Karachi: September 27th 2023.

NOTES:

1. The share transfer Books of the Company will remain closed from October 19th 2023 to October 26th 2023 (Both days inclusive). No transfer will be accepted for registration during this period, Transfer received in order at M/s. THK Associates (Private) Limited. 32-C, Jami Commercial Street 2, D.H.A. Phase-VII, Karachi. by close of business on October 18, 2023, will be treated in time for the entitlement and to attend the Annual General Meeting (AGM).
2. A member entitled to attend and vote at this meeting may appoint another member as his/her proxy to attend the meeting and vote instead of him/her. Proxies in order to be effective must be received by the Company not later than 48 hours before the meeting. In Case of Corporate entity, the Board Resolution/power of attorney with specimen signature shall be submitted alongwith Proxy Form to the Company. The Form of Proxy in English and Urdu is attached in the Annual Report and download from the Company's Website i.e. www.towellers.com
3. CDC account holders will further have to follow the guidelines as laid down in circular No1, dated January 26, 2000 issued by the SECP.
4. Shareholders interested in attending the AGM virtually are registered to ensure their registration by sending their particulars at the designated email www.farhan@towellers.com with the subject "Registration for TOWL AGM" mentioning their name, folio number, email address. The Log-in credentials and Zoom link to participate in the AGM would be provided to the registered shareholders via response email at least 48 hours before the time of AGM. Shareholders can also provide their comments and questions for the agenda items of the AGM at the email address: farhan@towellers.com.
5. The members are hereby notified that pursuant to section 143-145 of the Companies Act, 2017 and Companies (Postal Ballot) regulations, 2018 amended through notification dated December 5, 2022 issued by the (SECP), wherein, SECP has directed all the listed companies to provide the right to vote through the electronic voting facility and voting by post to the members on all businesses classified as special business. Members of Towellers Limited will be allowed to exercise their right to vote through electronic voting facility or voting by post for special business

TOWELLERS LIMITED

in its 50th Annual General Meeting to be held on Thursday, October 26, 2023 at 3.30 p.m. in accordance with the requirements and subject to the conditions contained in the aforesaid Regulations. For the convenience of the shareholders, the Ballot paper is annexed to this notice and the same is also available on the Company's website at www.towellers.com.

- 6 Details of e-voting facility will be shared through an e-mail with those members of the Company who have their valid CNIC numbers, cell numbers and e-mail addresses available in the register of members of the company by the close of business on October 18, 2023. The web address and login details will be communicated to members via email, security code will be communicated to members through SMS from the web portal of M/s THK Associates (Pvt) limited (being the e-voting service provider). E-Voting lines will start on October 21, 2023 and shall close on October 25, 2023, members can cast their votes at any time during this period.
- 7 The members shall ensure that duly filled and signed ballot paper along with a copy of the (CNIC) should reach the Chairman of the meeting through post on the Company's registered address, W.S.A. 30,31 Block no. 1 Federal B Area Karachi- 75950 or email at www.farhan@towellers.com by October 25, 2023. The signature on the ballot paper shall match the signature on CNIC.
- 8 As per section 72 of the Companies Act 2017, the company is required to replace its physical shares with the 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 this Act. The shareholders having physical shareholding are encouraged to open account with the Central Depository Company (CDC) to place their physical share into scrip less form.
- 9 Shareholders, who have not yet submitted photocopy of their valid CNIC to the Company/Share Register, are once again requested to send their CNIC at the earliest directly to Company's Share Registrar, M/s THK Associates Pvt Limited, Corporate Entities also requested to provide their NTN.
- 10 In accordance with the provisions of section 242 of the Companies Act, 2017 and Companies (Distribution of Dividend) Regulations, 2017 every listed company is required to ensure that the cash dividends to its shareholders shall be paid through electronic mode only directly into their bank accounts designated by the entitled shareholders instead of issuing physical dividend warrants. Therefore, shareholders are requested to provide the details of their Bank mandate to the Company Share Registrar. Those share holders who hold shares with participants/CDC are advised to provide the same to their concerned participant/CDC, please note that as per section 243(3) of the Companies Act, 2017, listed Companies are entitled to withhold payment of dividend, if necessary information is not provided by the shareholders, for the convenience E-Dividend Mandate Form is available on Company's website. Members who, by any reasons, could not claim their dividends are advised to contact our Share Registrar M/s THK Associates Pvt Ltd to collect/inquire about their unclaimed/unpaid dividends. Members are requested to submit a declaration (CZ-50) to the Share Registrar, before the first day of book closure.
- 11 Pursuant the provisions of Finance Act, 2023 effective July 01, 2023 the rate of deduction of income tax from dividend payment under section 150 of the income tax ordinance, 2001 are as follows (i) for active tax payer :15% (ii) for non-active tax payer : 30%.
- 12 Pursuant to the provisions of section 223(6) of the Companies Act, 2017 the companies are permitted to circulate their Annual Audited Financial statements alongwith Notice of AGM, to its shareholders by e-mail, Physical copy of the Annual Report will be provided to the members on demand. The Annual Report of the Company for the year ended June 30, 2023 is also available on the Company's Website www.towellers.com.
- 13 Members are requested to have their updated e-mail and cell number incorporated in their physical folio with Share registrar of the Company and with their Participant or Broker/CDC Investor Account Services for shares held in electronic form.

STATEMENT UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017

The Securities and Exchange Commission of Pakistan vide its SRO 389(1)/2023 dated March 21, 2023 has allowed companies to circulate the Annual Audited Financial together with reports thereon to its members through QR-enabled code and weblink. Accordingly, consent of the members is sought and if thought fit to pass the following resolution as a special resolution:

RESOLVED THAT the Company may transmit the Annual Audited Financial Statements to its members through QR-enabled code and weblink address to view and download the Annual Audited Financial Statements instead of transmitting in CD form or in hard copies, as allowed by the Securities and exchange Commission of Pakistan.

None of the Directors have any interest, directly or indirectly, in the aforesaid special business.

CHAIRPERSON'S REVIEW REPORT

I am pleased 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 in optimizing its profitability and leading the Company to sustain the performance and profitability of the company in these difficult times.

The Board performed in professional manner for setting targets of its growth, exploring new markets & finding new customers and building confidence of their existing customers by maintaining high quality of its products. The 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.

Although the Company was not able to sustain export shipments as much as it achieved during the year 2022, the Company did reasonably well if the comparison is made with the year 2021. The year 2022 was a good year as far as the export figures were concerned and Pakistan managed the Covid threat well and the Country did well in textile exports as compared to other countries of the region. Hence, considering year 2022 as extraordinary year for textile exports and being a high base year, true comparison should be made with the year 2021.

The year 2023 was a difficult year for the world economy in general and for Pakistan in particular. PKR devaluation, record inflation and high interest rates prevailed during the year, while strict import restrictions were imposed. Per Capita income, GDP growth and exports shrunk, while cotton produce remained low. Despite of all such challenges, Alhamdulillah, by the Grace of Almighty Allah, we have managed to double our profitability this year also. All praises go with the board of directors for fantastically managing the surplus working capital and funds and implementing a long term vision to keep the Company ungeared. Such vision of not borrowing funds from banks at market rate is paving its way in maintaining a healthy profit margin.

I am also pleased that the Board has decided to announce a healthy dividend for second consecutive year. Members truly deserve the same for standing with the management and supporting the Company through all these years for which I am thankful to them. I wish and hope for the consistent growth and profitability of the company which would be mutually beneficial for all stakeholders.

In the end, I would like to congratulate once again to all the Board Members for their remarkable performance and thank them for their commitment and contributions. I would also like to thank shareholders for their trust on the Board of Directors.

Karachi: September 27th 2023


Mahjabeen Obaid
Chairperson

DIRECTORS REPORT TO THE MEMBERS

On behalf of the Board of Directors, it is our pleasure to place before you the Audited Financial Statements of your Company for the year ended June 30th, 2023. These Financial Statements 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

The financial year 2022-23 has been an extremely challenging year for Pakistan's economy. Cumulative fiscal and trade deficits impacted the current account balance which put extra burden on already weakened Pak Rupee resulting in rapid devaluation. This coupled with global increase in prices of international commodities and supply disruptions caused by the massive floods in the country resulted in unprecedented sky rocketing inflation. CPI inflation averaged @ 29.4% during the year. High inflation rate forced the government to increase the policy rate to the highest level of 22% during recent times. Such high interest rates have added to the grievances of the already troubled industrial sector of the country.

In backdrop of the above, economic indicators of the country are reflecting the picture of a troubled and difficult business atmosphere. GDP growth has shrunk to 0.29% from almost 6% last year. Per Capita Income has reduced to US\$ 1,568 from 1,765. Industrial growth and large scale manufacturing growth are negative (- 2.94 & - 8.11 respectively). Cotton production declined by 41% and textiles growth declined by 16.03% (Textile exports US\$ 16.5 B vs US\$ 19.3 B last year).

After the recessionary trend that prevailed a year after covid, the global demand and economies are at the path of recovery and we have observed some stability in overall retail consumption. Hence, the beginning of the year 2023-24 has been reasonable in terms of export orders and we hope that it gets better during upcoming months.

COMPANY'S PERFORMANCE

Although export shipments declined during the year but massive devaluation in Pak Rupee helped in sustaining overall revenue levels. The Company has posted a turnover of Rs. 11.1 B as compared to Rs. 10.24 B last year, managing a growth of 8.3 %.

Net profit after tax of Rs. 2.41 Billion was recorded (2022: Rs.1.06 Billion) whereas the earning per share remained at 141.83 per share (2022: 62.53 per share) despite the additional provision of Super Tax levied during the year. This encouraging profit also includes the gains of better management of liquid funds.

Company's directors, management team, staff and workers have worked hard with utmost dedication to obtain orders, produce and ship on time to earn this performance. Market driven currency exchange rates, which prevailed during the year, also helped the Company to increase its price competitiveness. 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:

TOWELLERS LIMITED

	Rupees in Thousands	
	30-JUN-2023	30-JUN-2022
Sales (Net)	11,086,916	10,238,086
Gross Profit	3,142,600	2,086,932
Distribution Cost	298,705	512,916
Administrative Expenses	365,248	333,125
Other Operating Expenses	183,558	75,174
Other Income	338,877	42,526
Finance Cost	53,848	23,250
Profit Before Taxation	2,580,119	1,184,994
Profit After Taxation	2,388,338	1,063,048
Earning Per Share	140.49	62.53

CAPITAL EXPENDITURE PLANS

Following the up-gradation of dyeing and processing functions, the Company is continuing to invest in modernization of its manufacturing facilities. During the year also machines like heat setting machine and boiler were added to its processing department. The Company has the plan to continue making such investments which helps in bringing efficiency and quality of the manufacturing processes resulting in increase of the wealth of its shareholders.

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, 2023 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. Five directors of the company have completed certification from **Pakistan Institute of Corporate Governance (PICG)** in compliance with the CCG rules.

DIVIDEND

During the year, The Company disbursed an interim dividend of 30% while anticipating a good profitable result for the year. Now, the Board of Directors are pleased to propose 100% final dividend subject to the members' approval at the Annual General Meeting. The Directors and staff of the Company are working hard to continue such performance in the future years while maintaining a healthy growth rate. We thank our shareholders for their support and prayers for the growth and prosperity of the Company.

EARNINGS PER SHARE

The basic and Diluted earnings per share After tax is Rs. 140.49(2022-Rs. 62.53)

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, 2024.

ACKNOWLEDGEMENT

Your directors would like to express their gratitude to all the stakeholders and appreciate them for their encouragement and support. We also appreciate staff and workers 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.



September 27, 2023

Chief Executive Officer



Director

TOWELLERS LIMITED

COMPOSITION OF THE BOARD

The present Board of Directors comprises a well balanced mix of executive, non-executive and independent Directors. It has eight Directors the position of Chairperson and Chief Executive Officer are held by separate individuals. Mahjabeen Obaid hold the position of Chairperson of the Board while Mehreen Obaid Agha is CEO/MD of the Company.

TOTAL NUMBER OF DIRECTORS

- a. Male 4
- b. Female 4

COMPOSITIONS

- a. Independent Directors 2
- b. Non-Executive Directors 5
- c. Executive Directors 1

During the year Four (4) meetings of the Board were held in which the attendance by each Directors is as follows.

Name of Directors	Number of Meetings attended
Mehreen Obaid Agha	3
Mahjabeen Obaid	2
Sana Bilal	3
Hadeel Obaid	3
Zeeshan K. Sattar	3
Muhammad Sarfraz	2
Niaz Muhammad	2

COMMITTEES OF THE BOARD

The Board has formed two sub committees namely Audit and Human Resource and Remuneration Committees.

AUDIT COMMITTEE

The Board has constituted Audit committee consist of three members including Chairman of the Committee. The Committee regularly meets as per requirement of the Code. The Committee assists the Board in reviewing internal audit system. The committees comprising of members given belows.

Audit Committee

Muhammad Sarfraz	Chairman
Hadeel Obaid	Member
Sana Bilal	Member

During the year Four (4) meetings of Audit Committee were held in which the attendance by each Director is as follows.

Name of Directors	Number of Meetings attended
Sana Bilal	4
Hadeel Obaid	3
Muhammad Sarfraz	2

HUMAN RESOURCE COMMITTEE

The Board has constituted a HR and remuneration Committee in compliance with the code of Corporate Governance. The HR and remuneration Committee is performing its duties in line with its terms of reference as determined by the Board.

Two meeting was held during the financial year ended June 30, 2023

HR AND REMUNERATION COMMITTEE

Niaz Muhammad	Chairman
Zeeshan K. Sattar	Member
Valy Tariq Rangoonwala	Member

COMPLIANCE WITH THE BEST PRACTICES OF CORPORATE GOVERNANCE

The Board is pleased to state that the management of the Company is compliant with the best practices of corporate governance. The Board acknowledges its responsibility in respect of the corporate and financial reporting framework and thus states that:

- The financial statements prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of account of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements except as disclosed and accounting estimates are based on reasonable and prudent judgment.
- International Accounting Standards and International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no significant doubts upon the Company's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance, as detailed in the regulations of Rule Book of Pakistan Stock Exchange.
- The highlights of operating and financial data for the last six years are annexed in the Annual Report 2023.

MUSHTAQ & CO.

CHARTERED ACCOUNTANTS

Head Office: 407, Commerce Centre, Hasrat Mohani Road, Karachi. Tel: 021-32638521-3
Email: info@mushtaqandco.com, audit.khi@mushtaqandco.com



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

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **Towellers Limited**, which comprise the statement of financial position as at **June 30, 2023**, 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, 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, 2023 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for 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.

A handwritten signature in black ink, appearing to be 'JM' or similar, located at the end of the 'Basis for Opinion' section.

MUSHTAQ & CO.
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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	<p>Stock in trade</p> <p>Refer to note no. 8 to the audited financial statements; the company has stock in trade aggregating Rs.1624.943 million comprising raw materials, work in process and finished goods. We identified this area as a key audit matter.</p>	<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>

Handwritten signature

MUSHTAQ & CO.

CHARTERED ACCOUNTANTS

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 Email: info@mushtaqandco.com, audit.khi@mushtaqandco.com



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Member firm

2	<p>Defined Benefit Obligations (Gratuity)</p> <p>Refer to note no. 18 to the audited financial statements.</p> <p>The Company operates an unfunded gratuity plan, giving rise to net liability of Rs.176.081 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"> - salary increase and inflation; - discount rate; and - mortality. <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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MUSHTAQ & CO. CHARTERED ACCOUNTANTS

Head Office: 407, Commerce Centre, Hasrat Moham Road, Karachi. Tel: 021-32638521-3
Email: info@mushtaqandco.com, audit.khi@mushtaqandco.com



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.

MUSHTAQ & CO.

CHARTERED ACCOUNTANTS

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Innovation • quality • excellence

Member firm

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.
- 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.

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MUSHTAQ & CO.
CHARTERED ACCOUNTANTS

Head Office: 407, Commerce Centre, Hasrat Mohani Road, Karachi. Tel: 021-32638521-3
Email: info@mushtaqandco.com, audit.khi@mushtaqandco.com



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) Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

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

Karachi.
Dated: September 27, 2023
UDIN: AR202310043361FAgjhd



MUSHTAQ & CO.

CHARTERED ACCOUNTANTS

Head Office: 407, Commerce Centre, Hasrat Mohani Road, Karachi. Tel: 021-32638521-3
Email: info@mushtaqandco.com, audit.khi@mushtaqandco.com



INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS TOWELLERS LIMITED

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulation, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of **Towellers Limited** ("the Company") for the year ended 30 June 2023 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended 30 June 2023.

Karachi:

Date: September 27, 2023

UDIN: CR202310043OM6Tb1qK2

MUSHTAQ & CO.
Chartered Accountants
Engagement Partner:
Zahid Hussain Zahid
FCA

STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019.**NAME OF COMPANY TOWELLERS LIMITED****YEAR ENDED JUNE 30th 2023**

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

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

Male	4
Female	4

2. The composition of the Board is as follows:

CATEGORY	NAMES
Independent Director	Muhammad Sarfraz Niaz Muhammad
Non-Executive Directors	Mahjabeen Obaid Zeeshan K. Sattar Valy Tariq Rangoonwala Hadeel Obaid Sana Bilal
Executive Directors	Mehreen Obaid Agha

Independent directors have requisite competencies, skills, knowledge and experience to discharge and execute their duties competently, as per applicable laws and regulations. They fulfill the necessary requirements as per applicable laws and regulations, therefore fraction (2.67) has not been rounded up.

1. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company.
2. The company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company alongwith its supporting policies and procedures.
3. 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.
4. 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.
5. The meetings of the board were presided over by the Chairman and, in her 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.
6. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
7. Six out of Eight directors complied with the requirements of Directors Training Program. The remaining Director are expected to get training in future.
8. 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.
9. Chief Financial Officer and the Chief Executive Officer duly endorsed the financial statements before approval of the Board.
10. The board has formed committees comprising of members given below:

TOWELLERS LIMITED

SIX YEARS AT GLANCE
FROM 2018 TO 2023
RUPEES IN THOUSANDS

PARTICULARS	2023	2022	2021	2020	2019	2018
Turn over-Net	11,086,916	10,238,086	5,220,747	3,772,254	3,848,285	2,605,809
Cost of sales	7,944,316	8,151,154	4,109,212	3,071,384	2,985,218	2,217,211
Gross profit / (loss)	3,142,600	2,086,932	1,111,536	700,870	863,067	388,598
Profit/(loss) from operation	2,633,967	1,208,243	619,652	321,304	457,560	284,807
Finance cost	53,848	23,250	5,444	6,388	6,482	5,201
Profit/(loss) before taxation	2,580,119	1,184,994	614,208	314,915	451,077	279,606
Profit / (loss) after taxation	2,388,338	1,063,048	556,456	275,894	402,684	253,606
Dividend	221,000	34,000	-	-	-	-

FINANCIAL DATA

Fixed assets-w.d.v	3,250,949	3,142,611	1,810,526	1,663,761	1,231,256	1,264,375
Long term loans	19,250	20,487	19,501	16,861	12,851	10,643
Long term deposits	44,271	35,321	29,349	16,875	19,755	19,755
Current assets	6,667,455	4,632,048	2,437,648	1,852,202	1,475,871	1,048,309
Total	9,981,926	7,830,468	4,297,024	3,549,699	2,739,733	2,343,082

EQUITY & LIABILITIES

Equity	7,560,745	5,391,114	3,277,720	2,714,251	2,053,845	1,631,240
Non current liabilities	185,190	186,911	174,794	163,376	97,902	111,449
Current liabilities	2,235,991	2,252,443	844,511	672,072	587,986	600,393
Total	9,981,926	7,830,468	4,297,024	3,549,699	2,739,733	2,343,082

KEY RATIOS%

Gross margine%	28.35	20.38	21.29	18.58	22.43	14.91
Net profit (loss)%	21.54	10.38	10.66	7.31	10.46	9.73
Quick acid ratio%	1.80	1.08	0.89	1.32	1.20	0.62
EBIT margine%	22.79	11.35	11.66	8.52	11.89	10.93
Current ratio%	2.98	2.06	2.89	2.76	2.51	1.75
Earning/(loss) per share Rs	140.49	62.53	32.73	16.23	23.69	14.92
Dividend payout ratio	9.25	3.20	-	-	-	-
Debt equity ratio%	0.32	0.45	0.31	0.31	0.33	0.44

TOWELLERS LIMITED

STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2023

	Note	2023 Rupees	2022 Rupees
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	4	3,250,949,018	3,142,611,158
Long term loans and advances	5	19,250,419	20,486,758
Long term deposits	6	44,271,116	35,321,400
		3,314,470,553	3,198,419,316
CURRENT ASSETS			
Stores, spare parts and loose tools	7	64,105,747	77,853,375
Stock in trade	8	1,624,943,040	1,490,829,863
Trade debts	9	2,246,392,773	1,546,987,008
Loans and advances	10	115,391,739	61,394,555
Trade deposits and short term prepayments	11	30,235,574	23,495,653
Other receivables	12	150,613,511	64,796,301
Income tax and sales tax refundable	13	653,109,675	474,606,754
Short term investment	14	1,352,260,073	228,413,351
Cash and bank balances	15	430,403,190	663,671,503
		6,667,455,322	4,632,048,363
		9,981,925,875	7,830,467,679
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital			
25,000,000 (June 30, 2022: 25,000,000) ordinary shares of Rs. 10 each		250,000,000	250,000,000
Issued, subscribed and paid up capital	16	170,000,000	170,000,000
Reserves		5,255,653,945	3,030,788,603
Surplus on revaluation of property, plant & equipment	17	2,135,091,527	2,190,325,270
		7,560,745,472	5,391,113,873
LIABILITIES			
NON CURRENT LIABILITIES			
Staff retirement benefits	18	176,081,034	176,663,441
Long term loan	19	9,108,513	10,247,077
		185,189,547	186,910,518
CURRENT LIABILITIES			
Trade and other payables	20	2,233,290,570	1,454,058,992
Unclaimed dividend	21	1,459,345	585,945
Accrued markup	22	102,377	5,933,851
Current portion long term loan	19	1,138,564	853,923
Short term borrowings	23	-	791,010,577
		2,235,990,856	2,252,443,288
CONTINGENCIES AND COMMITMENTS			
	24	-	-
		9,981,925,875	7,830,467,679

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


Mehreen Obaid Agha
Chief Executive


Sana Bilal
Director


Adnan Moosaji
Chief Financial Officer

Karachi,
September 27, 2023

TOWELLERS LIMITED

STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023 Rupees	2022 Rupees
Sales - net	25	11,086,916,406	10,238,086,187
Cost of sales	26	(7,944,316,369)	(8,151,154,374)
Gross profit		3,142,600,037	2,086,931,813
Distribution cost	27	(298,704,654)	(512,915,891)
Administrative expenses	28	(365,248,099)	(333,124,798)
Other operating expenses	29	(183,557,860)	(75,173,946)
Other income	30	338,877,306	42,526,295
		(508,633,307)	(878,688,340)
Profit from operations		2,633,966,730	1,208,243,473
Finance cost	31	(53,847,932)	(23,249,556)
Profit before taxation		2,580,118,798	1,184,993,917
Provision for taxation	32	(191,781,229)	(121,945,732)
Profit for the year		2,388,337,569	1,063,048,185
Earnings per share - basic and diluted	33	140.49	62.53

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


Mehreen Obaid Agha
Chief Executive


Sana Bilal
Director


Adnan Moosaji
Chief Financial Officer

Karachi,
September 27, 2023

TOWELLERS LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2023

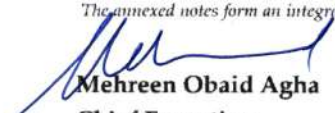
	Note	2023 Rupees	2022 Rupees
Profit for the year		2,388,337,569	1,063,048,185
Other comprehensive income for the year			
<i>Items that will not be reclassified to profit and loss account</i>			
Gain on remeasurement of staff retirement benefits	18.1	2,294,030	17,110,214
Surplus on revaluation of land, building & plant and machinery		-	1,067,235,625
Total comprehensive income for the year		2,390,631,599	2,147,394,024

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

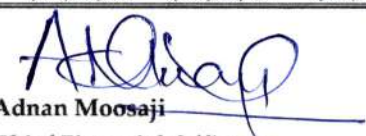
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2023

Particulars	Issued, subscribed and paid up capital	Capital Reserve Share premium	Reserves		Revaluation Surplus	Total
			Revenue Reserve Unappropriated profit	Sub Total		
-----Rupees-----						
Balance as at June 30, 2021	170,000,000	63,000,000	1,865,578,690	1,928,578,690	1,179,141,159	3,277,719,849
Profit for the year	-	-	1,063,048,185	1,063,048,185	-	1,063,048,185
Other comprehensive income for the year	-	-	17,110,214	17,110,214	1,067,235,625	1,084,345,839
Interim dividend of PKR 2.00 per share for the half year ended Dec 31, 2021			(34,000,000)	(34,000,000)	-	(34,000,000)
Transferred from surplus on revaluation of property, plant & equipment	-	-	56,051,514	56,051,514	(56,051,514)	-
Balance as at June 30, 2022	170,000,000	63,000,000	2,967,788,603	3,030,788,603	2,190,325,270	5,391,113,873
Profit for the year			2,388,337,569	2,388,337,569	-	2,388,337,569
Other comprehensive income for the year	-	-	2,294,030	2,294,030	-	2,294,030
Annual dividend of PKR 10.00 per share for the year ended June 30, 2022			(170,000,000)	(170,000,000)	-	(170,000,000)
Interim dividend of PKR 3.00 per share for the period ended March 31, 2023			(51,000,000)	(51,000,000)	-	(51,000,000)
Transferred from surplus on revaluation of property, plant & equipment	-	-	55,233,743	55,233,743	(55,233,743)	-
Balance as at June 30, 2023	170,000,000	63,000,000	5,192,653,945	5,255,653,945	2,135,091,527	7,560,745,472

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


Mehreen Obaid Agha
Chief Executive


Sana Bilal
Director


Adnan Moosaji
Chief Financial Officer

Karachi,
September 27, 2023

TOWELLERS LIMITED

CASH FLOWS STATEMENT FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023 Rupees	2022 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		2,580,118,798	1,184,993,917
Adjustments for:			
Depreciation		134,726,819	116,430,012
Amortization		303,992	337,769
Staff retirement benefits - gratuity		43,200,972	46,196,590
Finance cost		53,847,932	23,249,556
Workers' profit participation fund		135,795,726	62,368,101
(Gain) on disposal of property, plant and equipment		(8,749,544)	(5,075,108)
		359,125,897	243,506,920
Profit before working capital changes		2,939,244,695	1,428,500,837
(Increase) / decrease in current assets			
Stores, spare parts and loose tools		13,747,628	(26,918,412)
Stock in trade		(134,113,177)	(389,096,699)
Trade debts		(699,405,765)	(1,094,186,333)
Loans and advances		(53,997,184)	(8,504,460)
Trade deposits and short term prepayments		(6,739,921)	(6,757,288)
Other receivables		(85,817,210)	122,229,040
		(966,325,629)	(1,403,234,152)
(Decrease) / increase in current liabilities			
Trade and other payables		705,803,953	579,506,885
Cash generated from operations		2,678,723,019	604,773,570
Finance cost paid		(59,679,405)	(17,315,706)
Taxes paid		(370,284,149)	(321,424,236)
Workers' profit participation fund paid		(62,368,101)	(32,326,744)
Long term loan to employees		1,236,340	(985,262)
Long term deposits		(8,949,716)	(5,972,240)
Staff retirement benefits - gratuity paid		(41,489,349)	(27,216,645)
Net cash generated from operating activities		2,137,188,638	199,532,737
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		9,288,000	12,150,000
Short term investment		(1,123,846,722)	(228,413,351)
Fixed capital expenditure		(243,907,129)	(388,692,620)
Net cash (used in) investing activities		(1,358,465,851)	(604,955,970)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term borrowings		(853,923)	11,101,000
Short term borrowings		(791,010,577)	791,010,577
Dividend paid		(220,126,600)	(33,414,055)
Net cash (used in) / generated from financing activities		(1,011,991,100)	768,697,522
Net (decrease)/increase in cash and cash equivalents		(233,268,313)	363,274,288
Cash and cash equivalents at the beginning of the year		663,671,503	300,397,215
Cash and cash equivalents at the end of the year	15	430,403,190	663,671,503

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


Mehreen Obaid Agha
Chief Executive


Sana Bilal
Director


Adnan Moosaji
Chief Financial Officer

Karachi,
September 27, 2023

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

1 LEGAL STATUS AND NATURE OF BUSINESS

The Company was incorporated in Pakistan as a Private Limited Company on 31st May 1973 (Under Companies Act 1913) and subsequently converted into Public Limited Company on 22nd June 1994 under the repealed Companies Ordinance 1984, (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 - I, Federal "B" Area Karachi.

Manufacturing units of the Company:

- a) WSA - 30 Block - I, 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)	1-Jan-23
IAS 8 Accounting Policies, Changing in Accounting Estimates and Errors (Amendments)	1-Jan-23
IAS 12 Income Taxes (Amendments)	1-Jan-23
IFRS 4 Insurance Contracts (Amendments)	1-Jan-23
IFRS 7 Financial Instruments	1-Jan-23
IFRS 16 Leases (Amendments)	1-Jan-24

2.5.2 The above standards, amendments to approved accounting standards and interpretations are not likely to have any material impact on the Company's financial statements.

2.5.3 Other than the aforesaid standards, interpretations and amendments, International Accounting Standards Board (IASB) has also issued the following standards and interpretation, which have not been notified locally or declared exempt by the Securities and Exchange Commission of Pakistan (SECP) as at June 30, 2023

IFRS 1	First-time Adoption of International Financial Reporting Standards
IFRS 17	Insurance Contracts
IFRIC 12	Service Concession Arrangement

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023****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, 2023 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 value 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.

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.

TOWELLERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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 realisable 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.

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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023****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**Financial Assets**

The Company assesses on a forward looking basis the expected credit losses associated with its financial assets. The Company applies the simplified approach to recognise lifetime expected credit losses for trade debts, due from customers and contract assets. The Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Company considers a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Non-Financial Assets

The carrying amounts of non-financial assets are assessed at each reporting date to ascertain whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated to determine the extent of impairment loss, if any. An impairment loss is recognized as an expense in the profit or loss. The recoverable amount is the higher of an asset's fair value less cost of disposal and value-in-use. Value-in-use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risk specific to the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). An impairment loss is reversed if there is a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

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 derecognized 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.

3.22 Capital Management

The company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The board of directors monitors the return on capital and level of dividends to ordinary shareholders. The company seeks to keep a balance between the higher return that might be possible with higher level of borrowings and the advantages and security afforded by a sound capital position. There were no changes in the company's approach to capital management during the year. Further, the company is not subject to externally imposed capital requirements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

4 PROPERTY, PLANT AND EQUIPMENT

	Note	2023 Rupees	2022 Rupees
Operating fixed assets	4.1	3,103,129,730	2,891,694,158
Capital work in progress - at cost	4.4	145,083,362	247,877,082
Intangible Assets	4.5	2,735,926	3,039,918
		<u>3,250,949,018</u>	<u>3,142,611,158</u>

4.1 Operating fixed assets

	Leasehold land	Building on leasehold land	Plant & machinery	Electric installation	Gas installation	Furniture & fixture	Office equipment	Bicycles	Vehicles	Waste water treatment plant	Solar plant	Total
Cost	1,708,923,500	678,962,857	660,356,195	11,822,861	205,384	25,543,399	148,182,164	22,375	87,609,113	19,614,697	48,055,842	3,389,276,367
Accumulated depreciation	-	(220,763,816)	(99,133,767)	(11,291,222)	(133,352)	(14,474,321)	(79,260,829)	(20,571)	(57,867,238)	(6,852,738)	(7,786,355)	(497,584,209)
Net book value	1,708,923,500	458,199,040	561,222,428	531,639	72,012	11,069,078	68,921,335	1,804	29,741,875	12,761,959	40,269,487	2,891,694,158
Year ended June 30, 2023												
Opening net book value	1,708,923,500	458,199,040	561,222,428	531,639	72,012	11,069,078	68,921,335	1,804	29,741,875	12,761,959	40,269,487	2,891,694,158
Additions during the year	-	-	127,855,913	-	-	471,316	10,435,356	-	49,052,987	-	1,467,000	189,282,571
Addition (Transferred from CWIP)	-	69,307,485	88,110,792	-	-	-	-	-	-	-	-	157,418,277
Revaluation	-	-	-	-	-	-	-	-	-	-	-	-
Disposals / transfers	-	-	-	-	-	-	-	-	-	-	-	-
-Cost	-	-	(6,504,905)	-	-	-	-	-	(3,882,740)	-	-	(10,387,645)
-Accumulated depreciation	-	-	6,430,712	-	-	-	-	-	3,418,476	-	-	9,849,188
Depreciation charge for the year	-	(47,372,779)	(63,412,507)	(53,164)	(7,201)	(1,132,940)	(7,484,376)	(180)	(9,840,277)	(1,276,196)	(4,147,199)	(134,726,819)
Closing net book value June 2023	1,708,923,500	480,133,747	713,702,432	478,475	64,811	10,407,455	71,872,315	1,623	68,490,321	11,485,763	37,569,288	3,103,129,730
Annual depreciation rate % / Useful life	-	10%	10%	10%	10%	10%	10%	10%	20%	10%	10%	10%

NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2023

2022

	Leasehold land	Building on leasehold land	Plant & machinery	Electric installation	Gas installation	Furniture & fixture	Office equipment	Bicycles	Vehicles	Waste Water Treatment Plant	Solar plant	Total
At July 01, 2021	796,901,769	565,109,175	382,870,116	11,822,861	205,364	21,845,985	132,808,040	22,375	89,263,113	19,614,697	34,339,907	2,054,803,404
Accumulated depreciation-restarted	-	(171,961,069)	(80,948,804)	(11,232,151)	(125,350)	(13,515,587)	(72,637,930)	(20,371)	(52,299,407)	(5,434,742)	(4,707,137)	(412,882,549)
Net book value	796,901,769	393,148,106	301,921,312	590,710	80,014	8,330,398	60,170,110	2,004	36,963,707	14,179,954	29,632,770	1,641,920,854
Year ended June 30, 2022												
Opening net book value	796,901,769	393,148,106	301,921,312	590,710	80,014	8,330,398	60,170,110	2,004	36,963,707	14,179,954	29,632,770	1,641,920,854
Additions during the year	-	770,586	203,460,393	-	-	3,697,414	15,374,123	-	1,224,000	-	13,695,935	238,222,451
Additions (Transferred from CWIP)	-	-	67,820,131	-	-	-	-	-	-	-	-	67,820,131
Revaluation	912,021,731	113,083,096	42,130,798	-	-	-	-	-	-	-	-	1,067,235,625
Disposals / transfers												
-Cost	-	-	(35,925,244)	-	-	-	-	-	(2,878,000)	-	-	(38,803,244)
-Accumulated depreciation	-	-	29,661,434	-	-	-	-	-	2,066,918	-	-	31,728,352
Depreciation charge for the year	-	(48,802,747)	(47,846,397)	(59,071)	(8,001)	(958,733)	(6,622,898)	(200)	(7,634,750)	(1,417,995)	(3,079,218)	(116,430,012)
Closing net book value June 2022	1,708,923,500	458,199,040	561,222,428	531,639	72,012	11,069,078	68,921,335	1,804	29,741,875	12,761,959	40,249,487	2,891,694,158
Annual depreciation rate % / Useful life	-	10%	10%	10%	10%	10%	10%	10%	20%	10%	10%	10%

Lease hold land and building are located at Block-I F.B.Area Industrial Area Karachi with an area of 1000 (2022: 1000) square yards.

Lease hold land and building are located at North Karachi Industrial Area Karachi with an area of 5,844.44 (2022: 5,844.44) square yards.

Lease hold land and building are located at North Karachi Industrial Area Karachi with an area of 8,908.44 (2022: 8,908.44) square yards.

4.1.1 The depreciation charge for the year has been allocated as follows:

	Note	Rupees	Rupees
Cost of sales	26.1	116,269,046	101,213,430
Administrative expenses	28	18,457,773	15,216,582
		<u>134,726,819</u>	<u>116,430,012</u>

TOWELLERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

4.2 Disposal of property, plant and equipment

Particulars	Particulars of buyer	Cost	Accumulated depreciation	Written down value	Sale proceeds	Gain/(Loss)	Mode of disposal
Plant & Machinery							
KIER Machine	Zakir	1,200,000	1,148,779	51,221	1,600,000	1,548,779	Negotiation
Terry Looms	Al-Fareed Towel	5,304,905	5,281,933	22,972	3,200,000	3,177,028	Negotiation
		6,504,905	6,430,712	74,193	4,800,000	4,725,807	
Motor Vehicle							
Toyota Corolla AQC-516	EFU Insurance	955,000	828,513	126,487	1,200,000	1,073,513	Insurance claim
Super Star CD 70 KNL-4286	EFU Insurance	54,000	23,376	30,624	40,000	9,376	Insurance claim
Super Star CD 70 KNL-5755	Muhammad Nadeem	46,500	37,348	9,152	18,000	8,848	Negotiation
Honda Civic AZL-150	Muhammad Idrees Khan	2,415,240	2,154,105	261,135	2,750,000	2,488,865	Negotiation
Suzuki Mehran ASL-791	EFU Insurance	412,000	375,135	36,865	480,000	443,135	Insurance claim
		3,882,740	3,418,477	464,263	4,488,000	4,023,737	
	2023	10,387,645	9,849,189	538,456	9,288,000	8,749,544	
	2022	38,803,244	31,728,352	7,074,892	12,150,000	5,075,108	

4.3 Had there been no revaluation the related figures of land, building and plant and machinery at June 30, 2023 would have been as follows:

	Cost as on June 30, 2023	Accumulated depreciation	Book value June 30, 2023	Cost as on June 30, 2022	Accumulated depreciation	Book value June 30, 2022
Leasehold land- restated	19,327,159	-	19,327,159	19,327,159	-	19,327,159
Building on leasehold land	510,558,250	463,121,714	47,436,536	441,250,765	461,568,839	20,318,074
Plant and machinery	1,588,839,852	853,365,076	735,474,775	1,379,378,052	779,673,661	599,704,391
	2,118,725,261	1,316,486,790	802,238,470	1,839,955,976	1,241,242,500	598,713,476

4.4 Capital work in progress - at cost

	2023 Rupees	2022 Rupees
Building - civil works	78,666,692	103,099,420
Plant and machinery	66,416,670	144,777,662
	145,083,362	247,877,082

The movement in Capital work in progress is as follows:

Balance at the beginning of the year	247,877,082	165,227,045
Additions during the year:		
Building - civil works	44,874,757	65,596,013
Plant and machinery	9,749,800	84,874,155
	54,624,557	150,470,168
Transfer to operating fixed assets / expense		
Plant and machinery	88,110,792	67,820,131
Building - civil works	69,307,485	-
	157,418,277	67,820,131
Balance at the end of the year	145,083,362	247,877,082

4.5 Intangible Assets

Transferred from CWIP-Software	3,039,918	3,377,687
Less: Amortization	(303,992)	(337,769)
	2,735,926	3,039,918
Amortization rate	10%	10%

5 LONG TERM LOANS AND ADVANCES

Loan to employees - secured

	Note	2023 Rupees	2022 Rupees
Executives	5.1	28,239,191	22,226,010
Other employees		5,695,278	3,440,512
		33,934,469	25,666,522

Current portion of loans shown under current assets

Executives	10	(10,279,258)	(3,295,412)
Other employees	10	(4,404,792)	(1,884,352)
		(14,684,050)	(5,179,764)
		19,250,419	20,486,758

TOWELLERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

5.1 Movement in loans to executives

Balance at the beginning of the Year	22,226,010	18,779,106
Amount disbursed during the year	21,678,765	16,154,350
	43,904,775	34,933,456
Amount recovered during the Year	(15,665,584)	(12,707,446)
Balance at the end of the Year	28,239,191	22,226,010

5.1.1 These are interest free loans recoverable in monthly installments. These loans are secured against employees' retirement benefit obligation- gratuity.

5.1.2 Maximum amount due from executives during the year, calculated by reference to month-end balances, was Rs.25,507,900 (2022: Rs.20,226,100).

6 LONG TERM DEPOSITS

Security deposits	44,271,116	35,321,400
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7 STORES, SPARE PARTS AND LOOSE TOOLS

Stores	56,058,920	71,426,717
Spare parts and loose tools	8,046,827	6,426,658
	64,105,747	77,853,375

7.1 No item of stores, spare and loose tools is pledged as security as at reporting date.

8 STOCK IN TRADE

Raw material	8.1	559,197,259	645,288,150
Work in process		380,583,731	445,969,783
Finished goods	8.2	685,162,050	399,571,930
		1,624,943,040	1,490,829,863

8.1 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.

8.2 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.

8.3 No item of stores, spare and loose tools is pledged as security as at reporting date.

8.4 The finished stocks includes waste stock and valued at NRV.

	Note	2023 Rupees	2022 Rupees
9 TRADE DEBTS			
Secured against letter of credit			
Foreign debts	9.1	969,353,552	191,427,306
Unsecured- considered good			
Foreign debts		1,291,215,559	1,362,073,279
Domestic debts		6,382,377	8,113,026
Allowance for ECL	9.2	(20,558,715)	(14,626,603)
		2,246,392,773	1,546,987,008
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		14,626,603	61,932
Allowance no longer required / recovered		-	-
Charge during the year		5,932,112	14,564,671
Balance at the end of the year		20,558,715	14,626,603
10 LOANS AND ADVANCES			
Loan to employees-Secured against gratuity			
Executive - secured	5.1.1	10,279,258	3,295,412
Others - secured	5.1.1	4,404,792	1,884,352
		14,684,050	5,179,764
Advances:			
to suppliers		78,791,516	42,723,243
to services		21,916,173	13,491,550
		100,707,689	56,214,792
		115,391,739	61,394,555

TOWELLERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

11	TRADE DEPOSITS AND SHORT TERM PREPAYMENTS				
	Security deposits		491,740	68,000	
	Prepayments		30,709,948	24,393,767	
	Less: Impairment loss		(966,114)	(966,114)	
			<u>30,235,574</u>	<u>23,495,653</u>	
12	OTHER RECEIVABLES				
	Considered good				
	Export rebate		53,016,415	35,732,795	
	Drawback local taxes levies		97,597,096	29,063,506	
			<u>150,613,511</u>	<u>64,796,301</u>	
		Note	2023	2022	
			Rupees	Rupees	
13	INCOME TAX AND SALES TAX REFUNDABLE				
	Income Tax refundable				
	Balance at the beginning of the year		15,520,877	31,507,579	
	Advance income tax		26,527,212	25,409,229	
	Provision for taxation (adjusted)		(53,550,716)	(41,395,930)	
	Balance at the end of the year		(11,502,627)	15,520,877	
	Sales tax refundable		664,612,302	459,085,876	
			<u>653,109,675</u>	<u>474,606,753</u>	
14	SHORT TERM INVESTMENTS				
	At fair value through profit or loss account in units of mutual funds	14.1	<u>1,352,260,073</u>	<u>228,413,351</u>	
14.1	Name of fund	No. of units	Cost	Fair value adjustment	Fair value
	Faysal islamic cash and sovereign fund	9,050,424	710,890,000	195,023,086	905,913,086
	HBL islamic money market	4,411,659	374,120,000	72,226,987	446,346,987
	2023	13,462,083	1,085,010,000	267,250,073	1,352,260,073
	2022	12,430,949	227,000,000	1,413,352	228,413,351
15	CASH AND BANK BALANCES				
	Cash in hand			1,571,142	1,239,409
	Cash at banks:				
	In current accounts			160,043,299	23,076,627
	In saving accounts	15.1		268,788,749	639,355,467
				<u>428,832,048</u>	<u>662,432,094</u>
				<u>430,403,190</u>	<u>663,671,503</u>
15.1	It carries mark up at the rate of 4.50% to 19.50% (2022 : 4.5% to 12.50%) per annum.				
16	ISSUED, SUBSCRIBED AND PAID UP CAPITAL				
	2023	2022		2023	2022
	Number of shares			Rupees	Rupees
	9,372,247	9,372,247	Ordinary shares of Rs. 10 each allotted for consideration paid in cash	93,722,470	93,722,470
	1,012,753	1,012,753	Ordinary shares of Rs. 10 each allotted as bonus shares	10,127,530	10,127,530
	6,615,000	6,615,000	Ordinary shares of Rs. 10 each allotted for consideration against plant & machinery	66,150,000	66,150,000
	<u>17,000,000</u>	<u>17,000,000</u>		<u>170,000,000</u>	<u>170,000,000</u>
16.1	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.				

TOWELLERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023 Rupees	2022 Rupees
17 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT			
Balance at the beginning of the Year		2,190,325,270	1,179,141,159
Surplus on revaluation of land, building & plant and machinery		-	1,067,235,625
		<u>2,190,325,270</u>	<u>2,246,376,784</u>
Transfer to unappropriated profit in equity on account of incremental depreciation charged in profit and loss account		(55,233,743)	(56,051,514)
Balance at the end of the Year		<u>2,135,091,527</u>	<u>2,190,325,270</u>
17.1			
Revaluation of property plant and equipment was carried out on August 05, 2017 by M/s. Iqbal A. Nanjee & 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 & company, an independent valuer which resulted a surplus of Rs. 429,041,341/. further revaluations were carried by the same valuer on property plant and equipment on 13.09.2021 resulting a surplus of Rs. 1,067,235,625/-			
18 STAFF RETIREMENT BENEFITS			
Staff retirement benefits-Gratuity	18.1	176,081,034	176,663,441
		<u>176,081,034</u>	<u>176,663,441</u>
18.1 Movement in the net liability recognized in the balance sheet			
Opening net liability		176,663,441	174,793,710
Expense for the year	18.2	43,200,972	46,196,590
Remeasurement (Gain) recognized in other comprehensive income	18.3	(2,294,030)	(17,110,214)
		<u>217,570,383</u>	<u>203,880,086</u>
Benefits paid during the year		(41,489,349)	(27,216,645)
Closing net liability		<u>176,081,034</u>	<u>176,663,441</u>
18.2 Expense recognized in the profit and loss account			
Current service cost		21,607,961	31,463,684
Interest cost		21,593,011	14,732,906
		<u>43,200,972</u>	<u>46,196,590</u>
18.3 Expense recognized in other comprehensive income			
Net actuarial (gain) recognized in the balance sheet		(2,294,030)	(17,110,214)
		<u>(2,294,030)</u>	<u>(17,110,214)</u>
	Note	2023 Rupees	2022 Rupees
18.4 Movement in the present value of defined benefit obligation			
Present value of defined benefit obligation		176,663,441	174,793,710
Past service cost		-	-
Current service cost		21,607,961	31,463,684
Interest cost		21,593,011	14,732,906
Actuarial (gain)		(2,294,030)	(17,110,214)
Benefits paid		(41,489,349)	(27,216,645)
		<u>176,081,034</u>	<u>176,663,441</u>

TOWELLERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

18.5 Gratuity expenses have been allocated as follows

Cost of goods manufactured	20,325,042	28,390,193
Administrative expenses	22,875,930	17,806,406
	<u>43,200,972</u>	<u>46,196,599</u>

18.6 Historical information

	2023	2022	2021	2020	2019
Present value of defined benefit obligation	<u>176,081,034</u>	<u>176,663,441</u>	<u>174,793,710</u>	<u>163,375,631</u>	<u>97,902,015</u>

18.7 Reconciliation

Present value of defined benefit obligation	176,081,034	176,663,441
	<u>176,081,034</u>	<u>176,663,441</u>

18.8 General description

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.

18.9 Principal actuarial assumption

Following are a few important actuarial assumption used in the valuation.

	%	%
Discount rate	16.25%	13.25%
Avg. rate of increase in salary	10.00%	10.00%
Expected year of services (years)	19	18

18.10 Sensitivity analysis of actuarial assumptions

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	(8,921,000)	9,819,871
Expected rate of increase in future salaries	10,308,639	(9,485,225)

18.11 Expected gratuity expense for the year ending June 30, 2024 works out to Rs.52,537,758/-.

18.12 The weighted average duration of defined benefit obligation is 17 years.

	Note	2023 Rupees	2022 Rupees
19 LONG TERM LOAN			
Bank Al Habib Limited		10,247,077	11,101,000
Less: current portion of long term loan		<u>(1,138,564)</u>	<u>(853,923)</u>
		<u>9,108,513</u>	<u>10,247,077</u>
19.1	This facility has been availed Rs.10.25 million (2022: Rs.11.10 million) under SBP Financing Scheme for Renewable Energy which is repayable in ten years in quarterly installments. The Loan bears the markup rate of 4% including the SBP financing rate of 2% and is secured against the Equitable Mortgage Charge on land & building and hypothecation charge over the solar equipment.		
20 TRADE AND OTHER PAYABLES			
Trade Creditors		1,842,602,178	1,189,935,973
Accrued liabilities		154,543,332	131,198,576
Advances from customers	20.1	46,269,157	25,866,253
Workers' profit participation fund	20.2	135,795,726	62,368,101
Sindh Worker's Welfare Fund	20.3	15,605,378	7,315,120
Gas infrastructure development cess		37,363,171	37,363,171
Others		1,111,628	11,798
		<u>2,233,290,570</u>	<u>1,454,058,992</u>

20.1 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. 21,986,315/- (2022: Rs. 25,420,842) 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, 2023

20.2 Workers' profit participation fund

Balance at the beginning of the Year	62,368,101	32,326,744
Interest on fund utilized in company's business	6,093,883	1,697,154
	68,461,984	34,023,898
Paid during the year	(68,461,984)	(34,023,898)
	-	-
Allocation for the year	135,795,726	62,368,101
Balance at the end of the Year	135,795,726	62,368,101

20.3 Sindh Worker's Welfare Fund

Balance at the beginning of the Year	7,315,120	-
Allocation for the year	8,290,258	7,315,120
	15,605,378	7,315,120
Paid during the year	-	-
Balance at the end of the Year	15,605,378	7,315,120

21 UNCLAIMED DIVIDEND

Unclaimed dividend	21.1	1,459,345	585,945
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21.1 This balance is the unclaimed amount from the interim and final dividend.

22 ACCRUED MARKUP

Markup on long term borrowing	102,377	-
Markup on short term borrowing	-	5,933,851
	102,377	5,933,851

	Note	2023 Rupees	2022 Rupees
23 SHORT TERM BORROWINGS			
From banking companies - secured Under Mark up arrangements			
Islamic export running finance	23.1	-	594,849,361
Export finance scheme	23.2	-	196,161,216
		-	791,010,577
23.1 During the year the Company availed Rs.1,709.616 million (2022: Rs. 594.8 million) Islamic Export Running Finance Facility under a scheme by SBP having a tenor of six months. The Pre-shipment borrowing is settled upon export/sale proceeds or Company's Own Sources after Sales/shipment only and is priced at SBP rate + 0.75% (i.e. ranging from 9.75% to 10.75%). The facility is secured against Registered Hypothecation Charge over Stocks & Receivables, Lien over Export Documents, Registered Hypothecation charge over Plant & Machinery, Import Documents consigned in the name of B AHL, Accepted Draft, Equitable Mortgage Charge over Land & Buildings & Personal Guarantee of Mortgager's. These form part of total credit facility of Rupees 1 billion (2022: Rs. 600 million). The Islamic Export Running Finance Facility limit is Rs. 900 M (2022: Rs. 800 million).			
23.2 During the year the company has availed loan Rs. Nill (2022: Rs.196.1 million) Export Financing Scheme Facility under a scheme by SBP having a tenor of six months. The Pre-shipment borrowing is settled upon export remittances and is priced at SBP rate + 1% (i.e. ranging from 2% to 3%). The facility is secured against Registered Hypothecation Charge over Stocks & Receivables, Lien over Export Documents, Registered Hypothecation charge over Plant & Machinery, Import Documents consigned in the name of B AHL, Accepted Draft, Equitable Mortgage Charge over Land & Buildings & Personal Guarantee of Mortgager's.. These form part of total credit facility of Rupees 200 million (2022: Rs. 200 million).			
24 CONTINGENCIES AND COMMITMENTS			
24.1 Contingencies			
24.1.1 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 ended June 30, 2023.			
24.1.2 Guarantees			
Bank guarantees issued in the ordinary course of business.		16,231,418	14,350,018
24.2 Commitments			
Raw material		89,463,352	-
Plant and machinery		15,095,222	-
		104,558,574	-
25 SALES - NET			
Export	25.1	11,063,958,481	10,249,142,911
Local		112,592,904	14,435,986
Local waste		3,818,985	7,602,061
		11,180,370,370	10,271,180,958
Rebate & duty drawback		159,516,137	122,048,046
Commission on exports		(15,042,123)	(13,851,170)
Discount on exports		(237,927,978)	(141,291,647)
		11,086,916,406	10,238,086,187
25.1 Exchange gain due to currency rate fluctuations relating to export sales amounting to Rs.525.39 million (2022: Rs.356.05 million) has been included in export sales.			

TOWELLERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023 Rupees	2022 Rupees
26 COST OF SALES			
Cost of goods manufactured	26.1	7,582,635,066	8,119,506,719
Finished goods			
Opening stock		399,571,930	225,507,527
Purchases		647,271,423	205,712,059
Closing stock		(685,162,050)	(399,571,930)
Cost of sales		7,944,316,369	8,151,154,374
26.1 Cost of goods manufactured			
Raw material consumed	26.1.1	4,342,506,643	4,785,222,288
Purchase (semi finished goods)		358,987,247	516,170,142
Stores and spares consumed	26.1.2	132,492,675	77,664,478
Other manufacturing expenses	26.1.3	1,284,351,956	1,545,224,262
Salaries, wages and other benefits	26.1.4	882,565,760	717,003,272
Communication expenses		2,349,943	2,243,663
Conveyance		10,519,423	8,066,352
Utilities		196,479,833	193,747,930
Insurance		40,548,779	27,464,125
Repairs and maintenance		34,452,261	20,124,842
Oil and lubricants		734,489	224,209
Printing and stationery		587,644	2,571,134
Subscription, fees and taxes		49,731,701	39,869,835
Entertainment expenses		32,389,931	21,915,337
Vehicle running and maintenance		32,281,683	18,016,961
Gas infrastructure development cess		-	37,363,171
Depreciation	4.1	116,269,046	101,213,430
Other expenses		-	2,868,253
		7,517,249,014	8,116,973,683
Work in process			
Opening stock		445,969,783	448,502,819
Closing stock		(380,583,731)	(445,969,783)
		65,386,052	2,533,036
		7,582,635,066	8,119,506,719
26.1.1 Raw material consumed			
Opening stock		645,288,150	427,722,818
Purchases - net		4,228,872,690	4,970,211,321
Cartage-in		27,543,062	32,576,299
		4,901,703,902	5,430,510,438
Closing stock		(559,197,259)	(645,288,150)
		4,342,506,643	4,785,222,288
	Note	2023 Rupees	2022 Rupees
26.1.2 Stores and spares consumed			
Opening stock		77,853,375	50,934,963
Purchases - net		118,745,047	104,582,890
		196,598,422	155,517,853
Closing stock		(64,105,747)	(77,853,375)
		132,492,675	77,664,478

TOWELLERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

26.1.3 Other manufacturing expenses

Fabric dyeing and processing charges	837,225,823	989,159,228
Stitching charges	447,126,133	556,065,034
	1,284,351,956	1,545,224,262

26.1.4 Salaries, wages and other benefits include Rs.20,325,042/- (2022: Rs. 28,390,186/-) in respect of staff retirement benefits (gratuity).

27 DISTRIBUTION COST

Export development surcharge	25,574,497	23,291,917
Export freight	118,833,512	383,633,011
Clearing and forwarding	46,495,734	49,776,657
Marine insurance	7,214,885	7,715,134
Advertisement	638,925	1,292,673
Fair & exhibition	30,127,458	11,936,420
Buyer Entertainment	132,566	188,793
Travelling	65,451,141	35,070,395
Sales promotion expense	4,235,936	10,890
	298,704,654	512,915,891

28 ADMINISTRATIVE EXPENSES

Directors' remuneration		49,378,427	35,130,810
Staff salaries and other benefits	28.1	209,543,864	196,563,225
Conveyance		297,630	399,452
Vehicle running and maintenance		12,599,595	9,329,153
Subscription, fees and taxes		15,723,856	11,649,874
Utilities		3,949,726	5,429,965
Printing and stationery		1,527,231	1,486,091
Legal and professional charges		1,461,270	1,542,105
Repairs and maintenance		7,884,956	12,910,530
Communication expenses		16,473,936	10,974,597
Entertainment		10,601,590	7,719,935
Office expenses		122,860	650,798
Insurance		9,552,413	9,047,762
Advertisement		339,600	171,480
Allowance for ECL	9.2	5,932,112	14,564,671
Miscellaneous expenses		1,097,268	-
Depreciation	4.1	18,457,773	15,216,582
Amortization		303,992	337,769
		365,248,099	333,124,798

28.1 Staff salaries and other benefits includes Rs.22,875,930/- (2022: Rs.17,806,388/-) in respect of staff retirement benefits (gratuity).

		2023 Rupees	2022 Rupees
29 OTHER OPERATING EXPENSES	Note		
Workers' profit participation fund	20.2	135,795,726	62,368,101
Auditors' remuneration	29.1	1,398,398	1,746,725
Donation	29.2	38,073,478	3,744,000
Sindh Worker's welfare fund		8,290,258	7,315,120
		183,557,860	75,173,946
29.1 Auditors' remuneration			
Annual audit fee		1,092,500	950,000
Half yearly review fee		155,898	141,725
Code of Corporate Governance review		55,000	55,000
Tax services		-	520,000
Other services		95,000	80,000
		1,398,398	1,746,725
29.2 These include donations made by the Company to the SIUT, Ayesha Chundrigar Foundation, Developments in Literacy and Roshan Pakistan Acedemy. None of the directors, sponsor shareholders, key management personnel and their spouses had any interest in the donee.			
30 OTHER INCOME			
From financial assets			
Profit on savings account		116,180,872	35,782,870
Profit on mutual funds investment		204,721,746	1,659,592
Exchange gain on FCY		9,225,144	8,725
From other than financial assets			
Gain / (loss) on sale of property, plant and equipment	4.2	8,749,544	5,075,108
		338,877,306	42,526,295

TOWELLERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

31 FINANCE COST

Interest on WPPF	20.2	6,093,883	1,697,154
Mark-up on short term borrowing		40,207,060	13,204,574
Mark-up on long term borrowing		427,227	-
Bank charges		7,119,762	8,347,828
		<u>53,847,932</u>	<u>23,249,556</u>

32 TAXATION

Provision / reversal for taxation			
Current year		188,257,529	119,182,028
Prior Year Adjustment		(323,505)	(574,917)
Sindh sales tax	32.3	<u>3,847,205</u>	<u>3,338,621</u>
		<u>191,781,229</u>	<u>121,945,732</u>

32.1 The provision for taxation has been made in these financial statements on the basis of section 169 of the Income Tax Ordinance, 2001.

The under section 169 of the Income Tax Ordinance 2001. The provision for taxation has been made in these financial statements on the basis of section 169 of the Income Tax Ordinance, 2001.

32.2 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.

	Note	2023 Rupees	2022 Rupees
32.3 Sindh sales tax is non refundable tax.			
33 Earnings per share			
Basic earnings per share			
Profit for the year	Rupees	<u>2,388,337,569</u>	<u>1,063,048,185</u>
Weighted average number of ordinary shares outstanding during the year	Numbers	<u>17,000,000</u>	<u>17,000,000</u>
Earning per share - basic	Rupees	<u>140.49</u>	<u>62.53</u>

Diluted earnings per share

There were no convertible dilutive potential ordinary shares in issue as at June 30, 2023 and June 30, 2022.

34 REMUNERATION TO CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	2023			2022		
	CEO	Directors	Executives	CEO	Directors	Executives
	Rupees			Rupees		
Managerial remuneration	10,091,179	39,287,248	78,662,341	6,332,928	28,797,882	57,190,106
Bonus	-	-	6,785,519	-	-	4,765,842
Utilities	22,941	2,494,998	2,469,828	-	2,652,596	968,494
Medical expenses	-	1,470,934	490,091	-	2,063,798	868,259
Fuel & maintenance	-	4,474,615	7,517,360	-	4,233,733	3,619,774
Others	-	30,665	-	-	332,562	-
	<u>10,114,120</u>	<u>47,758,460</u>	<u>95,925,139</u>	<u>6,332,928</u>	<u>38,080,571</u>	<u>67,412,475</u>
Number of persons	1	7	27	1	7	19

34.1 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.

35 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	2023	2022
Salaries and other benefits	Key management personnel	57,872,580	44,413,499

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

TOWELLERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023 Rupees	2022 Rupees
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36 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

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

- 36.1 Credit risk
- 36.2 Liquidity risk
- 36.3 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.

36.1 Credit risk

36.1.1 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:

		2023 Rupees	2022 Rupees
Long term loans and advances	5	19,250,419	20,486,758
Long term deposits	6	44,271,116	35,321,400
Trade debts	9	2,246,392,773	1,546,987,008
Loans and advances	10	115,391,739	61,394,555
Trade deposits and short term prepayments	11	30,235,574	23,495,653
Other receivables	12	150,613,511	64,796,301
Short term investment	14	1,352,260,073	228,413,351
Cash and bank balances	15	430,403,190	663,671,503
		<u>4,388,818,394</u>	<u>2,644,566,529</u>

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

		2023 Rupees	2022 Rupees
Domestic	9	6,382,377	8,113,026
Export	9	2,260,569,112	1,553,500,585
Allowance for ECL		(20,558,715)	(14,626,603)
		<u>2,246,392,774</u>	<u>1,546,987,008</u>

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

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

	Gross debtors	
	2023	2022
	Rupees	
Not past due	2,179,465,030	1,061,302,637
Past due 0 - 30 days	-	263,055,289
Past due 31 - 90 days	30,814,196	182,608,469
Past due 91 days - 1 year	5,717,957	19,959,826
More than one year	50,954,306	26,574,364
	2,266,951,489	1,553,500,585
Allowance for ECL	(20,558,715)	(14,626,603)
	<u>2,246,392,774</u>	<u>1,538,873,982</u>

36.1.4 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.

	Note	2023 Rupees	2022 Rupees
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36.2 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 damages to the company's reputation. The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements.

Carrying Amount	2023				
	Contractual Cash flows	Six months or less	Six to twelve months	Two to five years	More than five years
	Rupees				

TOWELLERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

Non - derivative Financial liabilities

Long term loan	10,247,077	10,247,077	-	1,138,564	9,108,513	-
Trade and other payables	2,233,290,570	2,233,290,570	2,233,290,570	-	-	-
Accrued markup	102,377	102,377	102,377	-	-	-
Short term borrowing	-	-	-	-	-	-
	<u>2,243,640,024</u>	<u>2,243,640,024</u>	<u>2,233,392,947</u>	<u>1,138,564</u>	<u>9,108,513</u>	<u>-</u>

2022

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

Long term loan	11,101,000	11,101,000	-	853,923	10,247,077	-
Trade and other payables	1,454,058,992	1,454,058,992	1,454,058,992	-	-	-
Accrued markup	5,933,851	5,933,851	5,933,851	-	-	-
Short term borrowing	791,010,577	791,010,577	791,010,577	-	-	-
	<u>2,262,104,420</u>	<u>2,262,104,420</u>	<u>2,251,003,420</u>	<u>853,923</u>	<u>10,247,077</u>	<u>-</u>

36.2.1 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.

36.3 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.

36.3.1 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 is US Dollar and Euro. The company's exposure to foreign currency risk is as follows:

	US Dollar	Euro	GBP	Rupees
Trade debts 2023	7,887,541	-	-	2,260,569,112
Trade debts 2022	7,479,725	-	65,850	1,553,500,585

The following significant exchange rates applied during the year.

	Average rates		Reporting date rates	
	2023	2022	2023	2022
US Dollar to Rupee	246.89	182.84	286.60	207.17

Note	2023 Rupees	2022 Rupees
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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 opposites effect on the above currencies to the amount shown below, on the basis that all other variables remain constant.

US Dollar	(113,028,456)	(77,478,727)
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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.

36.3.2 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 arises 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.

Fixed rate instruments

Financial assets	4,365,844,750	3,779,341,749
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Variable rate instruments

Financial assets	268,788,749	639,355,467
Financial liabilities	2,233,290,570	1,454,058,992

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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, 2023.

	Profit and loss		Equity	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
	Rupees			
Cash flow sensitivity - variable rate instruments 2023	22,332,906	(22,332,906)	-	-
Cash flow sensitivity - variable rate instruments 2022	14,540,590	(14,540,590)	-	-

36.3.3 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 those 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 commodity prices.

36.4 Fair value of financial assets and liabilities

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.

36.5 Off balance sheet items

Bank guarantees issued in ordinary course of business	16,231,418	14,350,018
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36.6 The effective rate of interest / mark up for the monetary financial assets and liabilities are mentioned in respective notes to the financial statements.

	Note	2023 Rupees	2022 Rupees

37 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	7,560,745,472	5,391,113,873
Total borrowing	Rupees	10,247,077	802,111,577
Total capital employed	Rupees	7,570,992,549	6,193,225,450
Gearing ratio	Percentage	0.14%	12.95%

38 MEASUREMENT OF FAIR VALUES:

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

When measuring the fair value of an asset or a liability,the Company uses valuation techniques that are appropriate in the circumstances and uses observable market data as far as possible.Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

TOWELLERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

-Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

-Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

-Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

There were no transfers between different levels of fair values mentioned above. The respective basis of valuation at fair values are disclosed in notes to the account wherever applicable.

39 CAPACITY AND PRODUCTION

The plant capacity are indeterminable due to multi product plants involving varying processes of manufacturing and run length of order lots.

40 NUMBER OF EMPLOYEES

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

	2023	2022
Total number of employees as at June 30-Factory	1617	1771
Total number of employees as at June 30-Head Office	119	121
Total	1736	1892
Average number of employees during the year-Factory	1694	1426
Average number of employees during the year-Head Office	120	118
Total	1814	1544

41 CORRESPONDING FIGURES

Figures have been rounded off to the nearest Rupee.

42 SUBSEQUENT EVENTS

The Directors in their meeting held on September 27, 2023 have recommended and approved an annual cash dividend of PKR 10.00 per share in respect of year ended June 30, 2023 (June 30, 2022: PKR 10.00 per share). The financial statements for the year ended June 30, 2023 do not include the effect of the above annual dividend which will be accounted for in the period in which it is approved.

43 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue by the board of directors of the company on September 27, 2023


Mehreen Obaid Agha
Chief Executive


Sana Bilal
Director


Adnan Moosaji
Chief Financial Officer

Karachi,
September 27, 2023

**PATTERN OF HOLDING OF THE SHARES HELD BY
SHAREHOLDERS AS ON JUNE 30, 2023**

AS PER REQUIREMENTS OF CODE OF CORPORATE GOVERNANCE

Number of SHAREHOLDERS	SHARE HOLDINGS		TOTAL SHARES HELD	PERCENTAGE
	From	To		
616	1	100	5857	0.0345
101	101	500	33729	0.1984
43	501	1000	37218	0.2189
55	1001	5000	151730	0.8925
16	5001	10000	135000	0.7941
5	10001	15000	64000	0.3765
3	15001	20000	49000	0.2882
1	20001	25000	22400	0.1318
1	25001	30000	26000	0.1529
1	30001	35000	31500	0.1853
2	35001	40000	76400	0.4494
1	50001	55000	50500	0.2971
1	85001	90000	88500	0.5206
1	100001	105000	100651	0.5921
1	125001	130000	129759	0.7633
1	175001	180000	180000	1.0588
1	195001	200000	200000	1.1765
1	420001	425000	425000	2.5000
2	465001	470000	937648	5.5156
1	525001	530000	526000	3.0941
3	2455001	2460000	7379247	43.4073
1	2465001	2470000	2467043	14.5120
1	3880001	3885000	3882818	22.8401
859			17000000	100.0000

CATEGORIES OF SHAREHOLDING AS ON JUNE 30, 2023

	CATEGORIES OF SHARE HOLDERS	NUMBER OF SHARE HOLDERS	SHARES HELD	PERCENTAGE OF HOLDING
1	GENERAL PUBLIC (LOCAL)	826	16025080	94.2652
2	GENERAL PUBLIC (FOREIGN)	19	144460	0.8498
3	INSURANCE COMPANIES	2	655759	3.8574
4	PUBLIC SECTOR COMPANIES	8	80601	0.4741
5	MODARABAS AND MUTUAL FUNDS	2	89100	0.5241
6	OTHERS	2	5000	0.0294
	COMPANY TOTAL	859	17000000	100.0000

CATEGORIES OF SHAREHOLDING AS ON JUNE 30, 2023

Categories of Shareholders	No. of Share holders	Shares Held	Percentage
DIRECTORS, CEO & SPONSORS			
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
Muhammad Sarfraz	1	500	0.02
Niaz Muhammad	1	100	0.00
Humza Shaikh Obaid	1	3,983,469	23.43
INSURANCE COMPANY			
National Insurance Company Ltd	1	526,000	3.09
Pakistan Reinsurance Company Ltd	1	129,759	0.76
OTHERS COMPANIES			
Intermarket Securities Limited	1	4,000	0.02
Al-Ameen Islamic Ret.Sav. Fund-Equity Sub Fund	1	50,500	0.30
UBL Retirement Savings Fund-Equity Fund	1	38,600	0.23
Alpha Beta Core Solutions (Private) Limited	1	4,000	0.02
Y.S. Securities & Services Pvt Ltd	1	1,000	0.01
Burma Oil Mills Ltd	1	2,000	0.01
M. Munir M. Ahmed Khanani Securities Ltd	1	26,000	0.15
NCC - PRE SETTLEMENT DELIVERY ACCOUNT	1	1	0.00
Trustee Aloo & Minocher Dinshaw Charitable Trust	1	1,000	0.01
MRA Securities Limited - MF	1	37,800	0.22
Spectrum Securities Limited - MF	1	7,300	0.04
Trust Securities & Brokerage Limited - MF	1	2,500	0.01
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
GENERAL PUBLIC			
Local	812	1,670,473	9.83
Foreign	19	144,460	0.83
Others	2	5,000	0.03
Total	859	17,000,000	100.00

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 GOVERNANCE

CORPORATE SOCIAL RESPONSIBILITIES

The Company assumes its role as contributory towards various areas of the social well being of the people amongst whom the Company exists. It recognizes its responsibility in creating and sustaining a better and healthy society which creates an impact on better business atmosphere as well.

The Company not only continued to distribute ration packets to the needy people within and outside the Company, it keeps its focus on other areas such as health, mental health, education, animal welfare and environment. During the year the Company committed a major contribution in purchasing of anesthesia equipment for the Sindh Institute of Urology and Transplantation (SIUT) which was disbursed subsequent to the balance sheet date.

The Company supports various institutes which are contributing in health, education and food security of the masses such as Developments in Literacy, Roshan Pakistan Academy, Ayesha Chundrigar Foundation, etc. The Company also supports its deserving employees in providing education to their children.

HEALTH, SAFETY AND ENVIRONMENT

The Company is determined in its commitment to safeguard a healthy environment for all, by diligently adhering to environmental standards at our production facilities. Our dedication to responsible business practices extends throughout our value chain. Also, we are dedicated to fostering a safe and secure work environment for our associates. We prioritize sustainability reducing our carbon footprint and implementing initiative that conserve water and energy.

The Company has made major investments in modern dyeing and processing machines which besides increasing the production capacity and efficiency are helping in significantly reducing the water and power consumption, thus reducing carbon emissions and resulting in precious water savings.

The company has hired a specialist mental therapist to assess, recover and protect mental health of its staff and workers. The Company also conducts and participate in blood donation drives at regular intervals. The Company has covered its entire staff under medical insurance policy for their regular and sudden medical needs.

The Company properly maintains and regularly upgrade the fire fighting systems throughout its manufacturing facilities and offices, conducts regular fire drills and performs fumigation periodically. We have invested in new boiler and have ensured its regular maintenance to its standards to protect the workers and staff to prevent accidents.

Textile manufacturing particularly dyeing and printing processes can cause significant harm to the environment, if adequate measures are not taken to mitigate hazardous effect of textile process. The company is deeply concerned and has established effluent treatment plant at its dyeing, printing and garments manufacturing facilities. Waste water treatment plant at our manufacturing facility is designed and operated to meet and exceed environmental standard, securing the health of our employees and local eco system

The Company has successfully installed solar power generation facilities at most of its premises. Besides reducing power costs, the investments are helping us in reduced consumption of thermal electricity being produced by Karachi Electric and hence producing clean and green energy.

HUMAN RESOURCE

Our employees are our greatest assets and the key strength of our business. Towellers firmly believe in nurturing, investing in and promoting its employees. The management of the company is committed to excellence and has a clear vision that human resources and strong leadership practice 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 for the employees.

The Company pays special attention on the training of its human capital. During the year, the Company engaged professional trainers under the umbrella of Towel Manufacturing Association for Advance Merchandizing Program for its staff which is still on going. The Company will continue to pursue more such and other professional trainings to groom and train its human capital. Earlier, the Company's Directors also undertook Directors' training program to keep the Board of Directors well versed with the rules and regulations of Corporate Governance and prepare themselves for relevant legal requirements and challenges.

WISTLEBLOWING POLICY

The company is committed to create an atmosphere ensuring accountability and integrity and its conduct. A whistleblowing policy has been in placed 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.

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 close 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 perform by them and their spouse other than during the close period.

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.

**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 POSTAL BALLOT PAPER

In person and virtual meeting to be held on Thursday, October 26, 2023 at 3:30 pm
at W.S.A. 30-31, Block No 1. F.B. Area Karachi **Phone:** +92 21 6323500-600 **Website:** www.towellers.com

Designated email address of the Chairman at which the duly filled-in ballot paper may be sent: farhan@towellers.com

Name of shareholder/joint shareholders	
Registered Address	
Number of shares held and folio number / CDC Account #	
CNIC No./Passport No (in case of foreigner) (Copy to be attached)	
Additional Information and enclosures (In case of representative of body corporate, corporation and Federal Government)	

I/we hereby exercise my/our vote in respect of the below resolution(s) through postal ballot by conveying my/our assent or dissent the following resolution by placing tick (✓) mark in the appropriate box below:

Sr. No.	Nature and Description of Resolutions	No. of ordinary shares for which votes cast	I/We assent to the Resolutions (FOR)	I/We dissent to the Resolutions (AGAINST)
01	Agenda No: 05 To approve the circulation of the annual financial statements to the members through QR enabled code and weblink by passing an ordinary resolution proposed in the statement of material facts.			

1. Duly filled & signed original postal ballot should be sent to the chairman of the Company or a scanned copy of the original postal ballot to be emailed at farhan@towellers.com.
2. Copy of CNIC/ Passport (in case of a foreigner) should be enclosed with the postal ballot form.
3. Postal ballot forms should reach the chairman of the meeting on or before October 25th 2023, during working hours.
4. Signature on postal ballot should match with signature on CNIC/ Passport (In case of a foreigner).
5. Incomplete, unsigned, incorrect, defaced, form, mutilated, overwritten ballot paper will be rejected.
6. In case of representative of body corporate and corporation, postal ballot must be accompanied with copy of CNIC of authorized person, along with a duly attested copy of Board Resolution, Power of Attorney, or Authorization Letter in accordance with Section(s) 138 or 139 of the Companies Act, 2017, as applicable, unless these have already been submitted along with the Proxy Form. In case of foreign body corporate etc., all documents must be attested by the Counsel General of Pakistan having jurisdiction over the member.
7. Ballot paper has also been placed on the website of the Company www.towellers.com Members may download the ballot paper from the website or use an original/ photocopy published in newspapers.

Signature of shareholder

INVESTORS' EDUCATION

In compliance with the Securities and Exchange Commission of Pakistan's SRO 929/112013 dated September 3, 2015, investor's attention is invited to the following information message:

www.jamapunji.pk



Be aware, Be alert, Be safe

Learn about investing at
www.jamapunji.pk

Key features:

- 🔍 Licensed Entities Verification
- 📊 Scam meter*
- 🎮 Jamapunji games*
- 📄 Tax credit calculator*
- 🏢 Company Verification
- 📋 Insurance & Investment Checklist
- ❓ 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



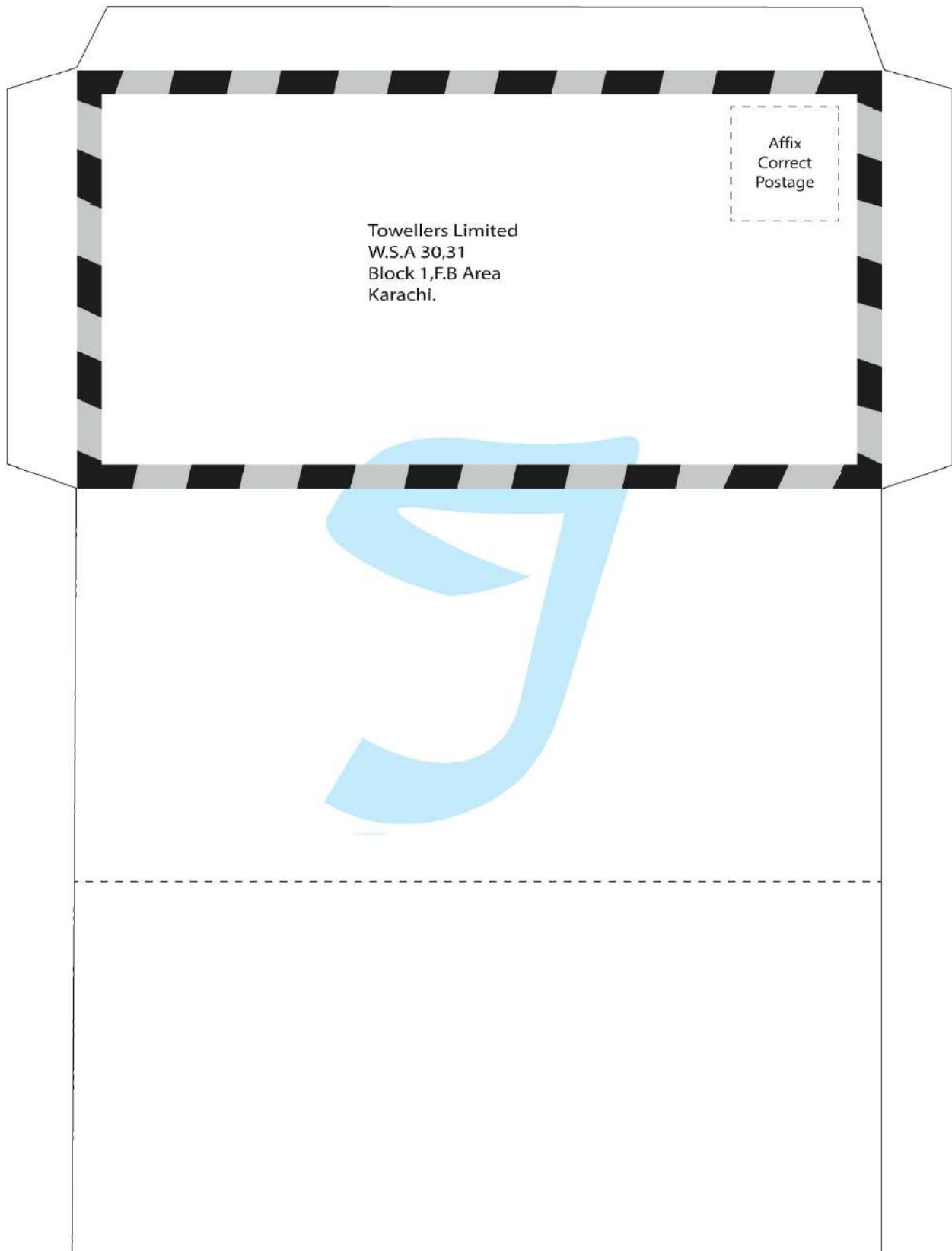
Jama Punji is an investor Education Initiative of Securities and Exchange Commission of Pakistan

🌐 jamapunji.pk

🐦 [JamapunjiPk](https://twitter.com/JamapunjiPk)

*Marking up or down value of shares is not considered for dividend and/or interest

TOWELLERS LIMITED



Investor Relations

Registered Office

Towellers House
WSA, 30-31,
F.B. Area
Karachi

Share Registrar

THK Associates (Pvt.) Limited
Plot No 32-C,
Jami Commercial Street -2,
DHA, Phase- VII, Karachi-75500.
UAN-+92(021) 111-000-322
Email: sfc@thk.com.pk Web : www.thk.com.pk

Share transfers, dividend and all other Investor related matters are attended to and processed by Company's Share Registrar.

Investor Relations Contact Person

M. Farhan Adil
Email: farhan@towellers.com

Financial Calendar

The Company follows the period of July 1 to June 30 as the Financial Year. For the Financial Year 2022-2023, financial results will be announced as per the following tentative schedule:

1 st Quarter ending September 30, 2022	Last week of October 2022
2 nd Quarter ending December 31, 2022	Last week of February 2023
3 rd Quarter ending March 31, 2023	Last week of April 2023
4 th Quarter ending June 30, 2023	Last week of September 2023

Listing

Ordinary shares of the Company are listed on the Pakistan Stock Exchange.

Stock Code

The stock code for trading in ordinary shares of the Company at the Pakistan Stock Exchange is TOWL.

Statutory Compliance

The Company is in compliance with applicable provisions of the Companies Act 2017, as well as circulars/mandates issued thereunder, the Regulations of the Securities and Exchange Commission of Pakistan and the Listing Rules of the Pakistan Stock Exchange.

Annual General Meeting

The Annual General Meeting of the Company will be held on Thursday October 26, 2023 at 3:30 p.m. at Towellers House WSA 30-31, Black-1 F.B. Area Karachi.

Book Closure

Share transfer Books of the Company will remain closed from October 19, 2023 to October 26, 2023 (both days inclusive).

Web Presence

Updated information regarding the Company can be accessed at its website www.towellers.com. The website contains the latest financial information of the Company together with the Company's profile.

ڈائریکٹرز کی تربیت

کمپنی اپنے بورڈ اراکین کی پیشہ ورانہ ترقی میں کافی دلچسپی لیتی ہے۔ ڈائریکٹرز کو کارپوریٹ گورننس اور دیگر ریگولیٹری تبدیلیوں سے متعلق متعلقہ قوانین اور امور سے باخبر رکھا جاتا ہے۔ کمپنی کے پانچ ڈائریکٹرز نے سی سی جی ضوابط کی تعمیل میں پاکستان انسٹی ٹیوٹ آف کارپوریٹ گورننس (پی آئی سی جی) سے سرٹیفیکیشن مکمل کی ہے

منافع منقسمہ

کمپنی کے ممکنہ بہتر منافع کے پیش نظر اس سال کے دوران کمپنی نے 30 فیصد کا عبوری منافع منقسمہ تقسیم کیا اور اب بورڈ آف ڈائریکٹرز 100 فیصد حتمی منافع منقسمہ تجویز کرنے میں مسرت محسوس کرتے ہیں جو سالانہ اجلاس عام میں اراکین کی منظوری سے مشروط ہے۔ کمپنی کے ڈائریکٹرز اور عملہ ترقی کی مستحکم شرح کو برقرار رکھتے ہوئے مستقبل میں اس طرح کی کارکردگی کے تسلسل کیلئے سخت محنت کر رہے ہیں۔ ہم کمپنی کی ترقی اور خوشحالی کیلئے معاونت اور دعاؤں کیلئے اپنے شیئر ہولڈرز کے ممنون ہیں۔

فی حصص آمدنیاں

بعد از ٹیکس بنیادی فی حصص آمدن 140.49 روپے ہے (2022:62.53)

چیئر پرسن کا جائزہ

چیئر پرسن کا جائزہ سالانہ رپورٹ کا حصہ ہے اور کمپنی کے ڈائریکٹرز اس کے مندرجات کی مکمل توثیق کرتے ہیں۔

آڈٹرز

موجودہ آڈٹرز میسرز مشتاق اینڈ کوچارٹرڈ اکاؤنٹنٹس سکبڈوش ہو گئے، انہوں نے خود کو دوبارہ تقرری کیلئے پیش کیا ہے۔ بورڈ آف ڈائریکٹرز اور آڈٹ کمیٹی کی سفارشات پر آڈٹرز میسرز مشتاق اینڈ کوچارٹرڈ اکاؤنٹنٹس کو 30 جون، 2024 کو ختم ہونے والے سال کیلئے دوبارہ تقرر کرنے کی تجویز دیتے ہیں۔

اظہار تشکر

ہم اپنے شیئر ہولڈرز کی طرف سے ہم پر اعتماد اور معاونت پر ان کے شکر گزار ہیں۔ ہم کمپنی کے عملے اور ورکروں کے عزم، لگن اور سخت محنت کو سراہتے ہیں، ہم اپنے شیئر ہولڈرز کے بھی مشکور ہیں کہ انہوں نے کمپنی پر ہمیشہ اعتماد اور بھروسہ کیا۔

27 ستمبر، 2023

ڈائریکٹر

چیف ایگزیکٹو آفیسر

شامل ہے۔

کمپنی کے ڈائریکٹرز، انتظامی ٹیم، عملے اور ورکروں نے آرڈر کے حصول، پیداوار اور بروقت شپمنٹ کیلئے لگن اور محنت کے ساتھ کام کیا۔ مارکیٹ پر مبنی کرنسی ایکس چینج ریٹس جس کا رجحان سال کے دوران برقرار رہا، نے کمپنی کو اپنی مسابقتی قیمت میں اضافہ میں مدد دی۔ آپ کی کمپنی اپنی ٹیم اور شیئر ہولڈرز کی معاونت سے نمو، کارکردگی اور منافع میں بہتری جاری رکھنے کیلئے پرعزم ہے۔

فوری جائزہ کیلئے نفع و نقصان کا خلاصہ ذیل میں دیا جا رہا ہے۔

روپے ہزاروں میں

2022، جون 30	2023، جون 30	
10,238,086	11,086,916	فروخت (خالص)
2,086,932	3,142,600	مجموعی منافع
512,916	298,705	ڈسٹری بیوشن لاگت
333,125	365,248	انتظامی اخراجات
75,174	183,558	دیگر آپریٹنگ اخراجات
42,526	338,877	دیگر آمدن
23,250	53,848	مالی لاگت
1,184,994	2,580,119	قبل از ٹیکس منافع
1,063,048	2,388,338	بعد از ٹیکس منافع
62.53	140.49	فی حصص آمدن

سرمایہ کے تصرف کے منصوبے

ڈانگ اور پراسنگ فنکشنز کی اپ گریڈیشن کے بعد کمپنی اپنی مینوفیکچرنگ سہولیات کو جدید خطوط پر استوار کرنے کیلئے سرمایہ کاری جاری رکھے گی۔ سال کے دوران ہیٹ سینگ مشین اور بواکس جیسی مشینیں پراسنگ ڈیپارٹمنٹ میں شامل کی گئیں۔ کمپنی کا ایسی سرمایہ کاری جاری رکھنے کا ارادہ ہے جس سے مینوفیکچرنگ کے عمل کی کارکردگی اور معیار پانے میں مدد ملتی ہے جس کے نتیجے میں اس کے شیئر ہولڈرز کی دولت میں اضافہ ہوتا ہے۔

شیئر ہولڈنگ کا پیٹرن

30 جون، 2023 تک کمپنیز ایکٹ 2017 کے سیکشن (f) 227(2) کے مطابق کمپنی کے شیئر ہولڈنگ کا پیٹرن رپورٹ کے ہمراہ منسلک ہے۔

ڈائریکٹر رپورٹ

حصص یافتگان کیلئے ڈائریکٹر کی رپورٹ

بورڈ آف ڈائریکٹر کی طرف سے 30 جون، 2023 کو مکمل ہونے والے سال کے لیے کمپنی کے پڑتال شدہ مالی گوشواروں کے ہمراہ اپنی رپورٹ پیش کرنے میں ہمیں مسرت محسوس ہو رہی ہے۔ یہ مالی گوشوارے انٹرنیشنل اکاؤنٹنگ اسٹینڈرڈ کے تقاضوں اور کمینیز ایکٹ 2017 کے سیکشن 227 کے تحت دفعات کے مطابق بنائے گئے ہیں۔

معاشی جائزہ

مالی سال 2022-23 پاکستان کی معیشت کیلئے انتہائی مشکل سال رہا۔ مالی اور تجارتی خساروں نے کرنٹ اکاؤنٹ کے توازن کو متاثر کیا جس سے پہلے سے کمزور پاکستانی روپے پر اضافی بوجھ پڑا نتیجتاً پاکستانی کرنسی کو بے قدری کا سامنا کرنا پڑا۔ عالمی سطح پر اجناس کی قیمتوں میں اضافہ اور ملک میں بڑے پیمانے پر سیلاب کے باعث سپلائی میں خلل سے افراط زر کی شرح آسمان کو چھونے لگی۔ سال کے دوران کنزیومر پرائس انڈکس افراط زر 29.4 فیصد رہا۔ افراط زر کی بلند شرح کے باعث حکومت پالیسی ریٹ میں اضافہ کرنے پر مجبور ہو گئی جو حالیہ وقتوں کے دوران 22 فیصد کی بلند ترین شرح پر پہنچ گیا۔ سود کی بلند شرح نے ملک کے پہلے سے مشکلات کا شکار صنعتی شعبے کی پریشانیوں میں اور اضافہ کر دیا۔

مذکورہ بالا صورتحال کے تناظر میں ملک کے معاشی اعشاریے کا روبرو کے لئے مشکل حالات کی عکاسی کر رہے ہیں۔ جی ڈی پی کی شرح نمو گزشتہ سال کی 6 فیصد سے کم ہو کر 0.29 فیصد تک آ گئی۔ فی کس آمدن 1765 امریکی ڈالر سے کم ہو کر 1568 امریکی ڈالر ہو گئی۔ صنعتی ترقی اور لارج سکیل مینوفیکچرنگ کی نمو بھی منفی رہی (بلترتیب 2.94- اور 8.11-)۔ کاشن کی پیداوار میں 41 فیصد جبکہ ٹیکسٹائل انڈسٹری کی نمو میں 16.03 فیصد کمی ہوئی (گزشتہ سال کی 19.3 بلین امریکی ڈالر کے مقابلے میں ٹیکسٹائل برآمدات 16.5 بلین امریکی ڈالر رہیں)

کساد بازاری کے رجحان کے بعد جو کورونا وبا کے ایک سال بعد تک چھایا رہا، عالمی طلب اور معیشتیں بحالی کی طرف گامزن ہیں اور ہم نے مجموعی ریٹیل میں کچھ استحکام کا مشاہدہ کیا ہے۔ چنانچہ سال 2023-24 کا آغاز برآمدی آرڈرز کے تناظر میں موزوں رہا اور ہمیں امید ہے آنے والے مہینوں میں اس میں مزید بہتری آئے گی۔

کمپنی کی کارکردگی

گوکہ اس سال کے دوران ایکسپورٹ شپمنٹ میں کمی ہوئی لیکن پاکستانی روپے کی زبردست بے قدری سے آمدنی کی مجموعی سطح کو برقرار رکھنے میں مدد ملی۔ کمپنی کی آمدنی گزشتہ سال کے 10.24 بلین روپے کے مقابلے میں 11.1 بلین روپے رہی جو 8.3 فیصد کے اضافہ کو ظاہر کرتا ہے۔

سال کے دوران سپر ٹیکس کی اضافی ادائیگی کے باوجود کمپنی کا بعد از ٹیکس خالص منافع 2.41 بلین روپے رہا (2022: 1.06 بلین روپے) جبکہ فی حصص آمدن 141.83 روپے رہی (2022: 62.53 روپے فی حصص)۔ امید افزاء منافع میں لیکویڈ فنڈز کے بہتر انتظام سے حاصل ہونے والا منافع بھی

چیئر پرسن جائزہ رپورٹ

مجھے بورڈ آف ڈائریکٹرز کی مجموعی کارکردگی اور کمپنی کے منافع کو بہتر بنانے کے ساتھ ساتھ ان مشکل وقتوں میں کمپنی کو کارکردگی اور منافع برقرار رکھنے میں رہنمائی فراہم کرنے میں بورڈ کے موثر کردار سے متعلق کمپنی کے حصص یافتگان کو جائزہ رپورٹ پیش کرنے میں انتہائی مسرت ہو رہی ہے۔

بورڈ نے ترقی کے نئے اہداف مقرر کرنے، نئی منڈیوں کی دریافت اور نئے صارفین کو راغب کرنے کے ساتھ ساتھ مصنوعات کا اعلیٰ معیار برقرار رکھتے ہوئے موجودہ صارفین کے اعتماد میں اضافہ کیلئے پیشہ ورانہ انداز میں کام کیا ہے۔ چیف ایگزیکٹو کی طرف سے کاروباری منصوبوں، آپریٹنگ کارکردگی، کیش فلوز، متعلقہ مالی معلومات اور رسک مینجمنٹ جیسے شعبوں کے بارے میں باقاعدگی سے بورڈ کو رپورٹس فراہم اور تازہ صورتحال سے آگاہ رکھا جاتا ہے۔

گوکہ کمپنی سال 2022 کے دوران حاصل کردہ ایکسپورٹ شپمنٹ کی سطح کو رواں سال برقرار نہ رکھ سکی تاہم کمپنی نے سال 2021 کے مقابلے میں بہتر کارکردگی دکھائی۔ جہاں تک تعلق ہے برآمدات کے اعداد و شمار کا تو اس لحاظ سے 2022 بہتر رہا اور پاکستان کو رونا کے خطرات سے بہتر طور پر نمٹ سکا۔ پاکستان نے بھی خطے کے دیگر ممالک کے مقابلے میں ٹیکسٹائل ایکسپورٹ میں بہتر کارکردگی دکھائی۔ چنانچہ 2022 ٹیکسٹائل ایکسپورٹ کیلئے ایک غیر معمولی سال رہا جس کا درست موازنہ سال 2021 سے کیا جانا چاہئے۔

سال 2023 عالمی معیشت کیلئے عمومی لحاظ اور پاکستان کیلئے بالخصوص مشکل سال تھا۔ پاکستانی کرنسی کی بے قدری، بہت زیادہ مہنگائی اور شرح سود کی بلند سطح سال کے دوران غالب رہی جبکہ درآمدات کے حوالے سے سخت پابندیاں بھی عائد کی گئیں۔ فی کس آمدن، جی ڈی پی کی شرح نمو میں کمی اور برآمدات سکراؤ کا شکار رہی جبکہ کٹن کی پیداوار بھی کم رہی۔ ان تمام مشکلات کے باوجود، الحمد للہ، اللہ کے فضل و کرم سے ہم اس سال اپنا منافع دوگنا کرنے میں کامیاب رہے۔ اس کامیابی کا تمام سہرا بورڈ آف ڈائریکٹرز کو جاتا ہے جنہوں نے سرپلس ورکنگ کیپٹل اور فنڈز کا شاندار انداز میں انتظام کیا اور کمپنی کے کاروباری تسلسل کو برقرار رکھنے کیلئے قرض نہ لینے کے طویل المدت وژن پر عمل پیرا رہے۔ مارکیٹ ریٹ پر بینکوں سے قرض نہ لینے کا ایسا وژن صحت مند منافع کے مارجن کو برقرار رکھنے کی راہ ہموار کر رہا ہے۔

مجھے اس بات کی بھی مسرت ہے کہ بورڈ نے دوسرے سال مسلسل اچھا منافع منقسمہ کے اعلان کا فیصلہ کیا۔ ان سالوں کے دوران اراکین جس طرح انتظامیہ کے ساتھ کھڑے رہے اور کمپنی کو معاونت فراہم کی وہ واقعی اس منافع کے مستحق ہیں اور جس کے لیے میں ان سب کی شکرگزار ہوں۔ میں خواہش اور امید کرتی ہوں کہ کمپنی مسلسل ترقی اور منافع کیلئے کوشاں رہے گی جو ہمارے تمام سٹیک ہولڈرز کیلئے باہمی مفاد میں ہے۔

آخر میں، میں ایک بار پھر بورڈ اراکین کو ان کی شاندار کارکردگی پر مبارک باد دینا چاہوں گی، میں کمپنی کی ترقی کیلئے ان کے عزم اور شراکت کیلئے شکرگزار ہوں۔ میں بورڈ آف ڈائریکٹرز پر اعتماد کا اظہار کرنے پر بھی حصص یافتگان کی مشکور ہوں

مہ جبین عبید

چیئر پرسن

کراچی، 27 ستمبر، 2023

Form of Proxy
50th 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 fifty Annual General Meeting of the
Company to be held on October 26, 2023, and at any adjournment thereof.

As witness my / our hand / seal this _____ day of _____ 2023
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.

ٹاؤلرز لمیٹڈ

فارم برائے پراکسی (Form of Proxy)

50 واں سالانہ اجلاس عام

میں / ہم _____ کا (کھل پتہ) _____ بحیثیت ڈائریکٹرز لمیٹڈ کے ممبر / ممبران _____ حصص کے مالک / بذریعہ پُرکاش (کھل پتہ) _____ یا ان کی موجودگی کی صورت میں _____ کا (کھل پتہ) _____ (جو کھلی کا / کے ممبر / ممبرز بھی ہے / ہیں 26 اکتوبر 2023 کو منعقد ہونے والے اور ریٹائمی ہونے والے 50 واں کھلی کے سالانہ اجلاس عام میں میری / ہاری جانب سے ووٹ دینے کے لئے میری / ہاری پراکسی مقرر کرتا ہوں / کرتی ہوں / کرتے ہیں۔

بطور گواہ میں / ہم روز _____ تاریخ _____ 2023 کو میرے / ہارے ہاتھ سے مہر لگائی۔

مذکورہ کی جانب سے دستخط شدہ _____

مندرجہ ذیل گواہوں کی موجودگی میں _____

گواہ:

1- دستخط _____
 نام _____
 پتہ: _____
 پتہ: _____
 2- دستخط _____
 نام _____
 پتہ: _____
 پتہ: _____

کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ نمبر: _____

کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ نمبر: _____

دستخط _____

فیلو / ای سی اکاؤنٹ نمبر _____

دستخط کھلی کے رجسٹر میں درج شدہ نمونے کے دستخط کے مطابق ہونے چاہئیں۔

نوٹ :-

1- یہ پراکسی فارم ہر طرح سے کھل اور دستخط شدہ لازماً کھلی کے رجسٹرڈ آفس "B" AREA, BLOCK-1, KARACHI W.S.A. 30,31 FEDERAL پورٹل سالانہ اجلاس عام کے انعقاد کے وقت سے 48 گھنٹے قبل موصول ہو جائیں۔

2- کسی فرد کو بطور پراکسی شرکت کی اجازت نہیں دی جائیگی تا وقتیکہ وہ کھلی کا / کی ممبر نہ ہو، ماسوائے یہ کہ کارپوریشن کسی ایسے فرد کا تقرر کر سکتی ہے جو ممبر نہ ہو۔

3- اگر کسی ممبر نے ایک سے زائد پراکسی کا تقرر کیا اور کھلی کے کسی ممبر کی جانب سے پراکسی کی ایک سے زائد دستاویز جمع کرا دی گئیں تو پراکسی کی ایسی تمام دستاویزات غیر موثر کی جائیں گی۔

برائے سی ڈی سی اکاؤنٹ ہولڈرز / کارپوریٹ ادارے

مذکورہ بالا کے علاوہ مندرجہ ذیل شرائط بھی پوری کرنا ہوں گی:

ا- پراکسی فارم دو افراد کی جانب سے گواہی کے ساتھ ہونا چاہیے جن کے نام 'پتہ' اور ای سی ائی کی نمبر فارم پر درج ہوں۔

ب- بنی فیشل اوٹرز کے ای سی ائی کی یا پاسپورٹ کی مصدقہ نقل پراکسی فارم کے ساتھ پیش کرنا ہوگی۔

ج- پراکسی کا اجلاس کے وقت اپنا اصل ای سی ائی یا اصل پاسپورٹ فراہم کرنا ہوگا۔

د- کارپوریٹ ادارے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد / پارٹنر شپ ڈیکلاریشن / انٹرنیٹ مع نمونہ دستخط (اگر قبیلہ فراہم نہیں کئے گئے) پراکسی فارم کے ساتھ جمع کرانے ہوں گے۔