

TOWELLERS LIMITED

ANNUAL REPORT
FOR THE YEAR ENDED
JUNE 30, 2020



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.

Contents

	Page
Company Information	3
Notice of Meeting	4
Chairman's Review Report	5
Director's Report	6/9
Corporate Matters	10/11
Independent Auditor's report to the members	12/16
Review Report to the members	17
Statement of Compliance with Code of Corporate Governance	18/19
Six Years Comparative Key Operating & Financial Results	20
Balance Sheet	21
Profit and Loss Account	22
Statement of Comprehensive Income / Statement of Changes in Equity	23
Cash Flow Statement	24
Notes to the Accounts	25/44
Pattern of Share Holdings	45
Categories of Shareholding	46
Corporate Governance	47/48
Circulation of Annual Audited Accounts	49
Important Notes for the Share's Holder	50/53
Jama Punji	54
Notice of Meeting (Urdu)	55
Director Report (Urdu)	56/57
Chairman's Review Report (Urdu)	58
Proxy Form (English / Urdu)	59/60

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.	Abdul Jalil Shariff	Director
Mr.	Valy Tariq Rangoon wala	Independent Director

BOARD AUDIT COMMITTEE

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

HUMAN RESOURCE AND REMUNERATION COMMITTEE:

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

CHIEF FINANCIAL OFFICER

Mr. Adnan Moosaji

COMPANY SECRETARY

Mr. M. Farhan Adil

STATUTORY AUDITORS

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

BANKERS

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

REGISTRAR & SHARE REGISTRATION OFFICE

T.H.K., Associates Pvt. Ltd
Head Office 1st floor 40-C, Block 6
P.E.C.H.S. Karachi 75400
P.O. Box # 8533

REGISTERED OFFICE

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

Web Site:

Company Registration
C.R. # 0004042

National Tax
NTN 0676889-0,

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

FACTORIES

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

Notice of Annual General Meeting.

Notice is hereby given that the Forty Seventh Annual General Meeting of the Company will be held at Towellers House WSA, 30-31, Block-1 Federal B Area Karachi on Tuesday October 27th 2020 at 4:00 p.m . to transact the following business. Please note that the meeting can also be attended through Video Conferencing.

Ordinary Business:

1. To confirm the minutes of the Annual General Meeting held on Thursday October 24th, 2019.
2. To consider and adopt the Audited Financial Statements of the Company for the year ended June 30th 2020 together with the Auditors and Directors Report.
3. To appoint Auditors for the ensuing year and fix their remuneration.

Others Business:

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

By Order of the Board

M. Farhan Adil
Company Secretary

Karachi: September 25th 2020.

NOTES:

1. The share transfer Books of the Company will remain closed from October 20th 2020 to October 27th 2020 (Both days inclusive).
2. A member entitled to attend, speak and vote at this AGM shall be entitled to appoint another member as a proxy to attend and vote on him / her behalf. The Instrument appointing Proxies must be received at the Registered Office or share Registrar of the Company not less than 48 hours before the time of the meeting. Representative of corporate member should bring the usual documents required for such purpose.
3. In light of the threat by the prevailing coronavirus (COVID-19) situation the Securities & Exchange Commission of Pakistan vide Circular No 5 dated March 17, 2020 has advised the Company to make arrangements of meeting through video conferencing also in order to protect the well- being of the shareholders.
4. The Shareholders who are interested to attend the AGM through Video Conference, are requested to get themselves registered with the Company Secretary office by providing the following detail at the earliest but not later than 24 hours before the time of AGM through following means.
A) Mobile/WhatsApp: 03008205172 and E-mail : farhan@towellers.com. Shareholders are advised to mention Name, CNIC Number, Folio/CDC Account Number, cell number and email ID for identification. The Company will send the login credentials at their e-mail address on the date of AGM, shareholders will be able to login and participate in the AGM proceedings through their smartphone/computer devices.
5. CDC Account Holders will also have to follow the under mentioned guidelines as laid down in Circular 1 dated January 26, 2000 issued by the Securities and change Commission of Pakistan (SECP)
6. Shareholders are requested to intimate any change in their addresses to the Share Registrar, M/s THK Associates Pvt Ltd.

CHAIRPERSON'S REVIEW REPORT

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

The Board exercised its duties in professional manner with integrity and diligence in these testing times while focusing on the sustainability of growth and building confidence of their customers by maintaining high quality of its products.

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

The year 2020 has been a challenging year for the Country and for the whole world in general which saw economic setbacks affecting across the globe. The major reason for such slowdowns was the sudden outbreak of COVID-19 pandemic. The Company not only suffered with the cancellation and deferment of export orders but also with the production losses due to lockdowns. However, it was the utmost belief on Allah Almighty, zeal, persistence, perseverance and enthusiastic hard work of directors, management of the Company and all the team members of the Company that we still have achieved the turnover level of almost 98% of what the Company achieved during the year 2019.

The revocation of SRO 1125 during the year posed additional challenges on the cashflows of the Company, however, the Company steered well through it with some well managed pursuance of these refunds and with the support of Federal institutions which continued refunds of sales tax, rebates and DLT. Inflation figures reduced during the year and currency witnessed further devaluation which also helped in achieving these numbers.

After the ease in lockdowns across the Europe and USA, the Company has been able to secure improved export volumes, subsequent to the balance sheet date. We are hopeful to achieve the growth targets during the year 2021 that were set for the year 2020. The Company remains committed in achieving process improvements through technological advancements and up gradations, diversifying the customer base, while also focusing on new regions and increasing the product range.

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

Karachi: September 25th 2020

Mahjabeen Obaid
Chairperson

DIRECTORS REPORT TO THE MEMBERS

Directors of the Company are pleased to present the annual report of the Company together with the audited financial statements of the Company for the year ended June 30th, 2020. These Financial Statement have been prepared in accordance with the requirements of International Accounting Standards and the provisions of the Companies Act, 2017 under section 227.

ECONOMIC OVERVIEW

Financial year 2019-20 proved to be a very tough and challenging year for Pakistan. Latest available GDP growth rate (Jul-Mar 2020) was a negative 0.38%. Whereas there were negative growth rates for industrial, manufacturing, large scale manufacturing sectors of 2.64%, 5.56% and 7.78% respectively, however, small scale manufacturing sector grew at 1.52%. Inflation rate remained at 6.8%. Pakistan economy was facing stiff challenges already, before the outbreak COVID-19 pandemic, which enhanced the economic challenges many folds. Lockdowns enforced after the outbreak caused losses of production, when fixed and capacity costs kept incurring. Subsequent to the financial year, however, we have witnessed significant reduction in active COVID-19 cases and improvement in economic activities as well.

COMPANY'S PERFORMANCE

The Company has achieved a turnover of Rs. 3.773 Billion as compared to Rs. 3.848 Billion last year. The reduction in sales turnover was resulted by the lost export orders which were either deferred or lost due to COVID-19 outbreak which impacted the economies world over. Once again, further devaluation of Pak Rupee also contributed to enhanced PKR sales, due to which we have lost only 2% of sales in comparison with the year 2019. Although the targeted growth in exports could not be achieved during the year under review, we are once again hoping to achieve the same turnover levels during the year 2020-21.

The Company earned a net profit after tax of Rs. 275.89 Million (2019: Rs.402.68 Million) whereas the earning per share remained at 16.23 per share (2019: 23.69 per share). Please note that extraordinary profit during the last year also included the significant exchange gains of Rs. 177 M.

TOWELLERS LIMITED

After the revocation of SRO 1125, the industry as a whole was concerned about their working capital constraints, however, with the lag of around 90 days, our refundable sales taxes are being recovered and cashflows are being managed with some strong follow ups.

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

	<u>30-Jun-20</u>	<u>30-Jun-19</u>
	Rupees (000)	
Sales (net)	3,772,254	3,848,285
Gross Profit	700,870	863,067
Distribution Cost	157,920	187,003
Administrative Expenses	237,658	201,977
Other Operating Expenses	18,296	25,136
Other Income	34,308	8,608
Finance Cost	6,388	6,482
Profit Before Taxation	314,915	451,077
Profit After Taxation	275,894	402,684
Earnings Per Share	16.23	23.69

PROJECTS

Despite of these testing times, the Company's Management is keen to invest in areas that bring about efficiencies, operational savings and transparent management reporting.

i) Solar Power Project

The Company successfully installed solar power project at one of our factories which became operational during the current year. Savings in electricity costs through solar power generation has started and till June 2020 the Company has saved Rs. 3.87 M with regard to its power costs.

ii) Knitting Department

Subsequent to the balance sheet date, the Company has created a knitting department and have invested in six machines. The investments will result in the cost savings, as well as in improving the quality of fabric.

iii) ERP Implementation

TOWELLERS LIMITED

First phase of ERP implementation has almost concluded and the live functioning of some of the modules have already started. Our books of accounts for the year 2020-21 will be maintained on the new ERP.

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, 2020 is annexed to this report.

DIRECTOR TRAINING

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

TRADING

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

DIVIDEND

Difficult economic situation prevailing in the country, outbreak of Corona Virus Pandemic across the country and weak fundamentals of overall industrial growth have taken its toll on the performance of your company as well. Both the sales and profitability of your company has dropped in comparison with last year, while struggle to manage the working capital and cashflows continues.

Also, to achieve the growth targets that your company has set for itself, to tap the opportunities created by the regional geo politics by securing more export orders, to diversify the customer and product base, while keeping a healthy profitability rate, the Company needs to invest in Balancing Modernization and Replacements (BMR) and its buildings and infrastructure, substantially during few years to come.

TOWELLERS LIMITED

As the threat of reoccurrence of pandemic continues and the fact that it may further affect our already bleak economy and the persistent need to invest in BMR as described above, the management of your Company cannot consider distributing dividends during near future.

EARNINGS PER SHARE

The basic and Diluted earnings per share After tax is Rs.16.23 (2019-Rs. 23.69)

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, 2021.

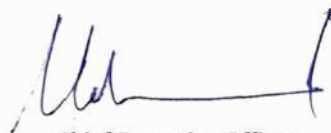
ACKNOWLEDGEMENT

Your directors take this opportunity to express their deep sense of gratitude to all the stakeholders, for their encouragement and support. We like to place on record our sincere appreciation for the commitment, dedication and hard work put in by every member of the Company, and also over shareholders, who have always shown their confidence and faith in the Company.



September 25, 2020

Director



Chief Executive Officer

TOWELLERS LIMITED

THE BOARD OF DIRECTORS.

The key responsibility of the board of directors is to ensure the company's prosperity by collectively directing the company's affairs and make strategic decisions through meeting of its shareholders and stakeholders. The board of Directors of Towellers Ltd is responsible for the company's system of internal control policies framework, corporate governance and risk assessment. For reviewing its effectiveness, the board remains committed to the highest standard of the corporate governance and integrity. The authority and responsibility to govern the state of affairs has been delegated by the Board to its CEO. The board convenes its meetings four times a year to consider financial performance, forming business strategies and to review future plans and objectives.

COMPOSITION OF THE BOARD OF DIRECTORS.

The present Board of Directors comprises a well-balanced mix of executive, non-executive and independent Director, It has seven Directors which were re-elected on October 24, 2018. The positions of Chairperson and Chief Executive Officer are held by separate individuals.

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

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

During the year under review four meeting of the Board of Directors were held and the attendance by each director was as follows.

NAME OF DIRECTOR	CATEGORY	NO.OF MEETING ATTENDED
Mehreen Obaid Agha	Executive Director	3
Mahjabeen Obaid	Non-executive Director	3
Sana Bilal	Non-executive Director	4
Hadeel Obaid	Non-executive Director	3
Abdul Jalil Shariff	Non-executive Director	4
Zeeshan K.Sattar	Non-executive Director	3
Valy Tariq RangoonWala	Independant Director	-

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

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

OFFICE OF THE CHAIRMAN & CEO, ROLES & RESPONSIBILITIES.

The board comprises of chairperson and a CEO, having two separate position. Board has explicitly defined and documented roles and responsibilities of both the chairperson and the CEO. The chairperson represents the non-executive director and lead the board to ensure that it plays an effective role in fulfilling its responsibilities, besides assessing and making recommendations on the efficiency of the committees and individuals' direction in fulfilling their responsibilities and avoidance of conflict of interest.

The CEO of the company being ultimately responsible for all day to day operations, conducts the business in accordance with the law and communicates to the board on behalf of management.

TOWELLERS LIMITED

BOARD AUDIT COMMITTEES (BAC)

An Audit Committee was set up by the Board since the enforcement of the Code. The Committee consist of three members, which include two non-executive Directors whereas the Chairman of the Audit Committee is an Independent Director. The Audit Committee has performed its functions satisfactorily and in accordance with the Code of Corporate Governance. The committee plays a key role in maintaining the overall control and review of financial statements and suggest implementation of various procedures for improvement in the operational affairs of the Company.

During the year four meetings of the Audit Committee were held attendance of each director was as follows.

NAME OF DIRECTOR	NO OF MEETING ATTENDED
Hadeel Obaid	4
Abdul Jalil Sheriff	4
Valy Tariq Rangoonwala	-

Leave of absence was granted to director who was unable to attend the meeting.

HUMAN RESOURCE AND REMUNERATION (HR&R) COMMITTEE.

The Board of Directors in accordance with the Code of Corporate Governance has the Human Resource and Remuneration Committee (HR&R). The Committee consists of three members consisting of two non-executive and one independent director. The Committee looks after all affairs concerning remuneration, compensation, training needs, succession planning and new hiring. The Committee has developed policies and procedures of handling all HR related matters. Also, the Committee keeps reviewing such policies and procedures and revise them as and when they need to be updated. The Committee reports directly to the Chief Executive Officer of the company.

During the year under review one meeting of the HR&R Committee was held.

FINANCIAL AND CORPORATE REPORTING FRAMEWORK

In compliance with the provisions of the listing regulations of the Pakistan Stock Exchange, the Board members are pleased to place the following Statements on record:

- The financial statements prepared by the management of the Company present its state of affairs fairly and includes the results of its operations, cash flows and changes in equity.
- The Company maintains proper books of accounts.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards, as applicable in Pakistan are being followed in preparation of financial statements.
- The system of internal control is sound in design and has been effectively monitored and Implemented.
- There are no doubts about 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 listing regulations.
- Summary of key operational and financial data for the last six years is annexed in this annual report.
- Information about taxes and levies is given in the notes to and forming part of financial "statements,
- The management of the Company is committed to good Corporate Governance, and appropriate steps are being taken to comply with best practice.

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

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the annexed financial statements of **Towellers Limited**, which comprise the statement of financial position as at **June 30, 2020**, and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, except for the effect of the matter described in the paragraph (a), the statement of financial position, statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2020 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Qualified Opinion

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

- a) As fully explained in note 19.1.3, the company has not accounted for the amount of Rs. 36,689,591 payable in respect of gas infrastructure development cess (GIDC) in the financial statements. Had the above amount been recorded in the accounts, the profit would have been decreased by Rs.36,689,591 and consequently the liability would have been increased by the same amount.

TOWELLERS LIMITED

Key Audit Matters

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

S. No.	Key audit matter	How the matter was addressed in audit
1	Stock in trade Refer to note no. 8 to the audited financial statements, the company has stock in trade aggregating Rs.567.97 million comprising raw materials, work in process and finished goods. We identified this area as a key audit matter.	<p>Our audit procedures in respect of this area include:</p> <p>Observation of physical inventory count procedures and compared on a sample basis, physical count with valuation sheets;</p> <p>Compared on a sample basis specific purchases and directly attributable cost with underlying supporting documents;</p> <p>Compared the NRV, on a sample basis, to the cost of finished goods to assess whether any adjustments are required to value stock in accordance with applicable accounting and reporting standards; and</p> <p>We also considered the adequacy of the related disclosures and assessed these are in accordance with the applicable financial reporting standards and the Companies Act, 2017.</p>

TOWELLERS LIMITED

2	<p>Defined Benefit Obligations (Gratuity)</p> <p>Refer to note no. 17 to the audited financial statements.</p> <p>The Company operates an unfunded gratuity plan, giving rise to net liability of Rs.163.38 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>
---	--	--

TOWELLERS LIMITED

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

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

TOWELLERS LIMITED

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

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

Karachi.
Dated: September 25, 2020

MUSHTAQ & CO.
Chartered Accountants

TOWELLERS LIMITED

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS

To the member of 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 June 30, 2020 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. We have not carried out procedures to assess and determine Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Following instances of non-compliance with the requirements of the code were observed which are not stated in the statement of compliance:

Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations 2019.	Non-Compliance
02	The company has only one independent director. The name of the director is not appearing in data bank of 'Pakistan Institute of Corporate Governance (PICG).'

Based on our review, except for the above instances of non-compliance, 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 June 30, 2020.

Karachi: 25 Sep, 2020



M. Ushtaq & Co.
USHTAQ & CO.
Chartered Accountants
Engagement Partner:
Zahid Hussain Zahid
ACA

TOWELLERS LIMITED

STATEMENT OF COMPLIANCE WITH LISTED COMPANIES CODE OF CORPORATE GOVERNANCE REGULATIONS 2019 OF TOWELLERS LIMITED FOR THE YEAR ENDED JUNE 30th 2020

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

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

Male	3
Female	4

2. The composition of the Board is as follows:

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

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company.
4. The company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company alongwith its supporting policies and procedures.
5. The BOD has developed a vision/mission statement, overall corporate strategy and significant policies of the company. The Board has ensured that complete record of particulars of significant policies along with their dates of approval or amendment updating is maintained by the Company.
6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by the Board/shareholders as empowered by the relevant provisions of the Act and their Regulations.
7. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board.
8. The BOD has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and there Regulations.
9. Four Directors of the Company have completed certification from Pakistan Institute of Corporate Governance (PICG) in compliance with the CCG rules 2019.
10. During the year the Board has approved appointment of Head of Internal audit including his remuneration and terms and conditions of employment and complied with relevant requirement of the Regulations while there is no change in the Company Secretary and Chief Financial Officer.

TOWELLERS LIMITED

11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board,

12. The board has formed committees comprising of members as follows:

Audit Committee

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

HR and Remuneration Committee

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

13 Terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.

14 Frequency of meetings held of these committees were as per follows:

Audit Committee	Four quarterly meetings during the financial year ended June 30, 2020
HR and Remuneration Committee	One meeting during the financial year ended June 30, 2020

15 The Board has set up an effective internal audit function, managed by a experienced professional who is conversant with the policies and procedures of the Company.

16 The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company.

17 The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;

18 We confirm that all other requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 have been complied with.

Mahjabeen Obaid
Chairperson

Karachi, September 25, 2020

TOWELLERS LIMITED

SIX YEARS AT GLANCE
FROM 2015 TO 2020
RUPEES IN THOUSANDS

PARTICULARS	2020	2019	2018	2017	2016	2015
Turn over-Net	3,772,254	3,848,285	2,605,809	2,686,140	2,700,457	2,721,485
Cost of sales	3,071,384	2,985,218	2,217,211	2,319,246	2,241,467	2,309,116
Gross profit / (loss)	700,870	863,067	388,598	366,895	458,990	412,368
Profit/(loss) from operation	321,304	457,560	284,807	94,121	175,702	115,756
Finance cost	6,388	6,482	5,201	6,398	6,957	6,920
Profit/(loss) before taxation	314,915	451,077	279,606	87,723	168,744	135,176
Profit / (loss) after taxation	275,894	402,684	253,606	61,695	144,833	107,143
Dividend	-	-	-	-	-	-

FINANCIAL DATA

Fixed assets-W.D.V	1,663,761	1,231,256	1,264,375	989,150	1,024,075	1,002,907
Long term loans	16,861	12,851	10,643	12,041	12,880	13,230
Long term deposits	16,875	19,755	19,755	6,530	7,430	6,530
Current assets	1,852,202	1,475,871	1,048,309	955,356	878,201	949,669
Total	3,549,699	2,739,733	2,343,082	1,963,078	1,922,585	1,972,336

EQUITY & LIABILITIES

Equity	2,714,251	2,053,845	1,631,240	491,128	360,538	221,586
Non current liabilities	163,376	97,902	111,449	204,153	253,680	138,621
Current liabilities	672,072	587,986	600,393	670,531	685,186	959,310
Total	3,549,699	2,739,733	2,343,082	1,365,812	1,299,404	1,319,518

KEY RATIOS%

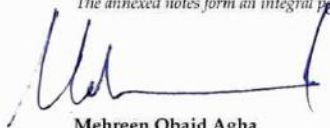
Gross margin%	18.58	22.43	14.91	13.66	17.00	15.15
Net profit (loss)%	7.31	10.46	9.73	2.30	5.36	3.94
Quick acid ratio%	1.32	1.20	0.62	0.59	0.45	0.37
EBIT margin%	8.52	11.89	10.93	3.50	6.51	5.22
Current ratio%	2.76	2.51	1.75	1.42	1.28	0.99
Earning/(loss) per share Rs	16.23	23.69	14.92	3.63	8.52	6.30
Cash dividend Rs.	-	-	-	-	-	-
Debt equity ratio%	0.31	0.33	0.44	1.78	2.60	4.95

TOWELLERS LIMITED

STATEMENT OF FINANCIAL POSITION As at June 30, 2020

	Note	2020 Rupees	2019 Rupees	2018 Rupees
ASSETS				
NON CURRENT ASSETS				
			Restated ←-----→	
Property, plant and equipment	4	1,663,760,816	1,231,255,556	1,264,374,665
Long term loans and advances	5	16,860,935	12,851,217	10,642,864
Long term deposits	6	16,875,320	19,755,320	19,755,320
		1,697,497,071	1,263,862,093	1,294,772,849
CURRENT ASSETS				
Stores, spare parts and loose tools	7	27,003,224	20,721,948	18,658,507
Stock in trade	8	567,968,278	486,952,015	373,961,416
Trade debts	9	510,349,437	402,696,309	252,894,905
Loans and advances	10	13,177,902	16,273,727	16,677,084
Trade deposits and short term prepayments	11	27,880,342	16,279,720	13,652,458
Other receivables	12	86,258,889	142,658,930	173,997,681
Income tax and sales tax refundable	13	269,267,982	103,014,941	91,886,889
Cash and bank balances	14	350,295,502	287,273,316	106,579,914
		1,852,201,556	1,475,870,906	1,048,308,854
		3,549,698,627	2,739,732,999	2,343,081,703
EQUITY AND LIABILITIES				
SHARE CAPITAL AND RESERVES				
Authorized capital				
25,000,000 (June 30, 2019: 25,000,000) ordinary shares of Rs. 10 each		250,000,000	250,000,000	250,000,000
Issued, subscribed and paid up capital	15	170,000,000	170,000,000	170,000,000
Reserves		1,317,201,714	1,034,003,529	585,396,491
Surplus on revaluation of property, plant & equipment	16	1,227,048,962	849,841,504	875,843,885
		2,714,250,676	2,053,845,033	1,631,240,376
LIABILITIES				
NON CURRENT LIABILITIES				
Deferred liabilities	17	163,375,631	97,902,016	111,448,588
CURRENT LIABILITIES				
Trade and other payables	18	672,072,320	587,985,950	598,934,400
Short Term borrowing		-	-	1,458,339
		672,072,320	587,985,950	600,392,739
CONTINGENCIES AND COMMITMENTS				
	19	-	-	-
		3,549,698,627	2,739,732,999	2,343,081,703

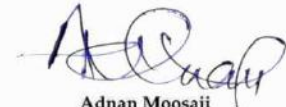
The annexed notes form an integral part of these financial statements.



Mehreen Obaid Agha
Chief Executive



Sana Bilal
Director



Adnan Moosaji
Chief Financial Officer

Karachi, September 25, 2020

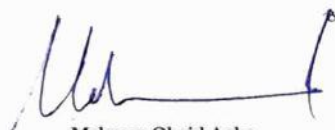
TOWELLERS LIMITED

STATEMENT OF PROFIT OR LOSS

For the year ended June 30, 2020

	Note	2020 Rupees	2019 Rupees Restated
Sales - net	20	3,772,254,058	3,848,284,981
Cost of sales	21	(3,071,383,593)	(2,985,218,172)
Gross profit		700,870,465	863,066,809
Distribution cost	22	(157,920,278)	(187,002,822)
Administrative expenses	23	(237,657,958)	(201,977,074)
Other operating expenses	24	(18,296,140)	(25,135,780)
Other income	25	34,307,663	8,608,452
		(379,566,713)	(405,507,224)
Profit from operations		321,303,752	457,559,585
Finance cost	26	(6,388,281)	(6,482,369)
Profit before taxation		314,915,471	451,077,216
Provision for taxation	27	(39,021,125)	(48,392,985)
Profit for the year		275,894,346	402,684,231
Earnings per share - basic and diluted	28	16.23	23.69

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 25, 2020

TOWELLERS LIMITED

STATEMENT OF COMPREHENSIVE INCOME For the year ended June 30, 2020

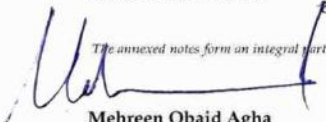
	Note	2020 Rupees	2019 Rupees
			Restated
Profit for the year		275,894,346	402,684,231
Other comprehensive income for the year			
<i>Items that will not be reclassified to profit and loss account</i>			
(Loss)/Gain on remeasurement of staff retirement benefits	17.1	(44,530,044)	19,920,426
Surplus on revaluation of land, building & plant and machinery		429,041,341	-
Total comprehensive income for the year		660,405,643	422,604,657

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

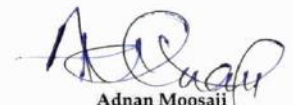
STATEMENT OF CHANGES IN EQUITY For the year ended June 30, 2020

Particulars	Issued, subscribed and paid up capital	Reserves			Revaluation Surplus	Total
		Capital Reserve Share premium	Revenue Reserve Unappropriated profit	Sub Total		
						Rupees
Balance as at June 30, 2018	170,000,000	63,000,000	543,568,525	606,568,525	849,432,078	1,626,000,603
Restatement: Refer note 3.21						
Reversal of accumulated depreciation on land	-	-	5,239,773	5,239,773	-	5,239,773
Reversal of incremental depreciation	-	-	(26,411,807)	(26,411,807)	26,411,807	-
Balance as at July 1, 2018-Restated	170,000,000	63,000,000	522,396,491	585,396,491	875,843,885	1,631,240,376
Profit for the year			402,684,231	402,684,231	-	402,684,231
Other comprehensive income for the year	-	-	19,920,426	19,920,426	-	19,920,426
Transferred from surplus on revaluation of property, plant & equipment-Restated	-	-	26,002,381	26,002,381	(26,002,381)	-
Balance as at June 30, 2019-Restated	170,000,000	63,000,000	971,003,529	1,034,003,529	849,841,504	2,053,845,033
Profit for the year			275,894,346	275,894,346	-	275,894,346
Other comprehensive income for the year	-	-	(44,530,044)	(44,530,044)	429,041,341	384,511,297
Transferred from surplus on revaluation of property, plant & equipment	-	-	51,833,883	51,833,883	(51,833,883)	-
Balance as at June 30, 2020	170,000,000	63,000,000	1,254,201,714	1,317,201,714	1,227,048,962	2,714,250,676

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 25, 2020

TOWELLERS LIMITED

CASH FLOWS STATEMENT For the year ended June 30, 2020

Note	2020 Rupees	2019 Rupees
		Restated
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	314,915,471	451,077,216
Adjustments for:		
Depreciation	91,070,544	77,487,569
Staff retirement benefits - gratuity	36,292,339	23,429,447
Finance cost	6,388,281	6,482,369
Workers' profit participation fund	16,574,499	23,467,914
Bad debt recovered	(224,929)	-
Provision for prepayments	-	1,191,043
(Gain) / loss on disposal of property, plant and equipment	209,264	(411,265)
	150,309,998	131,647,077
Profit before working capital changes	465,225,469	582,724,293
(Increase) / decrease in current assets		
Stores, spare parts and loose tools	(6,281,276)	(2,063,441)
Stock in trade	(81,016,263)	(112,990,599)
Trade debts	(107,653,128)	(149,801,404)
Loans and advances	3,095,825	403,357
Trade deposits and short term prepayments	(11,375,693)	(3,818,305)
Other receivables	56,400,041	31,338,751
	(146,830,494)	(236,931,640)
(Decrease) / increase in current liabilities		
Trade and other payables	90,979,785	(19,038,035)
Cash generated from operations	409,374,760	326,754,617
Finance cost paid	(6,388,281)	(6,482,369)
Taxes (paid) / received	(205,274,166)	(59,521,036)
Workers' profit participation fund paid	(23,467,914)	(15,378,329)
Long term loan to employees	(4,009,718)	(2,208,353)
Long term deposits	2,880,000	-
Staff retirement benefits - gratuity paid	(15,348,767)	(17,055,593)
Net cash generated from operating activities	157,765,915	226,108,937
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of property, plant and equipment	522,500	462,000
Fixed capital expenditure	(95,266,229)	(44,419,196)
Net cash used in investing activities	(94,743,729)	(43,957,196)
CASH FLOWS FROM FINANCING ACTIVITIES		
Short term borrowings	-	(1,458,339)
Net cash used in financing activities	-	(1,458,339)
Net increase in cash and cash equivalents	63,022,186	180,693,402
Cash and cash equivalents at the beginning of the year	287,273,316	106,579,914
Cash and cash equivalents at the end of the year	350,295,502	287,273,316

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 25, 2020

TOWELLERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2020

1 LEGAL STATUS AND NATURE OF BUSINESS

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

Following are the geographical locations and addresses of all business units of the Company:

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

Manufacturing units of the Company:

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

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

2.4 ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

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

2.5 STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS

2.5.1 Standards, amendments or interpretations which became effective during the year.

IFRS 16 'Leases' became effective from 01 July 2019. IFRS 16 "Leases" has replaced IAS 17 "Leases", the former lease accounting standard, and has become effective from annual accounting periods beginning on or after January 1, 2019. Under the new standard, almost all leases which meet the criteria described in the standard will be recognized on the statement of financial position with only exceptions of short term and low value leases. Under IFRS 16, an asset (the right to use the leased item) is recognized along with corresponding financial liability to pay rentals at the present value of future lease payments over the lease term, discounted with the specific incremental borrowing rate.

2.5.2 Standards, amendments and interpretations to existing standards 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)	01 Jan, 2020
IAS 8	Accounting policies, changes in accounting estimates and errors (Amendments)	01 Jan, 2020
IAS 16	Property, Plant and Equipment (Amendments)	01 Jan, 2022
IAS 37	Provisions, Contingent Liabilities and Contingent Assets (Amendments)	01 Jan, 2022
IAS 39	Financial Instruments: Recognition and Measurement (Amendments)	01 Jan, 2020
IFRS 9	Financial instruments (Amendments)	01 Jan, 2020

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2020

2.5.3 There are a number of other minor amendments and interpretations to other approved accounting standards that are not yet effective and are also not relevant to the Company and therefore have not been presented here.

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, 2020 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 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.

3.4 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.

3.5 Stores, spares and loose tools

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

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

3.6 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;

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2020

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.

3.7 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.

3.8 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. Contributions are made annually to cover the obligation under the scheme on the basis of actuarial valuation and are charged to income. The most recent valuation was carried out on June 30, 2020 using the "Projected Unit Credit Method".

The company has adopted IAS 19, (Revised) 'Employee Benefits'. The amendments in the revised standard require the company to eliminate the corridor approach and recognize all actuarial gains and losses (now called 'remeasurements', that result from the remeasurement of defined benefits obligations and fair value of plan assets at the balance sheet date) in other comprehensive income as they occur, immediately recognize all past service costs and replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefits liability / asset.

3.9 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.

3.10 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.

3.11 Dividend

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

3.12 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.

3.13 Revenue recognition

- Revenue from sale of goods is recognized when control of goods is transferred to customers.
- Return on bank balances is accrued on a time proportion basis by reference to the principal outstanding and the applicable rate of return.
- 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, 2020

3.14 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.

3.15 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.

3.16 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.

3.17 Impairment

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

3.18 Financial instruments

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

3.19 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.

3.20 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.

3.21 Effect of change as per IAS-8 'Accounting Policies, Changes in Accounting Estimates and Errors'

During the previous years, the management had been charging depreciation on leasehold land. Now considering the perpetual nature of the ownership of land, the management has decided not to charge depreciation on leasehold land.

The effect of change has been accounted for retrospectively in accordance with the requirements of IAS 8' Accounting Policies, Changes in Accounting Estimates and Errors' and the comparative figures have been restated.

The companies financial statements are affected by the depreciation on land relating to prior years.

The effects have been summarized below:

	2019	2018
Impact on Balance Sheet		
Increase in value of Land	5,186,846	5,239,773
Impact on Statement of changes in Equity		
Increase in unappropriated profit due to reversal of accumulated depreciation.	-	5,239,773
Decrease in unappropriated profit due to incremental depreciation.	(3,756,183)	(26,411,807)
Impact on Profit & Loss account		
Decrease in cost of sales	5,186,846	-
Impact on surplus on revaluation of property plant and equipment		
Increase in surplus on revaluation of property plant and equipment	3,756,183	26,411,807

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

4 PROPERTY, PLANT AND EQUIPMENT

	Note	2020 Rupees	2019 Rupees
Operating fixed assets	4.1	1,657,507,831	1,207,399,361
Capital work in progress - at cost	4.5	6,252,985	23,856,105
		<u>1,663,760,816</u>	<u>1,231,255,556</u>

4.1 Operating fixed assets

29

At July 01, 2019

	Cost	Accumulated depreciation	Net book value	Year ended June 30, 2020	Opening net book value	Additions during the year	Disposals / transfers	Depreciation charge for the year	Closing net book value June 2020	Annual depreciation rate % / Useful life
Landheld land	442,753,451	-	442,753,451	361,592,148	361,592,148	-	-	(47,114,584)	436,831,229	10%
Building on leasehold land	286,677,237	-	286,677,237	233,770,093	233,770,093	-	-	296,497,632	296,497,632	10%
Plant & machinery	11,822,861	-	11,822,861	726,271	726,271	-	-	(72,927)	653,344	10%
Electric installation	1,098,821	-	1,098,821	95,782	95,782	-	-	(9,478)	86,304	10%
Gas installation	203,564	-	203,564	194,023	194,023	-	-	(9,541)	184,482	10%
Furniture & fixture	108,282	-	108,282	71,847	71,847	-	-	(7,226)	64,621	10%
Office equipment	108,648,005	-	108,648,005	47,356,543	47,356,543	-	-	(5,424,729)	41,931,814	10%
Bicycles	19,901	-	19,901	2,474	2,474	-	-	(247)	2,227	10%
Vehicles	64,030,887	-	64,030,887	20,421,762	20,421,762	-	-	(4,430,879)	15,990,883	20%
Waste water treatment plant	19,514,997	-	19,514,997	17,506,117	17,506,117	-	-	(1,750,612)	15,755,505	10%
Solar plant	-	-	-	-	-	-	-	(1,413,607)	32,925,200	10%
Total	1,471,017,461	-	1,471,017,461	1,207,399,360	1,207,399,360	-	-	(9,070,544)	1,198,328,816	

At July 01, 2019

	Cost	Accumulated depreciation	Net book value	Year ended June 30, 2020	Opening net book value	Additions during the year	Disposals / transfers	Depreciation charge for the year	Closing net book value June 2020	Annual depreciation rate % / Useful life
Landheld land	442,753,451	-	442,753,451	361,592,148	361,592,148	-	-	(47,114,584)	436,831,229	10%
Building on leasehold land	286,677,237	-	286,677,237	233,770,093	233,770,093	-	-	296,497,632	296,497,632	10%
Plant & machinery	11,822,861	-	11,822,861	726,271	726,271	-	-	(72,927)	653,344	10%
Electric installation	1,098,821	-	1,098,821	95,782	95,782	-	-	(9,478)	86,304	10%
Gas installation	203,564	-	203,564	194,023	194,023	-	-	(9,541)	184,482	10%
Furniture & fixture	108,282	-	108,282	71,847	71,847	-	-	(7,226)	64,621	10%
Office equipment	108,648,005	-	108,648,005	47,356,543	47,356,543	-	-	(5,424,729)	41,931,814	10%
Bicycles	19,901	-	19,901	2,474	2,474	-	-	(247)	2,227	10%
Vehicles	64,030,887	-	64,030,887	20,421,762	20,421,762	-	-	(4,430,879)	15,990,883	20%
Waste water treatment plant	19,514,997	-	19,514,997	17,506,117	17,506,117	-	-	(1,750,612)	15,755,505	10%
Solar plant	-	-	-	-	-	-	-	(1,413,607)	32,925,200	10%
Total	1,471,017,461	-	1,471,017,461	1,207,399,360	1,207,399,360	-	-	(9,070,544)	1,198,328,816	

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

2019

	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, 2018												
Cost	318,737,499	442,755,431	279,142,984	11,822,861	295,364	17,884,580	103,828,948	22,375	57,441,261	19,614,697	-	1,451,905,980
Accumulated depreciations-residual	-	(40,986,488)	(27,222,868)	(11,012,860)	(95,466)	(11,203,511)	(56,349,294)	(19,528)	(40,478,099)	(163,456)	-	(187,531,317)
Net book value	318,737,499	401,768,943	251,920,117	810,201	199,738	6,681,069	47,479,744	2,749	17,463,202	19,451,241	-	1,264,374,663
Year ended June 30, 2019												
Opening net book value	318,737,499	401,768,943	251,920,117	810,201	199,738	6,631,049	47,479,744	2,749	17,463,202	19,451,241	-	1,264,374,663
Additions during the year	-	-	7,594,253	-	-	1,267,665	4,819,857	-	6,941,226	-	-	20,563,001
Disposals / transfers	-	-	-	-	-	-	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-	-	-	-	-	-	-
-Cost	-	-	-	-	-	-	-	-	(851,500)	-	-	(851,500)
-Accumulated depreciation	-	-	-	-	-	-	-	-	800,765	-	-	800,765
Depreciation charge for the year	-	(42,176,894)	(23,664,337)	(81,030)	(10,976)	(713,944)	(4,943,038)	(275)	(3,931,931)	(1,943,124)	-	(77,487,569)
Closing net book value June 2019-restated	318,737,499	361,592,048	233,770,093	729,271	95,762	7,184,770	47,336,510	2,474	20,421,762	17,508,117	-	1,207,399,361
Annual depreciation rate % / Useful life	10%	10%	10%	10%	10%	10%	10%	10%	20%	10%	10%	10%

Lease hold land are located at Karachi with an area of 15,752.88 (2019: 15,752.88) square yards.

	Note	Rs	Rs
Cost of sales	21.1	80,457,606	67,898,361
Administrative expenses	23	10,612,938	9,589,218
		91,070,544	77,487,569

TOWELLERS LIMITED

NOTES TO AND FORMING PART OF THE THE FINANCIAL STATEMENTS

For the year ended June 30, 2020

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
Machinery							
Sewing machine	Azhar	2,529,000	1,823,903	705,097	487,500	(217,597)	Negotiation
Vehicle							
Unique Motor Cycle KKQ-8970	EFU Insurance	48,000	21,333	26,667	35,000	8,333	Insurance Claim
	2020	2,577,000	1,845,236	731,764	522,500	(209,264)	
	2019	851,500	800,765	50,735	462,000	411,265	
				Note	2020 Rupees	2019 Rupees	

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

Cost	2,577,000	1,650,700
Less : Accumulated depreciation	(1,845,236)	(1,526,092)
	731,764	124,608
Sale proceeds	(522,500)	(778,000)
Gain on disposal of property, plant and equipment	209,264	(653,392)

4.4 Had there been no revaluation the related figures of land, building and plant and machinery at June 30, 2020 would have been as follows:

	Cost as on June 30, 2020	Accumulated depreciation	Book value June 30, 2020	Cost as on June 30, 2019	Accumulated depreciation	Book value June 30, 2019
Leasehold land - restated	19,327,159	-	19,327,159	19,327,159	-	19,327,159
Building on leasehold land	440,480,179	369,082,969	71,397,210	434,644,504	321,968,405	112,676,099
Plant and machinery	1,144,097,987	700,096,237	444,001,750	1,126,415,922	670,001,218	456,414,704
	1,603,905,325	1,069,179,206	534,726,119	1,580,387,585	991,969,624	588,417,961
				2020 Rupees	2019 Rupees	

4.5 Capital work in progress - at cost

Building - civil works	2,500,000	8,315,909
Software	3,752,985	15,540,286
	6,252,985	23,856,195

The movement in Capital work in progress is as follows:

Balance at the beginning of the year	23,856,195	-
Additions during the year:		
Building - civil works	2,843,665	8,315,909
Plant and machinery	17,754,076	14,072,338
Equipment	-	1,467,948
Software	3,752,985	-
Solar plant	34,339,907	-
	58,690,633	23,856,195
Transfer to operating fixed assets:		
Building - civil works	8,659,574	-
Plant and machinery	31,826,414	-
Equipment	1,467,948	-
Solar plant	34,339,907	-
	76,293,843	-
Balance at the end of the year	6,252,985	23,856,195

TOWELLERS LIMITED

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

	Note	2020 Rupees	2019 Rupees
5 LONG TERM LOANS AND ADVANCES			
Loan to employees - secured			
Executives	5.1	18,191,321	16,829,215
Other employees		3,514,484	3,452,949
		21,705,805	20,282,164
Current portion of loans shown under current assets			
Executives	10	(3,115,350)	(6,022,234)
Other employees	10	(1,729,520)	(1,408,713)
		(4,844,870)	(7,430,947)
		<u>16,860,935</u>	<u>12,851,217</u>
5.1 Movement in loans to executives			
Balance at the beginning of the Year		16,829,215	10,396,647
Amount disbursed during the year		5,841,754	10,901,514
		22,670,969	21,298,161
Amount recovered during the Year		(4,479,648)	(4,468,946)
Balance at the end of the Year		<u>18,191,321</u>	<u>16,829,215</u>
5.1.1	These are interest free loans recoverable in monthly installments over a period of one year. These loans are secured against employees' retirement benefit obligation- gratuity.		
5.1.2	Maximum amount due from executives during the year, calculated by reference to month-end balances, was Rs.18,191,321 (June 30, 2019: Rs.16,829,215).		
6 LONG TERM DEPOSITS			
Security deposits		16,875,320	19,755,320
7 STORES, SPARE PARTS AND LOOSE TOOLS			
Stores		24,211,936	18,720,944
Spare parts and loose tools		2,791,288	2,001,004
		<u>27,003,224</u>	<u>20,721,948</u>
7.1	No item of stores, spare and loose tools is pledged as security as at reporting date.		
8 STOCK IN TRADE			
Raw material		189,000,361	186,296,127
Work in process		225,408,784	146,982,806
Finished goods		153,559,133	150,013,082
Stock in transit-Raw material		-	3,660,000
		<u>567,968,278</u>	<u>486,952,015</u>
8.1	Stock in trade has been valued at lower of cost and net realizable value as required by IAS 2.		
8.2	No items of stock in trade is pledged as security as at reporting date.		
8.3	The goods purchased during the period but delivered in our premises after the period end due to transportation period are shown as Stock in transit.		

TOWELLERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2020

	Note	2020 Rupees	2019 Rupees
9 TRADE DEBTS			
Secured against letter of credit			
Foreign debts	9.1	388,579,254	387,507,536
Unsecured- considered good			
Foreign debts		117,576,334	14,024,476
Domestic debts		4,193,849	1,164,297
		<u>510,349,437</u>	<u>402,696,309</u>
9.1 Foreign debts are secured against letter of credit.			
10 LOANS AND ADVANCES			
Loan to employees-Secured against gratuity			
Executive - secured	5	3,115,350	6,022,234
Others - secured	5	1,729,520	1,408,713
		4,844,870	7,430,947
Advances:			
to suppliers		6,282,486	8,786,936
to contractors		2,050,546	55,844
		8,333,032	8,842,780
		<u>13,177,902</u>	<u>16,273,727</u>
11 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS			
Security deposits		13,237,072	350,000
Prepayments		15,609,384	17,120,763
Less: Impairment loss		(966,114)	(1,191,043)
		<u>27,880,342</u>	<u>16,279,720</u>
12 OTHER RECEIVABLES			
Considered good			
Export rebate		13,610,023	30,710,913
Drawback local taxes levies		39,187,984	78,487,135
Sales tax demand	12.1	33,460,882	33,460,882
		<u>86,258,889</u>	<u>142,658,930</u>
12.1	<p>The company has filed appeal before the Commissioner Inland Revenue (Appeal) Karachi bearing No. dated 08 November 2013 against the order in original No.10 of 2013 dated 26 August 2013 for the recovery of Rs. 24,686,265 which was rejected by Commissioner Inland Revenue (Appeal-I) Karachi on dated 13 October 2014. Then company filled appeal bearing No. 194/KB/2014 U/s 45 (b) before the appellate Tribunal Inland Revenue Karachi Pakistan. Before the decision of Appeal No.194/KB/2014 office of the Assistant Commissioner Inland Revenue, E&C Unit/04 Zone IV RTO Karachi issued recovery notice No.293 dated 27 May 2015 for the recovery of Rs. 24,686,265 with the penalty & default surcharge for Rs. 8,774,617 and attached the bank accounts and recovered the Rs. 33,460,882 now the pending appeal No.194/KB/2014 allowed in the favor of the company by set aside adverse order dated 26 August 2013 and dated 13 October 2014 . Company is very much hopeful to recover the above amount.</p>		

TOWELLERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2020

	Note	2020 Rupees	2019 Rupees
13	INCOME TAX AND SALES TAX REFUNDABLE		
Income Tax refundable			
Balance at the beginning of the year		22,078,214	21,954,007
Advance income tax		7,346,552	2,156,397
Provision for taxation adjusted against advance tax		(329,431)	(2,032,190)
Balance at the end of the year		29,095,335	22,078,214
Sales tax refundable		240,172,647	80,936,727
		<u>269,267,982</u>	<u>103,014,941</u>
14	CASH AND BANK BALANCES		
Cash in hand		273,656	246,259
Cash at banks:			
In current accounts		13,068,628	136,643,659
In saving accounts	14.1	336,953,218	150,383,398
		350,021,846	287,027,057
		<u>350,295,502</u>	<u>287,273,316</u>
14.1	It carries mark up at the rate of 6.5% to 12.25% (June 30, 2019 : 8.75% to 11.55%) per annum.		
15	ISSUED, SUBSCRIBED AND PAID UP CAPITAL		
	2020	2019	
	Number of shares		2020 Rupees
			2019 Rupees
9,372,247	9,372,247	Ordinary shares of Rs. 10 each allotted for consideration paid in cash	93,722,470
1,012,753	1,012,753	Ordinary shares of Rs. 10 each allotted as bonus shares	10,127,530
6,615,000	6,615,000	Ordinary shares of Rs. 10 each allotted for consideration against plant & machinery	66,150,000
	<u>17,000,000</u>		<u>170,000,000</u>
			<u>170,000,000</u>
15.1	The shareholders' are entitled to receive all distributions to them including dividend and other entitlements in the form of bonus and right shares as and when declared by the Company. All shares carry "one vote" per share without restriction.		
16	SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT		
Balance at the beginning of the Year		849,841,504	875,843,885
Surplus on revaluation of land, building & plant and machinery		429,041,341	-
		1,278,882,845	875,843,885
Transfer to unappropriated profit in equity on account of incremental depreciation charged in profit and loss account		(51,833,883)	(26,002,381)
Balance at the end of the Year		<u>1,227,048,962</u>	<u>849,841,504</u>

TOWELLERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2020

	Note	2020 Rupees	2019 Rupees
16.1			
<p>Revaluation of property plant and equipment was carried out on December 14, 1994 by M/s. Iqbal A. Nanjee & company, an independent valuer which resulted a surplus of Rs. 51,761,688/- further revaluations were carried by the same valuer on property plant and equipment on 18.09.2002 resulting a surplus of Rs. 114,522,302/-, property plant and equipment on 31.08.2006, resulting surplus of Rs. 290,598,092/-, on property plant and equipment (Karachi located) on 18.04.2009 which resulted a surplus of Rs. 111,213,341/- and on 24.05.2013 which resulted a surplus of Rs. 426,916,311/- and a deficit of Rs. 60,988,241/- and were credited and debited to surplus on revaluation account. Location wise revaluation of property plant and equipment was carried out on April 30, 2015 by M/s. Iqbal A. Nanjee & company which resulted a surplus of Rs. 299,410,253 and were credited to surplus on revaluation account. Revaluation of property plant and equipment was carried out on August 05, 2017 by M/s. Iqbal A. Nanjee & 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/.</p>			
17 DEFERRED LIABILITIES		2020 Rupees	2019 Rupees
Staff retirement benefits-Gratuity	17.1	163,375,631	97,902,015
		<u>163,375,631</u>	<u>97,902,015</u>
17.1 Movement in the net liability recognized in the balance sheet			
Opening net liability		97,902,015	111,448,587
Expense for the year	17.2	36,292,339	23,429,447
Reversals recognized in other comprehensive income		44,530,044	(19,920,426)
		<u>178,724,398</u>	<u>114,957,608</u>
Benefits paid during the year		(15,348,767)	(17,055,593)
Closing net liability		<u>163,375,631</u>	<u>97,902,015</u>
17.2 Expense recognized in the profit and loss account			
Current service cost		25,490,259	12,817,106
Interest cost		10,802,080	10,612,341
		<u>36,292,339</u>	<u>23,429,447</u>
17.3 Expense recognized in other comprehensive income			
Net actuarial loss / (gain) recognized in the balance sheet		44,530,044	(19,920,426)
		<u>44,530,044</u>	<u>(19,920,426)</u>
17.4 Movement in the present value of defined benefit obligation			
Present value of defined benefit obligation		97,902,015	111,448,587
Past service cost		-	-
Current service cost		25,490,259	12,817,106
Interest cost		10,802,080	10,612,341
Actuarial loss / (gain)		44,530,044	(19,920,426)
Benefits paid		(15,348,767)	(17,055,593)
		<u>163,375,631</u>	<u>97,902,015</u>

TOWELLERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2020

	Note	2020 Rupees	2019 Rupees
17.5	Gratuity expenses have been allocated as follows		
	Cost of goods manufactured	20,735,272	10,204,009
	Administrative expenses	15,557,067	13,225,438
		36,292,339	23,429,447
17.6	Historical information		
		2020	2019
		2018	2017
		2016	
	Present value of defined benefit obligation	163,375,631	97,902,015
		103,605,364	96,309,338
		139,288,394	139,288,394
17.7	Reconciliation		
	Present value of defined benefit obligation	163,375,631	97,902,015
		163,375,631	97,902,015
17.8	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.		
17.9	Principal actuarial assumption		
	Following are a few important actuarial assumption used in the valuation.		
		%	%
	Discount rate	8.50%	14.25%
	Expected rate of increase in salary	10.00%	10.00%
17.10	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	5,493,111	(5,795,897)
	Expected rate of increase in future salaries	(5,661,863)	5,468,572
17.11	Expected gratuity expense for the year ending June 30, 2021 works out to Rs.38,352,809/-.		
17.12	The weighted average duration of defined benefit obligation is 7 years.		
18	TRADE AND OTHER PAYABLES		
	Trade Creditors	609,990,586	543,985,538
	Accrued liabilities	22,955,071	16,049,047
	Advances from customers	22,532,109	4,456,390
	Workers' profit participation fund	16,574,499	23,467,914
	Sindh sales tax withholding	12,578	4,638
	Further Tax	7,477	22,422
		672,072,320	587,985,950
18.1	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. 4,456,390 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, 2020

	Note	2020 Rupees	2019 Rupees
18.2 Workers' profit participation fund			
Balance at the beginning of the Year		23,467,914	14,716,104
Interest on fund utilized in company's business		1,710,721	662,225
		25,178,635	15,378,329
Paid during the year		(25,178,635)	(15,378,329)
		-	-
Allocation for the year		16,574,499	23,467,914
Balance at the end of the Year		16,574,499	23,467,914
19 CONTINGENCIES AND COMMITMENTS			
19.1 Contingencies			
19.1.1 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 undistribution profit has been recorded in this financial statement ending June 30, 2020.			
19.1.2 The company has filed appeal before the Commissioner Inland Revenue (Appeal) Karachi bearing No. dated 08 November 2013 against the order in original No.10 of 2013 dated 26 August 2013 for the recovery of Rs. 24,686,265 which was rejected by Commissioner Inland Revenue (Appeal-I) Karachi on dated 13 October 2014. Then company filled appeal bearing No. 194/KB/2014 U/s 45 (b) before the appellate Tribunal Inland Revenue Karachi Pakistan. Before the decision of Appeal No.194/KB/2014 office of the Assistant Commissioner Inland Revenue, E&C Unit/04 Zone IV RTO Karachi issued recovery notice No.293 dated 27 May 2015 for the recovery of Rs. 24,686,265 with the penalty & default surcharge for Rs. 8,774,617 and attached the bank accounts and recovered the Rs. 33,460,882 now the pending appeal No.194/KB/2014 allowed in the favor of the company by set aside adverse order dated 26 August 2013 and dated 13 October 2014 . Company is very much hopeful to recover the amount.			
19.1.3 The Government levied Gas Infrastructure Development Cess (GIDC) amounting to Rs.36.689 million. Levy was challenged by the company in the High Court of Sindh. The Hon'able Court had granted Stay Order in favour of the Company, which was challenged in Supreme Court of Pakistan. Subsequent to the reporting date, the Honorable Supreme Court of Pakistan issued judgment on August 13, 2020 declaring the levy as valid. Subsequent to the decision of the Supreme Court, industry as a whole filed a review petition in the Sindh High Court and the honorable High Court granted stay against the recovery of the same.			
19.1.3 Guarantees			
Bank guarantees issued in the ordinary course of business.		9,405,000	9,405,000
19.2 Commitments			
There were no commitments as on year end (2019: Nil).			
20 SALES - NET			
Export	20.1	3,745,289,809	3,803,393,922
Local		7,548,925	16,670,430
Waste		4,785,788	4,097,448
		3,757,624,522	3,824,161,800
Rebate		109,013,440	98,229,613
Commission on exports		(43,237,864)	(32,436,956)
Discount on exports		(51,146,040)	(41,669,476)
		3,772,254,058	3,848,284,981

TOWELLERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2020

20.1 Exchange gain due to currency rate fluctuations relating to export sales amounting to Rs.22.14 million (June 30, 2019: Rs. 177.32 million) has been included in export sales.

21 COST OF SALES

Cost of goods manufactured	21.1	2,408,226,324	2,288,696,186
Finished goods			
Opening stock		150,013,082	115,771,463
Purchases		666,703,320	730,763,605
Closing stock		(153,559,133)	(150,013,082)
Cost of sales		3,071,383,593	2,985,218,172
21.1 Cost of goods manufactured			
Raw material consumed	21.1.1	1,112,114,060	1,052,382,325
Purchase (semi finished goods)		294,907,784	217,958,890
Stores and spares consumed	21.1.2	14,597,552	11,633,786
Other manufacturing expenses	21.1.3	486,863,635	520,244,070
Salaries, wages and other benefits	21.1.4	327,823,700	282,308,220
Communication expenses		601,485	945,300
Conveyance		225,814	209,890
Utilities		91,279,373	79,735,072
Insurance		20,542,021	19,973,109
Repairs and maintenance		26,019,412	22,767,612
Oil and lubricants		139,572	104,389
Printing and stationery		2,193,529	1,949,389
Subscription, fees and taxes		7,460,090	5,673,394
Entertainment expenses		5,045,628	5,216,658
Vehicle running and maintenance		8,374,651	7,743,000
Depreciation	4.1	80,457,606	67,898,361
Other expenses		8,006,390	8,585,349
		2,486,652,302	2,305,328,814
Work in process			
Opening stock		146,982,806	130,350,178
Closing stock		(225,408,784)	(146,982,806)
		(78,425,978)	(16,632,628)

		2020	2019
	Note	Rupees	Rupees
21.1.1 Raw material consumed			
Opening stock		189,956,127	127,839,775
Purchases - net		1,096,955,834	1,099,997,599
Cartage-in		14,202,460	14,501,078
		1,301,114,421	1,242,338,452
Stock in-transit		-	(3,660,000)
Closing stock		(189,000,361)	(186,296,127)
		1,112,114,060	1,052,382,325
21.1.2 Stores and spares consumed			

TOWELLERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2020

Opening stock	20,721,948	18,658,507
Purchases - net	20,878,828	13,697,227
	41,600,776	32,355,734
Closing stock	(27,003,224)	(20,721,948)
	14,597,552	11,633,786

21.1.3 Other manufacturing expenses

Fabric dyeing and processing charges	309,599,403	328,557,796
Stitching charges	177,264,232	191,686,274
	486,863,635	520,244,070

21.1.4 Salaries, wages and other benefits includes Rs.20,735,272/- (June 30, 2019: Rs. 10,204,009/-) in respect of staff retirement benefits (gratuity).

22 DISTRIBUTION COST

Export development surcharge	8,992,003	9,109,943
Export freight	88,320,131	102,928,225
Clearing and forwarding	23,454,739	24,237,635
Marine insurance	2,886,687	2,863,360
Fair & exhibition	12,784,687	9,293,702
Buyer Entertainment	1,947,075	122,871
Travelling	19,534,956	38,447,086
	157,920,278	187,002,822

	Note	2020 Rupees	2019 Rupees
23 ADMINISTRATIVE EXPENSES			
Directors' remuneration		30,384,584	26,425,391
Staff salaries and other benefits	23.1	126,255,905	107,515,358
Conveyance		162,466	86,019
Vehicle running and maintenance		5,519,240	7,708,143
Subscription, fees and taxes		23,374,960	13,009,570
Utilities		4,899,779	5,194,539
Printing and stationery		1,070,256	798,055
Legal and professional charges		914,130	2,822,707
Repairs and maintenance		5,494,738	2,163,244
Communication expenses		11,754,820	12,410,086
Entertainment		5,678,519	4,489,181
Office expenses		3,603,743	1,910,352
Insurance		7,353,755	6,037,312
Advertisement		578,125	626,866
Impairment loss		-	1,191,043
Depreciation	4.1	10,612,938	9,589,208
		237,657,958	201,977,074

23.1 Staff salaries and other benefits includes Rs. 15,557,067/- (June 30, 2019: Rs.13,225,438/-) in respect of staff retirement benefits (gratuity).

TOWELLERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2020

24 OTHER OPERATING EXPENSES

Workers' profit participation fund	18.2	16,574,499	23,467,914
Auditors' remuneration	24.1	1,041,841	1,207,866
Donation	24.2	679,800	460,000
		18,296,140	25,135,780

24.1 Auditors' remuneration

Annual audit fee		750,000	698,775
Half yearly review fee		128,841	128,841
Code of corporate governance review		55,000	55,000
Tax services		35,000	255,000
Other services		73,000	70,250
		1,041,841	1,207,866

24.2 None of the directors or their spouses had any interest in donee fund.

	Note	2020 Rupees	2019 Rupees
25 OTHER INCOME			
From financial assets			
Profit on savings account		34,291,998	8,197,187
Bad debt recovered		224,929	-
From other than financial assets			
Gain / (loss) on sale of property, plant and equipment	4.3	(209,264)	411,265
		34,307,663	8,608,451

26 FINANCE COST

Interest on WPPF	18.2	1,710,721	662,225
Bank charges		4,677,560	5,820,144
		6,388,281	6,482,369

27 TAXATION

Provision / reversal for taxation

Current year		36,652,712	38,397,542
Demanded income tax-Prior years		-	9,437,594
Sindh sales tax	27.3	2,368,413	557,849
		39,021,125	48,392,985

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

2001. 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.

27.3 Sindh sales tax is non refundable tax.

TOWELLERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2020

28 Earnings per share

Basic earnings per share

Profit for the year	Rupees	275,894,346	402,684,231
Weighted average number of ordinary shares outstanding during the year	Numbers	17,000,000	17,000,000
Profit per share - basic	Rupees	16.23	23.69

Diluted earnings per share

There were no convertible dilutive potential ordinary shares in issue as at June 30, 2020 and June 30, 2019.

	Note	2020 Rupees	2019 Rupees
--	------	----------------	----------------

29 REMUNERATION TO CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	2020			2019		
	CEO	Directors	Executives	CEO	Directors	Executives
	Rupees			Rupees		
Managerial remuneration	5,323,095	25,061,489	41,776,012	4,856,370	21,569,021	30,080,834
Bonus	-	-	1,709,964	253,656	1,208,275	1,302,148
Utilities	-	1,775,253	575,797	-	2,597,700	602,958
Medical expenses	-	955,397	385,096	28,991	2,551,711	1,261,347
Fuel & maintenance	-	2,472,717	2,684,528	-	1,511,820	2,300,727
Others	215,340	515,259	84,214	14,194	598,714	22,660
	5,538,435	30,780,115	47,215,611	5,153,211	30,037,241	35,570,673
Number of persons	1	5	13	1	5	10

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

30 TRANSACTIONS WITH RELATED PARTIES

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

Nature of transaction	Relationship	2020	2019
Salaries and other benefits	Key management personnel	36,318,550	35,190,452
Loan repaid to CEO	Key management personnel	-	1,458,339

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

	Note	2020 Rupees	2019 Rupees
--	------	----------------	----------------

31 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

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

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

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

31.1 Credit risk

31.1.1 Exposure to credit risk

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

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

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

TOWELLERS LIMITED

		2020 Rupees	2019 Rupees
Long term loans and advances	5	16,860,935	12,851,217
Long term deposits	6	16,875,320	19,755,320
Trade debts	9	510,349,437	402,696,309
Loans and advances	10	13,177,902	16,273,727
Trade deposits and short term prepayments	11	27,880,342	16,279,720
Other receivables	12	86,258,889	142,658,930
Cash and bank balances	14	350,295,502	287,273,316
		<u>1,021,698,326</u>	<u>897,788,539</u>

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

		2020 Rupees	2019 Rupees
Domestic	9	4,193,849	1,164,297
Export	9	506,155,588	401,532,012
		<u>510,349,437</u>	<u>402,696,309</u>

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

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

	Gross debtors	
	2020	2019
	Rupees	
Not past due	449,735,778	345,206,741
Past due 0 - 30 days	60,350,517	46,560,670
Past due 31 - 90 days	263,142	5,544,301
Past due 91 days - 1 year	-	5,384,597
More than one year	-	-
	<u>510,349,437</u>	<u>402,696,309</u>
Impairment	-	-
	<u>510,349,437</u>	<u>402,696,309</u>

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

	Note	2020 Rupees	2019 Rupees
--	------	----------------	----------------

31.2 Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking 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.

	2020					
	Carrying Amount	Contractual Cash flows	Six months or less	Six to twelve months	Two to five years	More than five years
	Rupees					
Non - derivative Financial liabilities						
Trade and other payables	672,072,320	672,072,320	672,072,320	-	-	-
	<u>672,072,320</u>	<u>672,072,320</u>	<u>672,072,320</u>	<u>-</u>	<u>-</u>	<u>-</u>
	2019					
	Carrying Amount	Contractual Cash flows	Six months or less	Six to twelve months	Two to five years	More than five years
	Rupees					
Non - derivative Financial liabilities						
Trade and other payables	587,985,950	587,985,950	587,985,950	-	-	-
	<u>587,985,950</u>	<u>587,985,950</u>	<u>587,985,950</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

TOWELLERS LIMITED

31.3 Market risk

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

31.3.1 Currency risk

Exposure to currency risk

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

	US Dollar	Euro	GBP	Rupees
Trade debts 2020	2,953,392	48,899	-	506,155,588
Trade debts 2019	2,261,731	135,161	26,075	401,532,012

The following significant exchange rates applied during the year.

	Average rates		Reporting date rates	
	2020	2019	2020	2019
US Dollar to Rupee	144.83	114.21	168.25	121.40

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	(24,845,414)	(18,546,196)
-----------	--------------	--------------

The sensitivity analysis prepared is not necessarily indicative of the effects on profit for the year and liabilities of the company.

	Note	2020 Rupees	2019 Rupees
--	------	----------------	----------------

31.3.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate exposures 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	1,455,616,441	1,197,643,589
------------------	---------------	---------------

Variable rate instruments

Financial assets	336,953,218	150,383,398
------------------	-------------	-------------

Financial liabilities

672,072,320	587,985,950
-------------	-------------

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, 2019.

	Profit and loss		Equity	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
	Rupees			
Cash flow sensitivity - variable rate instruments 2020	6,720,723	(6,720,723)	-	-
Cash flow sensitivity - variable rate instruments 2019	5,879,860	(5,879,860)	-	-

31.4 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.

31.5 Off balance sheet items

Bank guarantees issued in ordinary course of business	9,405,000	9,405,000
---	-----------	-----------

31.6 The effective rate of interest / mark up for the monetary financial assets and liabilities are mentioned in respective notes to the financial

32 CAPITAL RISK MANAGEMENT

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

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

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

TOWELLERS LIMITED

Total equity	Rupees	2,714,250,676	2,053,845,033
Total capital employed	Rupees	2,714,250,676	2,053,845,033
Gearing ratio	Percentage	0.00	0.00

33 MEASUREMENT OF FAIR VALUES:

A number of the Company's accounting policies and disclosure require the measurement of fair values, for both financial, 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:

-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 categorized 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.

34 CAPACITY AND PRODUCTION

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

35 NUMBER OF EMPLOYEES

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

	2020	2019
Total number of employees as at June 30-Factory	910	903
Total number of employees as at June 30-Head Office	104	109
Total	1014	1012
Average number of employees during the year-Factory	907	801
Average number of employees during the year-Head Office	107	102
Total	1014	903

36 IMPACT OF COVID-19

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

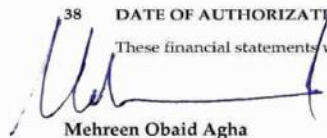
	2020 Rupees	2019 Rupees
Following are the estimated impacts of Covid -19 pandemic:		
Lost turnover	378,549,906	-
Lost profitability	112,443,123	-
Total estimated sales & profitability for the year, had Covid pandemic would not have occurred:		
Total Sales	4,151,456,317	-
Profitability	353,807,872	-

37 CORRESPONDING FIGURES

Figures have been rounded off to the nearest Rupee.

38 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue by the board of directors of the company 25 Sep, 2020.


Mehreen Obaid Agha
Chief Executive


Sana Bilal
Director


Adnan Moosaji
Chief Financial Officer

Karachi, September 25, 2020

TOWELLERS LIMITED

CATEGORIES OF SHAREHOLDING AS ON JUNE 30, 2020

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
Mr. Abdul Jalil Shariff	1	5,000	0.03
S.M. Humza Obaid	1	3,983,469	23.43
CORPORATION			
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
INSURANCE COMPANY			
National Insurance Company Ltd	1	526,000	3.09
Pakistan Reinsurance Company Ltd	1	129,759	0.76
PUBLIC SECTOR COMPANIES			
Y.S. Securities & Services Pvt Ltd	1	1,000	0.01
Market 786 Pvt Ltd MF	1	116,700	0.68
Pak Brunei Investment Company Limited	1	575,000	3.39
MRA Securities Limited - MF	1	1,000	0.01
GENERAL PUBLIC			
LOCAL	532	1,288,525	7.58
FOREIGN	7	8,009	0.05
Total	556	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

TOWELLERS LIMITED

CORPORATE GOVERNANCE

CORPORATE SOCIAL RESPONSIBILITIES

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

During the outbreak of COVID – 19 Pandemic, the Company distributed ration bags to deserving fellow countrymen to help them during the lockdowns enforced to curtail the pandemic.

HEALTH, SAFETY AND ENVIRONMENT

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

The installation of Solar Power Project was completed during the year and was made functional. This investment is a big step towards clean and green energy, which will also bring about cost savings and reduced carbon emissions.

HUMAN RESOURCE

Our employees are our greatest assets and the key strength of our business. Towellers firmly believes in nurturing, investing in and promoting its employees. The management of the company is committed to excellence and has a clear vision that trained human resources and delegating leadership 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 of the employees. During the year, the company has engaged university graduates as internees to help our staff in smooth transition to ERP from our legacy system. The course will train these internees, who may become valuable resources for the Company.

ENVIRONMENT PROTECTION – WASTEWATER TREATMENT PLANT

Environmental pollution is a major challenge our country is facing, and it is very important that appropriate measures be taken to protect our atmosphere, seas and land from getting more polluted. The toxic and hazardous chemicals which are emitted into our drains are a major threat to our underground water table, streams and our seas. The company is fully cognizant of this fact and therefore have invested in the wastewater treatment plant. The plant that we have installed at our

TOWELLERS LIMITED

factory is designed and operated to meet and exceed environmental standard, securing the health of our employees and local atmosphere by neutralizing the toxic chemicals and wastes before they are excreted into our drains.

WHISTLEBLOWING POLICY

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

INSIDER TRADING

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

POLICY FOR SAFEGUARDING OF RECORDS

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

INFORMATION TECHNOLOGY

The introduction and implementation of the reliable and dependable ERP was long overdue. The Implementation of phase I of ERP which was initiated during the financial year 2019 has reached to its conclusive stage and live transactions starting from purchase department have started through the ERP, subsequent to the balance sheet date. During the year 2020-21, the accounts and reports will be prepared through the ERP. Management anticipates that controlling and monitoring of resources and performance of the Company will greatly improve with the latest Management Information System in place.

TOWELLERS LIMITED

Standard Request Form Circulation of Annual Audited Accounts

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

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

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

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

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

Option 1 – Via Email

Name of the Member/ Shareholders : _____

CNIC /SNIC # : _____

Folio / CDC Account Number : _____

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

Option 2 – Hard Copy

Name of the Member/ Shareholders : _____

CNIC /SNIC # : _____

Folio / CDC Account Number : _____

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

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

Shareholder's signature

IMPORTANT NOTES FOR THE SHAREHOLDERS

Dear Shareholder(s)

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

1. **SHARE TRANSFER BOOKS:**

Transfer received in order, at our share registrar M/s THK Associates Pvt. Ltd, Karachi by the close of business hours on 19th of October 2020 will be considered in time.

2. **Participation in the Meeting.**

Members whose names appearing in the Register of Members as on October 19, 2020, are entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend, speak and vote for him/her. A proxy must be a Member of the Company.

An instrument of proxy applicable for the Meeting is being provided with the Notice sent to Members. Further copies of the instrument of proxy may be obtained from the Registered Office of the Company/share Registrar during normal office hours. Proxy form may also be downloaded from the Company's website: <http://www.towellers.com>

An instrument of proxy and the power of attorney or other authority (if any) under which it is signed, or a materially certified copy of such power or authority, must, to be valid, be deposited at the Registered Office of the Company not less than 48 hours before the time of the Meeting.

Members are requested to submit a copy of their (CNIC/SNIC), if not already provided and notify immediately changes, if any, in their registered address to our Shares Registrar, / Company.

3. **Guidelines for Central Depository Company of Pakistan Limited ('CDC') Account Holders.**

CDC Account Holders will further have to follow the under mentioned guidelines as laid down in Circular 1 dated January 26, 2000, issued by the Securities and Exchange Commission of Pakistan (SECP).

A. **For Attending the Meeting:**

(i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall authenticate his/her identity by showing his/her original CNIC/SNIC or original passport at the time of attending the Meeting.

TOWELLERS LIMITED

(ii) In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting.

B. For Appointing Proxies:

(i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form as per the above requirement.

(ii) The proxy form shall be witnessed by two persons whose names, addresses and CNIC/SNIC numbers shall be mentioned on the form.

(iii) Attested copies of CNIC/SNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.

(iv) The proxy shall produce his original CNIC/SNIC or original passport at the time of the Meeting.

(v) In case of a 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.

4. Consent for Circulation of Audited Financial Statements and Notice of AGM through Email.

Circulation of Annual Audited Accounts via Email/CD/USB/DVD or Any Other Media Pursuant to the directions given by the Securities and Exchange Commission of Pakistan through its SRO 787(1)12014 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/USB/DVD or any other Electronic Media at their registered Addresses.

5. Consent for Video Conference Facility.

Pursuant to Section 134(1)(b) of the Companies Act, 2017, if the Company receives a request from member(s) holding an aggregate ten percent (10%) or more shareholding residing at another city, such member(s) may request a video conferencing facility for the purposes of participating in the meeting at such a location by sending a request to the Company at least 10(ten) days prior to the date of meeting, the Company will arrange video conference facility in that city subject to the availability of such facility in that city.

The Company will intimate members regarding venue of video conference facility at least 7 days before the date of Annual General Meeting along with complete information necessary to enable them to access such facility.

6. Submission of CNIC/SNIC/NTN (Mandatory).

TOWELLERS LIMITED

Pursuant to the directives of the SECP, the dividend of shareholders whose CNIC/SNIC or NTN (in case of corporate entities). are not available with the Share Registrar could be withheld. Shareholders are therefore, requested to submit a copy of their valid CNIC/SNIC (if not already provided) to the Company's Share Registrar M/s THK Associates (Pvt.) Ltd. 1st floor, 40-C Block-6, P.E.C.H.S. Karachi Pakistan. In the absence of a member's valid CNIC/SNIC, the Company will be constrained to withhold dispatch of dividend warrants to such shareholders.

7. Dividend Mandate (Mandatory).

In accordance with the Provision of Section 242 of the Companies Act 2017, and Regulation 4 of the Companies (Distribution of Dividends) Regulations 2017, a listed company is required to pay cash dividend to the shareholders ONLY through electronic mode directly into the bank account designated by the entitled shareholders. In compliance with the above law, in order to receive dividends directly in your bank Account, you are requested to provide the information mentioned in the Form placed at the Company's website <http://www.towellers.com> otherwise the Company would be constrained to withhold payment dividend (if any) in terms of Regulation 6 of the Companies (Distribution of Dividends) Regulations 2017. Shareholders shall submit the information directly to their brokers/ Central Depository Company Ltd. If the shares are held in the electronic form or to the Company's Shares Registrar if the shares are held in physical form.

8. Revised Treatment of Withholding Tax.

Dividend income on shares is liable to deduction of withholding tax under Section 150 of the Income Tax Ordinance, 2001 and pursuant to Finance Act 2019, effective July 1, 2019, withholding of tax on dividend based on 'Active' and 'Non-Active' status of shareholders shall be @ 15% and 30% respectively. Where 'Active' means a person whose name appears on the Active Taxpayers List available at e-portal of FBR and 'Non-Active' means a person whose name is not being appeared on the Active Taxpayers List.

Furthermore, according to clarification provided by the FBR; in case a Folio/CDS Account is jointly held, each joint-holder is to be treated separately as Active or Non-Active. In terms of the said clarification, tax of each joint-holder has been deducted on the gross dividend amount determined by bifurcating the shareholding of each joint-holder on equal proportions, except where shareholding proportion of joint-holder(s) is pre-defined as per the records of the Company's Share Registrar and thus tax rates are applied in line with respective proportions.

Those shareholders who are holding Folio/CDS jointly; are requested to notify (in writing) any change in their shareholding proportions to Company's Share Registrar (in case of physical shareholding) or their Participants / CDC Investor Account Services so that their revised shareholding proportions are considered by the Company in all prospective dividend payouts of the Company, if any.

		Principal Share Holder		Joint Share Holder	
Folio	Total	Name &	Shareholding	Name &	Shareholding
CDS	Shares	CNIC #	proportion (No. of Shares)	CNIC #	proportion (No of shares)

TOWELLERS LIMITED

The required information must reach the share registrar of the Company by the close of business on October 19, 2020 otherwise it will be assumed that the shares are equally held by Principal shareholder and Joint shareholder(s).

9. Exemption from Deduction of Income Tax / Zakat.

Members seeking exemption from deduction of income tax or are eligible for deduction at a reduced rate, are requested to submit a valid tax exemption certificate or necessary documentary evidence as the case may be. Members desiring non-deduction of zakat are also requested to submit a valid declaration for non-deduction of zakat.

10. Unclaimed Shares/Unpaid Dividend

As per the provisions of section 244 of the Companies Act, 2017, any shares issued or dividend declared by the Company which have remained unclaimed/unpaid for a period of three years from the date on which it was due and payable, are required to be deposited with Securities and Exchange Commission of Pakistan for the credit of Federal Government after issuance of notices to the Shareholders to file their claim. The details of the shares issued and dividend declared by the company which have remained due for more than three years

11. E-Voting

Members can also exercise their right of E-voting subject to the requirements of Section. 143 - 145 of the Companies Act 2017 and the applicable clauses of the Companies (Postal Ballot) Regulations 2018.

12. Placement of Financial Statements :

The Financial Statements of the company for the year ended June 30th 2020, along with reports have been placed on the website of the Company <https://www.towellers.com>

13. Details of Beneficial Ownership

Attention of corporate entities / legal persons is also invited towards SECP Circular No. 16 and 20 of 2018, Respective shareholders (corporate entities / legal persons) are advised to provide the information pertaining to ultimate beneficial owners and other information as prescribed in the subject SECP Circulars to the Share Registrar of the company.

14. Change of Address.

Members holding physical shares are requested to notify any change in their addresses immediately to our Share Registrar M/s THK Associate Pvt Ltd 40-C, 1ST Floor Block-6, P.E.C.H.S. Karachi - Pakistan.

15. Deposit of Physical Shares in CDC Accounts

Shareholders having physical shareholding are required to place their physical shares into script-less form as per Section 72 (2) of the Companies Act 2017 i.e. Every existing company shall be required to replace its physical shares with book-entry form in a manner as may be specified, and from the date notified by Commission, within a period not exceeding four years from the commencement of the Act"

TOWELLERS LIMITED

INVESTORS' EDUCATION

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

www.jamapunji.pk



**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

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

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

ٹاولرز لمیٹڈ

ٹاولرز ہاؤس، ڈبلیو ایس اے 31-30، بلاک نمبر 1،
فیڈرل ٹی ایریا، کراچی-75950



اطلاع برائے سالانہ اجلاس عام

بذریعہ نوٹس نذر مطلع کیا جاتا ہے کہ ٹاولرز لمیٹڈ کا سینٹا لیسواں (47) سالانہ اجلاس عام، 27 اکتوبر 2020ء بروز منگل، 4:00 بجے شام، بمقام ڈبلیو ایس اے، 31-30، بلاک-1، فیڈرل ٹی ایریا، کراچی، مندرجہ ذیل امور کی انجام دہی کیلئے منعقد ہوگا۔ واضح رہے کہ اس اجلاس میں ڈیو کا نفرنگ کے ذریعے بھی شرکت کی جاسکتی ہے:

عمومی کارروائی:

- 1- 24 اکتوبر، 2019ء بروز جمعرات، منعقد ہونے والے سالانہ اجلاس عام کی کارروائی کی توثیق کرنا۔
- 2- عرصہ مختصر 30 جون، 2020ء کے لیے کمپنی کے ڈائریکٹرز، آڈیٹرز کی رپورٹس کے ہمراہ کمپنی کے آڈٹ شدہ مالیاتی گوشواروں پر غور و خوض کرنا اور منظوری دینا۔
- 3- آئندہ سال کے لیے آڈیٹرز کا تقرر اور ان کے معاوضے کا تعین کرنا۔

دیگر کارروائی:

- 4- اجلاس کے سربراہ کی اجازت سے کوئی دیگر کارروائی عمل میں لانا۔

بحکم بورڈ
محمد فرحان عادل
کمپنی سیکریٹری

کراچی: 25 ستمبر، 2020

نوٹس:

- 1- کمپنی کی منتقلی چھ حصص کی کتابیں مورخہ 20 اکتوبر، 2020ء تا 27 اکتوبر، 2020ء تک بند رہیں گی (دونوں دن شامل ہیں)۔
- 2- اجلاس میں شرکت کرنے، بولنے اور ووٹ کا حق رکھنے والا ہر ممبر اپنی جگہ کمپنی کے کسی دوسرے ممبر کو اپنی جانب سے اجلاس میں شرکت کرنے اور ووٹ دینے کیلئے اپنا نمائندہ مقرر کر سکتا ہے۔ نمائندگی نامہ اجلاس کے انعقاد کے وقت سے کم از کم اڑتالیس (48) گھنٹے پہلے کمپنی کے رجسٹرڈ آفس یا شیئر رجسٹرار آفس میں جمع کرادیا جائے۔ کارپوریٹ آفس کے نمائندے کو ایسے مقاصد کے لیے درکار عمومی دستاویزات لانی ہوں گی۔
- 3- کرونا وائرس (COVID-19) کی موجودہ صورت حال کی طرف سے خطرے کے پیش نظر سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان نے بذریعہ سرکولر نمبر 5 بتاریخ 17 مارچ 2020ء کمپنی کو شیئر ہولڈرز کی صحت و سلامتی کے تحفظ کے لیے ڈیو کا نفرنگ کے ذریعے اجلاس کے انتظامات کی ہدایت کی ہے۔
- 4- ایسے شیئر ہولڈر سے، جو ڈیو کا نفرنگ کے ذریعے AGM میں شرکت میں دل چسپی رکھتے ہوں، درخواست کی جاتی ہے کہ جلد از جلد مین AGM کے وقت سے کم از کم 24 گھنٹے پہلے درج ذیل ذرائع سے کمپنی سیکریٹری کے آفس کو درج ذیل تفصیلات مہیا کر کے خود کو رجسٹرڈ کرائیں:
الف) موبائل / واٹس اپ: 03008205172 اور ای میل: farhan@towellers.com
ب) شیئر ہولڈرز کو ہدایت کی جاتی ہے کہ اپنے نام، CNIC نمبر، فوٹو، CDC کا ڈنٹ نمبر، موبائل نمبر اور ای میل آئی ڈی اپنی شناخت کے لیے درج کریں۔ کمپنی AGM کی تاریخ کو ان کے ای میل ایڈریس پر لاگ ان کے کوائف بھیجے گی۔ شیئر ہولڈرز اپنے اسمارٹ فون / کمپیوٹر ڈیوائسز کے ذریعے AGM کی کارروائی میں شریک ہو سکیں گے۔
- 5- سی ڈی سی اکاؤنٹ ہولڈرز کو سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) کی جانب سے 26 جنوری 2020ء کو جاری کیے گئے سرکلر 1 میں درج ہدایات پر بھی عمل کرنا ہوگا۔
- 6- تمام شیئر ہولڈرز سے درخواست ہے کہ اپنے پتے میں کسی بھی تبدیلی سے شیئر رجسٹرار، میسرز ٹی ایچ کے، ایسوسی ایٹس پرائیویٹ لمیٹڈ کو آگاہ کریں۔

TOWELLERS LIMITED

ڈائریکٹر رپورٹ

معزز ممبران گرامی

اسلام علیکم

کمپنی کے ڈائریکٹرز کی جانب سے انتہائی مسرت کے ساتھ آپ کی خدمت میں کمپنی کی سالانہ آڈیٹ رپورٹ برائے سال June, 30, 2020 پیش کی جا رہی ہے۔ یہ مالیاتی رپورٹ انٹرنیشنل اکاؤنٹنگ اسٹینڈرڈز اوپنٹیز ایکٹ 2017 کے قانونی ضابطوں انڈر سیکشن 227 کو مد نظر رکھتے ہوئے تیاری کی گئی ہے۔

اقتصادی جائزہ:

مالی سال 2019-2020 پاکستان کے لیے ایک بہت مشکل اور دشوار ثابت ہوا۔ تازہ ترین دستیاب شرح نمو (July-March- 2020) منفی 0.38% رہی۔ جبکہ صنعتی مینوفیکچرنگ اور بڑے پیمانے پر مینوفیکچرنگ (LSM) میں شرح نمو میں ہلکا سا اضافہ 2.64% منفی، 5.56% اور منفی 7.8% رہی۔ تاہم چھوٹے پیمانے پر مینوفیکچرنگ سیکٹر میں 1.52% اضافہ ہوا ہے۔ افراط زر کی شرح 6.8% رہی۔ کوئی 19 کی وبا پھیلنے سے پہلے ہی پاکستان کی معیشت کو سخت مشکلات کا سامنا تھا۔ اس وبا نے انہیں مشکلات کو کئی گنا بڑھا دیا۔ لاک ڈاؤن کی وجہ سے پیداوار متعلقہ کارخانے کا کھانا بند رہا جبکہ کمپنی کو تنخواہوں اور دیگر ملے شدہ اخراجات اور کرنے پڑے۔ تاہم مالی سال کے بعد کوئی 19 کے فعال گیسٹوں میں نمایاں کمی ہونے کے بعد اقتصادی سرگرمیوں میں بہتری دیکھی گئی ہے۔

کمپنی کی کارکردگی:

کمپنی نے اس سال 3,773,773 روپے کا کاروبار کیا ہے، جبکہ پچھلے سال یہ رقم 3,848,848 روپے کے برابر تھی۔ برآمدی حجم میں کمی کی بڑی وجہ برآمدی آرڈرز کا منسوخ یا ملتوی ہونا تھا۔ جو کہ کوئی عالمی وبا کی وجہ سے ہوا اور جس نے عالمی اقتصادیات کو بری طرح متاثر کیا۔ ایک بار پھر روپے کی قدر کی کمی نے ہمارے کاروبار کو سخت دہی، جس کو وجہ سے ہماری برآمدات پچھلے سال کے مقابلے میں محض 2% کم رہیں اگرچہ اس سال ہمارا برآمدی ہدف حاصل نہیں ہو سکا۔ لیکن ہم پرامید ہیں کہ اگلے مالی سال میں ہم یہ ہدف حاصل کریں گے۔

اس سال کمپنی کا خالص منافع 275,899 ملین روپے رہا۔ جبکہ فی شخص آمدنی 16.23 روپے فی شیئر (23.69 فی شیئر 2019)۔ براہ کرم یہ بات ملحوظ خاطر رکھی جائے کہ پچھلے سال کے دوران غیر معمولی منافع میں 177 ملین روپے کا زر مبادلہ کی تبدیلی کا فائدہ شامل تھا۔

SRO 1125 کی منسوخی کے بعد صنعتوں کو مجموعی طور پر اپنے قلیل مدتی کاروباری ضروریات کے لیے سرمایہ کاری کی کمی کے خدشہ لاحق تھے۔ تاہم انتہائی منظم کوششوں کے بدولت 90 دن کے تعطل کے ساتھ قابل واپسی سیکورٹیز کی مدد میں وصولیاں ہوئی اور جس کے ذریعے کمپنی کے کیش فلؤ کا انتظام چلایا جا رہا ہے۔ P&L کا خلاصہ مندرجہ ذیل ہے۔

30-Jun-20	30-Jun-19	
Rupees (000)		
3,772,254	3,848,285	سلیور
700,870	863,067	گراس پرائفٹ
157,920	187,003	ڈسٹریبیوشن کاسٹ
237,658	201,977	ایڈمنسٹریٹو اخراجات
18,296	25,136	دیگر اخراجات
34,308	8,608	دیگر آمدن
6,388	6,482	فنانس کاسٹ
314,915	451,077	ٹیکسیشن سے پہلے منافع
275,894	402,684	ٹیکسیشن کے بعد منافع
16.23	23.69	آمدن فی شیئر

پرائیکٹس:

ان مشکل حالات کے باوجود کمپنی کی انتظامیہ ایسے شعبوں میں سرمایہ کاری کرنے میں دلچسپی رکھتی ہے جن سے پیداواری کارکردگی میں بہتری، کاروباری بچت اور شفاف انتظامی معلوماتی رپورٹنگ کو تقویت ملے

TOWELLERS LIMITED

(ا) سولر پاور پراجیکٹ

کمپنی نے اس سال کے دوران ایک فیڈری میں ٹیسی توانائی کے منصوبے کو پایہ تکمیل تک پہنچایا جس سے بجلی کی ترسیل شروع ہو چکی ہے اور اس مد میں بجلی کے اخراجات میں کمی بھی شروع ہو چکی ہے۔ جون 2020 تک یہ بچت 3.87 ملین روپے تھی۔

(ا) محکمہ بجلی

اس مالی سال کے اختتام کے بعد کمپنی نے بجلی کا محکمہ تشکیل دیا ہے اور فی الوقت چھ مشینوں میں سرمایہ کاری کی ہے۔ اس سرمایہ کاری کے نتیجے میں پیداواری لاگت میں بچت ہوگی اور کپڑے کے معیار کو بہتر بنایا جائے گا۔

(ERP) ای آر پی کا نفاذ

ای آر پی کے نفاذ کا پہلا مرحلہ تقریباً ختم ہو چکا ہے اور کچھ موڈیولز پر براہ راست کام شروع ہو چکا ہے۔ اگلے مالی سال کی مالیاتی کتاب میں اب نئے ای آر پی پر ترجیح دی جائے گی۔

شیئر ہولڈنگ کا مراسلہ

30 June 2020 تک کی کمپنی کی شیئر ہولڈنگ کا مراسلہ کمپنی ایکٹ 2017 کے سیکشن 227(2)(F) کے تحت اس رپورٹ سے منسلک ہے۔

ڈائریکٹرز میٹنگ

کمپنی اپنے بورڈ ممبروں کی پیشہ وارانہ ترقی میں گہری دلچسپی لیتی ہے۔ کارپوریٹ گورننس اور دیگر ریگولیٹری تبدیلیوں سے متعلق قوانین اور حالیہ امور کے بارے میں ڈائریکٹرز کو بخوبی واقف رکھا جاتا ہے۔ کمپنی کے 4 ڈائریکٹرز نے پاکستان انشینیوٹ آف کارپوریٹ گورننس سے CCG قواعد میں کی تعلیم کرتے ہوئے سند حاصل کی ہے۔

ٹریڈنگ :

مذکورہ شیئر کی لین دین جو کہ شیئر ہولڈنگ کے مراسلہ میں درج ذیل ہیں، بورڈ آف ڈائریکٹرز ہی ای او سی ایف اور کمپنی کی فیڈری اور ہیڈ آف انٹرنل آڈٹ یا ان کا کسی فیملی ممبر کے ذریعے کمپنی کے حصص میں کوئی ٹریڈنگ نہیں کی گئی۔

ڈیویڈنڈ :

ملک میں موجودہ مشکل معاشی صورت حال ملک بھر میں کو روکنا وائرس کی وبا پھیلنے اور مجموعی طور پر کمزور GDP نے آپ کی کمپنی کی کارکردگی کو متاثر کیا ہے۔ کمپنی کی فروخت اور منافع دونوں میں پچھلے سال کی نسبت کمی آئی ہے۔ جبکہ ورکنگ کپٹل اور کیش فلو کے انتظام میں کافی دقت پیش آرہی ہے۔ نیز طے شدہ ترقیاتی اہداف حاصل کرنے کے لیے اور ان مواقع سے فائدہ اٹھانے کے لیے جو علاقائی سیاست کی وجہ سے پیدا ہو رہے ہیں، کسٹمرز اور مصنوعات کو متنوع بنانے کے لیے اور منافع کی سطح متاثر برقرار رکھنے کے لیے، اس بات کی اشد ضرورت ہے کہ آئندہ چند سالوں کے دوران کمپنی مشینوں اور جدید ٹیکنالوجی پر سرمایہ کاری کرے۔ چونکہ وبائی بیماری میں دوبارہ اضافے کا خطرہ ابھی جاری ہے اور اس وجہ سے ملکی کمزور اقتصادی حالت مزید متاثر ہو سکتی ہے۔ اور جدید مشینوں اور ٹیکنالوجی کی مستقل ضرورت کے پیش نظر بھی مستقبل قریب میں ڈیویڈنڈ کی تقسیم خارج از امکان ہے

فی حصص آمدنی :

ٹیکس کے بعد فی حصص آمدنی فی شیئر 16:27 روپے ہے۔ (2019:23:69)

چیئر پرسن کا جائزہ :

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

آڈیٹرز :

موجودہ ڈیویڈنڈز متعلقہ ایڈکوارڈ کاؤنٹرز ریٹائر ہو رہے ہیں اور اپنے آپ کو دوبارہ ترقی کے لیے پیش کر رہے ہیں آڈٹ کمپنی کی سفارش پر بورڈ آف ڈائریکٹرز نے متعلقہ ایڈکوارڈ کاؤنٹرز کی 30 جون 2021 کو ختم ہونے والے سال کے لئے دوبارہ ترقی کی تجویز پیش کی ہے۔

اعتراف :

آپ کے ڈائریکٹرز اس موقع پر تمام فریقین کی طرف سے ان کی حوصلہ افزائی اور مدد کے لئے ان کا شکریہ ادا کرتے ہیں۔ ہم کمپنی کے ہر ممبر کی طرف سے پیش کردہ وابستگی، لگن اور محنت کے لیے اپنے پر خلوص تعریف کو ریکارڈ کرنا چاہتے ہیں۔

چیمپرسن رپورٹ

انتہائی مسرت کے ساتھ میں یہ جائزہ رپورٹ کمپنی کے شراکت داروں کے حضور پیش کر رہی ہوں۔ جو ڈائریکٹران کی کارکردگی اور کمپنی کے اہداف کے حصول سے متصل افادیت کے متعلق ہے۔ بورڈ نے اس کڑے وقت میں ایمانداری اور تندہی کے ساتھ پیشہ ورانہ انداز میں اپنے فرائض انجام دیے جبکہ اپنے مصنوعات کے اعلیٰ معیار کو برقرار رکھتے ہوئے اپنے صارفین کی ترقی میں استحکام اور اعتماد پیدا کرنے پر توجہ دی۔ بورڈ اسٹریٹجک سمت کا مستقل جائزہ لیتا رہتا ہے اور کاروبار کی بہتری کے لیے کوشاں رہتا ہے۔ کمپنی کے چیف ایکزیکیوٹو بورڈ کو روزانہ رپورٹ پیش کرتے ہیں جن میں کاروباری منصوبہ بندی، بزنس کی کارکردگی، کیش فلو، متعلقہ مالیاتی معلومات اور رزق مینجمنٹ کی رپورٹ شامل ہے۔

کورونا کی اچانک وبا کی وجہ سے سال 2020 پورے ملک اور پوری دنیا کے لیے ہر لحاظ سے اور بلخصوص معیشت کے لحاظ سے مشکل سال رہا ہے۔ کمپنی کو ناسرف ایکسپورٹ آرڈر ناپٹنے کی وجہ سے نقصان ہوا بلکہ لاک ڈاؤن کی وجہ سے پیداوار میں کمی کے نقصان کا بھی سامنا کرنا پڑا ہے۔

تاہم ان تمام وجوہات کے باوجود مالک کائنات، پرکامل یقین، ڈائریکٹرز انتظامیہ اور اسٹاف کی انتھک محنت، لگن، مستقل مزاجی اور ایمانداری کی بدولت اس سال کے کاروبار کا حجم پچھلے سال کے مقابلے میں 98% رہا جو کہ ان حالات میں حوصلہ بخش نتائج ہیں۔ اس سال کے دوران SRO 1125 کی منسوخی کی بدولت کمپنی کے کیش فلو کو اضافی بوجھ کا سامنا کرنا پڑا۔ تاہم کمپنی نے ان رقومات کی واپسی کی نہایت منظم طریقے سے پیروی کی اور ساتھ میں وفاقی اداروں کی ہدایت بھی جاری رہی جس کی وجہ سے سلیڈنگس اور DLTL کی رقومات کی بروقت وصولی کی گئی۔ اسی سال کے دوران افراط زر کے اعداد و شمار کم ہوئے اور کرنسی میں مزید گراؤٹ دیکھنے میں آئی جس کی وجہ سے اس کاروباری حجم کو حاصل کرنے میں مدد ملی

یورپ اور امریکہ میں لاک ڈاؤن کی نرمی کے بعد، اس مالی سال کے اختتام کے بعد کمپنی بہتر برآمدی آرڈرز حاصل کرنے میں کامیاب رہی ہے۔ اور ہم امید کرتے ہیں کہ سال 2021 کے دوران جو ترقیاتی اہداف سال 2020 کیلئے طے کیے گئے تھے ان کو حاصل کر لیا جائے گا۔ کمپنی ترقیاتی عمل میں، بہتری تکنیکی بہتری، کسٹمرس کو پھیلانے کے لیے پرعزم ہے، جبکہ مصنوعات کی اقسام بڑھانے اور نئے خطوں میں برآمدات بڑھانے پر توجہ مرکوز ہے گی۔

آخر میں، میں تمام بورڈ کے ممبران کی کام، محنت اور ایمانداری سے کرنے کی شکرگزار ہوں۔

Form of Proxy

47th Annual General Meeting

I/We _____
Of _____
Being member(s) of Towellers Limited holding _____
Ordinary shares hereby appoint _____
Of _____ or failing him / her _____
Of _____ who is / are also member(s) of Towellers Limited as my/our proxy in
my / our absence to attend and vote for me / us and on my / our behalf at the forty seven Annual General
Meeting of the Company to be held on October 27, 2020, and at any adjournment thereof.

As witness my / our hand / seal this _____ day of _____ 2020
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.

TOWELLERS LIMITED

ٹاؤلرز لمیٹڈ

قلم برائے پکسی (Form of Proxy)

47 واں سالانہ اجلاس عام

میں / ہم _____ کا (کمل پتہ) _____ بحیثیت ہولڈرز لیٹل کے ممبر / ممبران _____ حصص کے مالک / بذریعہ پکسی (کمل پتہ) _____ یا ان کی موجودگی کی صورت میں _____ کا (کمل پتہ) _____ جو کھلی کتا کے نمبر / نمبر زنجی ہے / ہیں، 27 اکتوبر 2020 کو منعقد ہونے والے اور ایجنڈی ہونے والے 47 واں کھلی کے سالانہ اجلاس عام میں میری / ہماری جانب سے ووٹ دینے کے لئے میری / ہماری پکسی مقرر کرتا ہوں / کرتی ہوں اگر تے ہیں۔

ہیڈور گولڈ میں / ہم بروز _____ تاریخ _____ 2020 کو میرے / ہمارے ہاتھ سے جمع کائی۔

ذکرہ کی جانب سے دستخط شدہ

صدر / ڈپٹی گولڈ کی موجودگی میں

گواہ:

دستخط _____
 نام _____
 پتہ: _____
 پتہ: _____

کیپٹن / ڈپٹی گولڈ کی شناختی کارڈ یا پاسپورٹ نمبر: _____

دستخط

فولیو ای ڈی کی اکاؤنٹ نمبر

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

نوٹ:-

۱۔ یہ پکسی قلم ہر طرح سے مکمل اور دستخط شدہ ہونے کے بعد رجسٹرڈ آفس کھلی کے رجسٹرڈ آفس W.S.A. 30/31 FEDERAL "B" AREA BLOCK-1, KARACHI میں پیش کیا جائے گا۔

۲۔ کسی فرد کو ہولڈر کسی شرکت کی اجازت نہیں دی جائے گی۔ وہ کھلی کا / کی نمبر نہ ہو، اس لئے یہ کہ کارپوریشن کسی ایسے فرد کا تقرر کر سکتی ہے جو نمبر نہ ہو۔

۳۔ اگر کسی نمبر نے ایک سے زائد کتا تقرر کیا اور کھلی کے کسی ممبر کی جانب سے پکسی کی ایک سے زائد دستاویز جمع کرائی گئیں تو یہ کسی کی الٹی تمام دستاویزات غیر متاثر کی جائیں گی۔

بذرائع سے ڈی سی اے کانسٹریکٹ ہولڈرز / کارپوریٹ ادارے

ذکرہ بالا کے علاوہ صدر / ڈپٹی گولڈ بھی پکسی کرنا ہوں گی:

۱۔ پکسی قلم درج کردہ پکسی کی جانب سے گواہی کے ساتھ ہونا چاہیے جن کے نام 'پتہ' اور کسی ایجنٹ کی پکسی قلم ہر درج ہوں۔

۲۔ جنی ٹیلی اوز کے کسی ایجنٹ کی یا پاسپورٹ کی تصدیق کے ساتھ پکسی قلم کے ساتھ پیش کرنا ہوگی۔

۳۔ پکسی کا اجلاس کے وقت اپنا اصل یا ایجنٹ کی یا اصل پاسپورٹ فراہم کرنا ہوگا۔

۴۔ کارپوریٹ ادارے کی صورت میں پورٹفائل ڈائریکٹرز کی قرارداد / ہدایت اور نئی مع موند دستخط (اگر پہلے فراہم نہیں کئے گئے) پکسی قلم کے ساتھ جمع کرانے ہوں گے۔