



TOWELLERS LIMITED
CORPORATE BRIEFING
SESSION 2023

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Industry Overview

Some industry facts and figures - Global



- ❑ The global textile market grew from \$573.22 billion in 2022 to **\$610.91 billion in 2023** at a compound annual growth rate (CAGR) of 6.6%.
- ❑ Pakistan is the 10th largest exporter of Textile commodities in the world and provides 9% of the global textile needs. and In the year 2021-2023, the Textile Industry contributed to approximately 8.5% to the GDP of Pakistan;



Industry facts & figures



- ❑ Annual growth rate of 13% was targeted for textile exports of Pakistan during the years 2020-2025 to achieve the export target of \$25 billion.
- ❑ In fiscal year 2022-23 ended June 30, textile and garment exports from Pakistan declined by 14.63 percent to \$16.5 billion against \$19.33 billion in the previous fiscal year.





Industry performance during the ongoing year 2023

- ❑ The Country's textile group exports declined by 9.95 percent during first quarter of year 2023-24 and stood at US\$ 4.127 billion compared to US\$ 4.584 billion during the same period last year.;
- ❑ Pakistan's textile exports in October 2023 ,however, have grown by 5 percent to \$1.43 billion over the corresponding month last year of US\$ 1.36 billion. Comparing September figures to October 2023, exports have grown by 5 percent, which was also at US\$ 1.36 billion.

Brief Company Profile



❑ Towellers Limited has been manufacturing textile products since 1973. The company is operated now by its third generation and has business experience spreading over almost 5 decades. The Company owns vertically integrated mills having their own weaving, dyeing, and sewing operations – it manufactures and exports textile made ups comprising of knitwear garments, Towels, blankets, and baby products.

❑ The Company manufactures over 18 million pieces of knitted apparel as well as 1.2m lbs of terry towels annually and has an annual turnover of US\$ 43 M.



Some of the manufacturing processes are as follows:



Knitting Section



Checking Area



Packaging Area



Cutting Machine



Screen Printing Machine





SWOT ANALYSIS OF TOWELLERS LIMITED

STRENGTHS

- ❑ The Company enjoys the sound financial footings which is evident by reserves balance, healthy current ratio, minimal gearing, well managed working capital which provides necessary space required for sustainable growth, profitability and expansion;
- ❑ It also enjoys good reputation among its buyers and has solid customer base that can help in expanding the customer base and tapping to the unexplored regions and markets.
- ❑ Better profitability during last year and first quarter henceforth has provided the company with some room to invest in modernization and expansion, which will enhance the capacity and potential to grow further.



WEAKNESSES

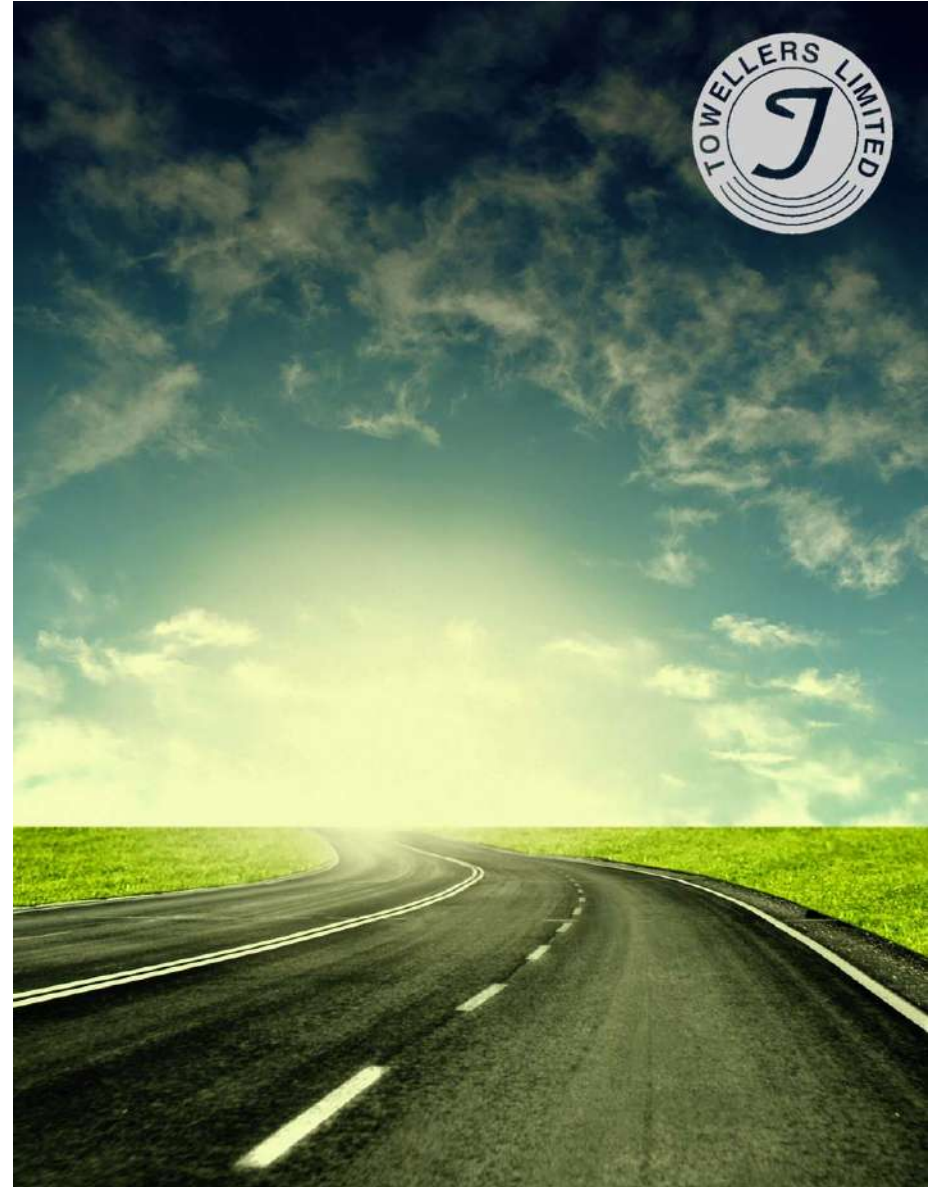
- ❑ There have been some dependability on few solid customers. The Company may need to diversify the customer and product base.
- ❑ Some of the machines are quite old and obsolete, the inefficiencies of which may impact the efficiency and ability to reduce the costs, that may affect the price competitiveness of the Company and may hamper the company in enhancing the product and customer base.



OPPORTUNITIES



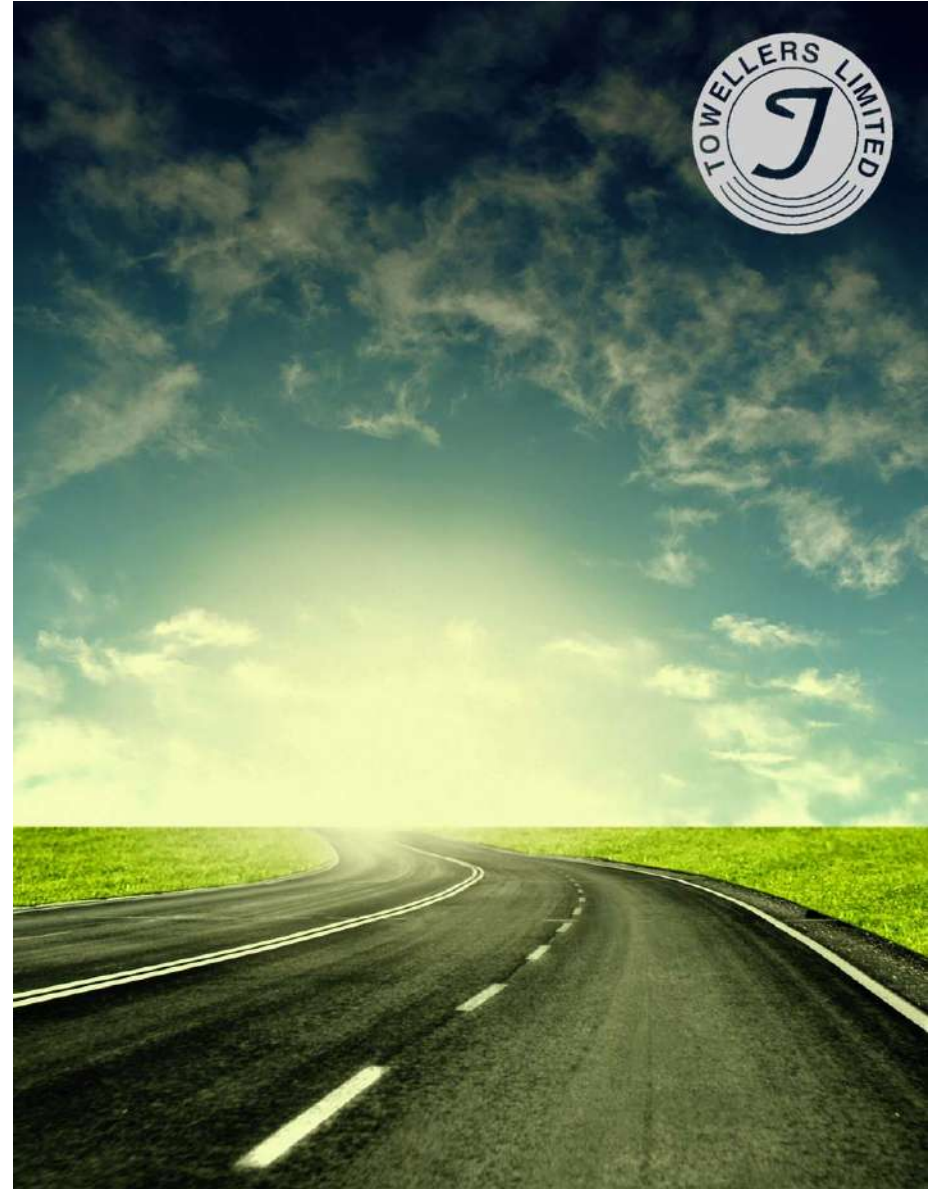
- ❑ The company has the ability to diversify its product portfolio further having its feet wet in both the home textile as well as the apparel trade. In order to gain market share, the company can add to its manufacturing facility versatile products which are currently not being manufactured in Pakistan and increase its turnover.
- ❑ There are bleak signs of recovery of Country's economy and it is hoped that inflation and interest rates have peaked and will go down from here onwards. Equity market is also showing signs of recovery. Election dates have already been announced and post election political and economic stability is expected. IMF review is under process and strict measures taken by the Government against unofficial channels of trade and foreign currency hoarding are likely to continue. All these factors are likely to play its role in improving the overall and textile business in the Country.



OPPORTUNITIES (Contd)

Pakistan, unlike last year, is expected to produce an abundant cotton crop this year, resulting in availability of high quality cotton that probably will also be cheaper than import option.

The international textile market is witnessing a surge in demand, which in turn, has led to a significant surge in capacity utilization within Pakistan, rising from 50% the previous year to the current 75%.



THREATS

- ❑ Escalation in ongoing wars in Ukraine and Gaza could adversely impact the economies of world and could impact upon the international prices of oil and other commodities and could significantly affect the international demand of textile products.
- ❑ Ongoing political instability, weak economic indicators, higher inflation prevailing in the country could affect the business atmosphere which may result in higher cost of inputs and lesser margins.



FEW OF THE COMPANY'S MANUFACTURED PRODUCTS ARE AS FOLLOWS:















Socially compliant Manufacturing Facilities

- Towellers is proud to have achieved a Top rating in its social and quality compliance audits. The accreditations are from Top inspection agencies and hold global recognition. These certifications merit the work that we do at our factories and allow the company to work with better brands.
- Some of them include:



MAJOR INVESTMENTS MADE BY THE COMPANY





PLANT & MACHINERY

- ❑ Further to the addition of latest dyeing machines, the Company is continuously investing in its fabric processing facilities. During the year, the Company has purchased Heat Set Machine, Raising Machine, Piling tester among others to increasing the quality and capacity of its dyeing & processing department. The Company is also investing in Stanter Machine to meet its production and finishing needs.
- ❑ The Company had also invested in brand new knitting machines to improve the quality of the fabric as well as lower costs. After successful functioning of Knitting machines that were added previously, the Company has ordered more machines to enhance the capacity of its knitting department.
- ❑ New boiler was purchased to improve the capacity and safety of its operations









Oval Printing Machine



Octopus Printing Machine





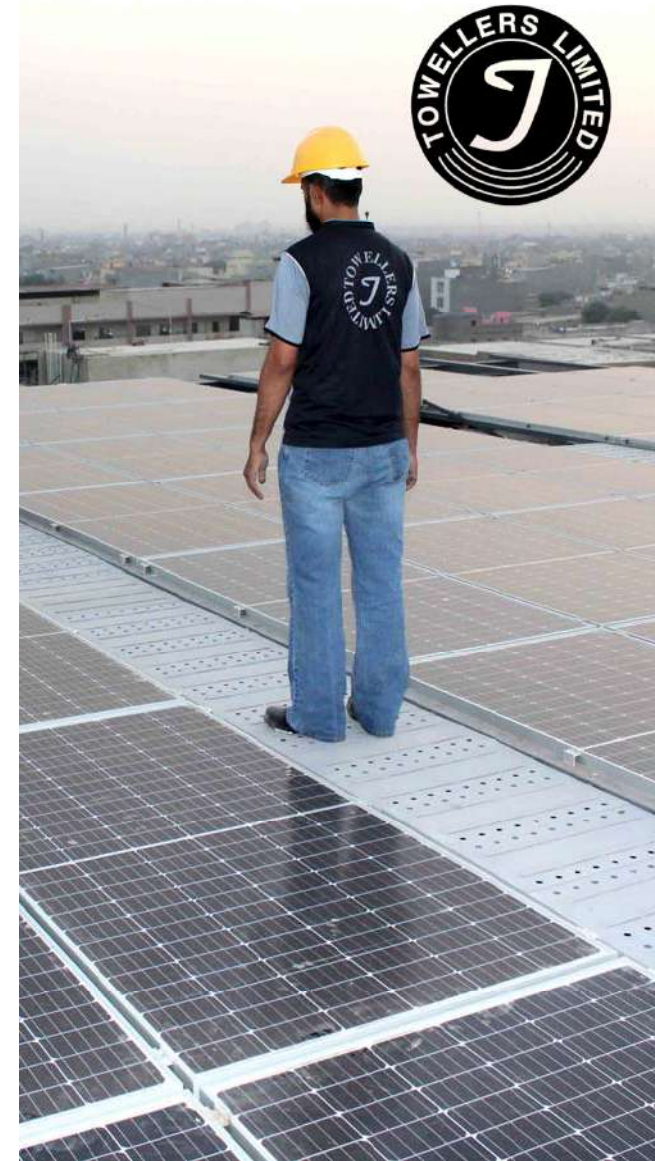






SOLAR POWER PROJECT

- ❑ The Company has invested in the solar power projects at its head office and its factories which has brought savings in power costs. The energy bills have been curtailed and these investments will be paid back within five years. This year also the Company has enhanced its solar power capacities at its factories.
- ❑ This step also allows the company to reduce its carbon foot print and work towards our green initiative.







Environment Protection

- ❑ The Company had 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 processing facility has a water effluent treatment plant which is continuously being upgraded - This allows it to reuse the waste water generated. Environment concerns are of top priority.



Company's performance during the year 2023

- We are thrilled to report that our company has performed exceptionally well over the past year. Our teams have worked diligently, and our financial results reflect their dedication and hard work. We've seen significant growth in key areas, and our strategic initiatives have yielded positive outcomes.



Company's performance during the year 2023 (Contd)

- ❑ Towellers has achieved a growth of 8.29% in sales during the current year and have crossed the milestone of Rs. 11 B. Total turnover achieved is Rs. 11.09 B as compared to Rs. 10.24 B last year.
- ❑ In absolute values, profitability of the Company has doubled as compared to last year indicating production efficiencies, better margins, better working capital management and the affect of currency devaluation.





Company's performance during the first quarter of 2023

- ❑ The first quarter of the current year has surpassed the turnover of corresponding period during the last year. The Company has achieved the sales turnover of Rs. 3.9 Billion, showing a growth of 26.7% as compared to the same period last year.
- ❑ The net profitability during the first quarter however could not be sustained, since there were abnormal gains during the same period last year. Net profit is 12.9% amounting to Rs. 504 M which is still a fair return as per the market norms.

Company's outlook for 2nd and 3rd Quarter



- International economic conditions could be uncertain in case Gaza and Ukraine war escalates, which could impact oil prices besides the market conditions across the globe. Uncertain domestic political and economic conditions are already affecting the business in general. High cost of power, gas and labor, PKR appreciation and increased inflation is taking its toll also. With these conditions prevailing, we fear that sustaining profit margins will be more challenging in the near future. However, the Company is striving hard to keep growing its exports with healthy margins.



Outlook of the company for the year 2022-23



- During the first quarter the Company has achieved a growth of 27% which includes the affect of Rupee devaluation. However, actual growth in terms of actual shipments is 4%. However, the Company has set a challenging target of 10% growth during the year, which may or may not be achieved.





Outlook of the company for the year 2023-24

- ❑ All efforts are being made to keep the profitability of the Company above 10% for the financial year.
- ❑ However, as described, due to global and domestic economic problems, the actual results may vary.



FINANCIAL PERFORMANCE



COMPARATIVE ANNUAL FINANCIAL RESULTS



GROWTH 8.29%





Comparative annual financial results

| | | | | | | Rs. in Millions | |
|-----------------|----------|-----------|-----------|----------|----------|-----------------|----------|
| | Growth % | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 |
| Revenue in US\$ | (23.09) | 42.95 | 55.84 | 31.88 | 23.61 | 27.12 | 22.68 |
| Revenue in PKR | 8.29 | 11,086.92 | 10,238.09 | 5,220.75 | 3,772.25 | 3,848.28 | 2,605.81 |
| PAT | 124.67 | 2,388.34 | 1,063.05 | 556.46 | 275.89 | 397.5 | 253.61 |
| NP Ratio | | 21.54 | 10.38 | 10.66 | 7.31 | 10.33 | 9.73 |
| EPS | | 140.49 | 62.53 | 32.73 | 16.23 | 23.38 | 14.92 |



Comparative Quarterly Financial Results

| | | | | | | Rs. in Millions | |
|-----------------|----------|---------------|---------------|---------------|---------------|-----------------|---------------|
| | Growth % | Jul-Sep, 2023 | Jul-Sep, 2022 | Jul-Sep, 2021 | Jul-Sep, 2020 | Jul-Sep, 2019 | Jul-Sep, 2018 |
| Revenue in US\$ | 4.04 | 13.25 | 12.74 | 14.07 | 7.81 | 6.75 | 7.42 |
| Revenue in PKR | 26.67 | 3,899.69 | 3,078.62 | 2,369.51 | 1,325.99 | 1,066.74 | 962.10 |
| PAT | (32.91) | 503.99 | 751.27 | 246.54 | 182.71 | 70.36 | 52.14 |
| NP Ratio | | 12.92 | 24.40 | 10.40 | 13.78 | 6.60 | 5.42 |
| EPS | | 29.65 | 44.19 | 14.50 | 10.75 | 4.14 | 3.07 |



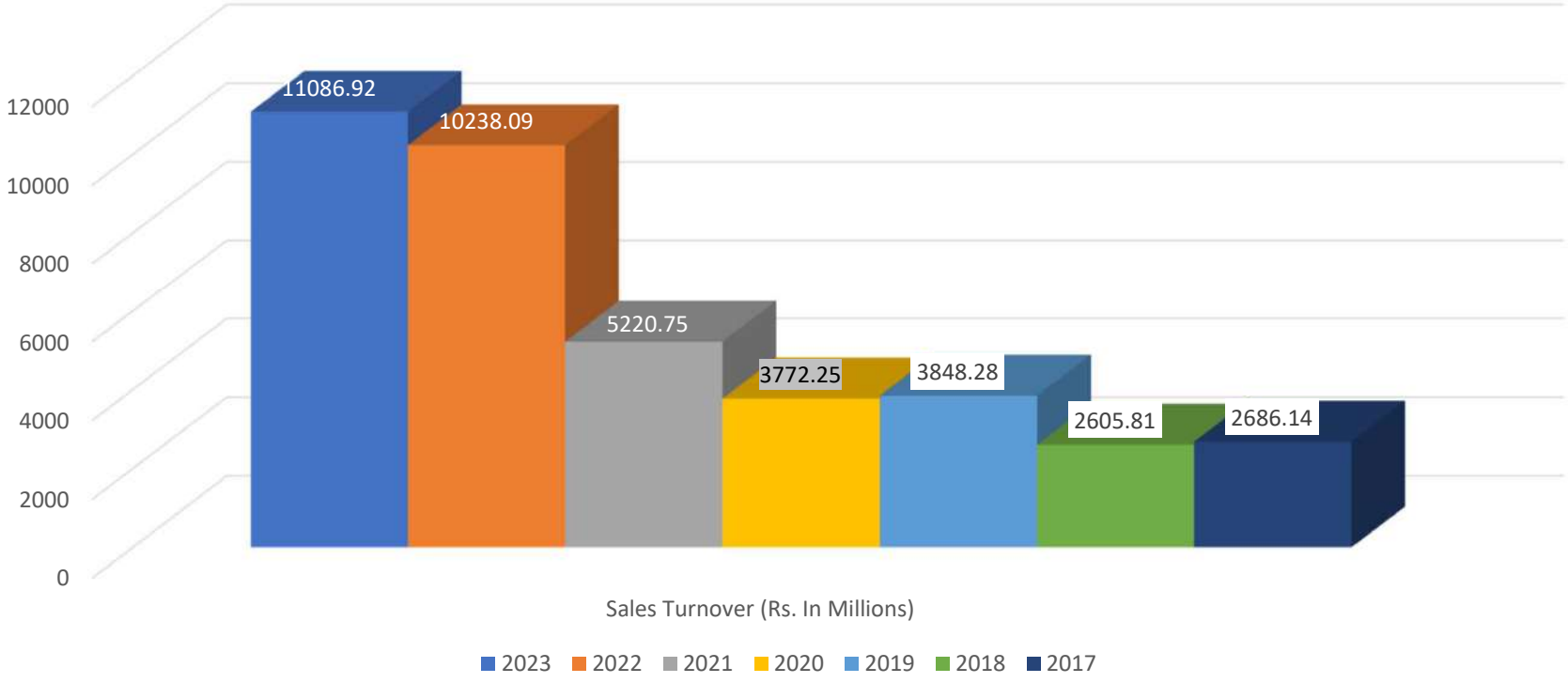
Year Wise Comparison Of Sales & Profitability

| | Rs in Millions | | | | | | |
|----------------|----------------|-----------|----------|----------|----------|----------|----------|
| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 |
| Sales Turnover | 11,086.92 | 10,238.09 | 5,220.75 | 3,772.25 | 3,848.28 | 2,605.81 | 2,686.14 |
| PAT | 2,388.34 | 1,063.05 | 556.46 | 275.89 | 397.5 | 253.61 | 61.70 |
| EPS | 140.49 | 62.53 | 32.73 | 16.23 | 23.38 | 14.92 | 3.63 |



Year Wise Comparison Of Sales & Profitability (Contd)

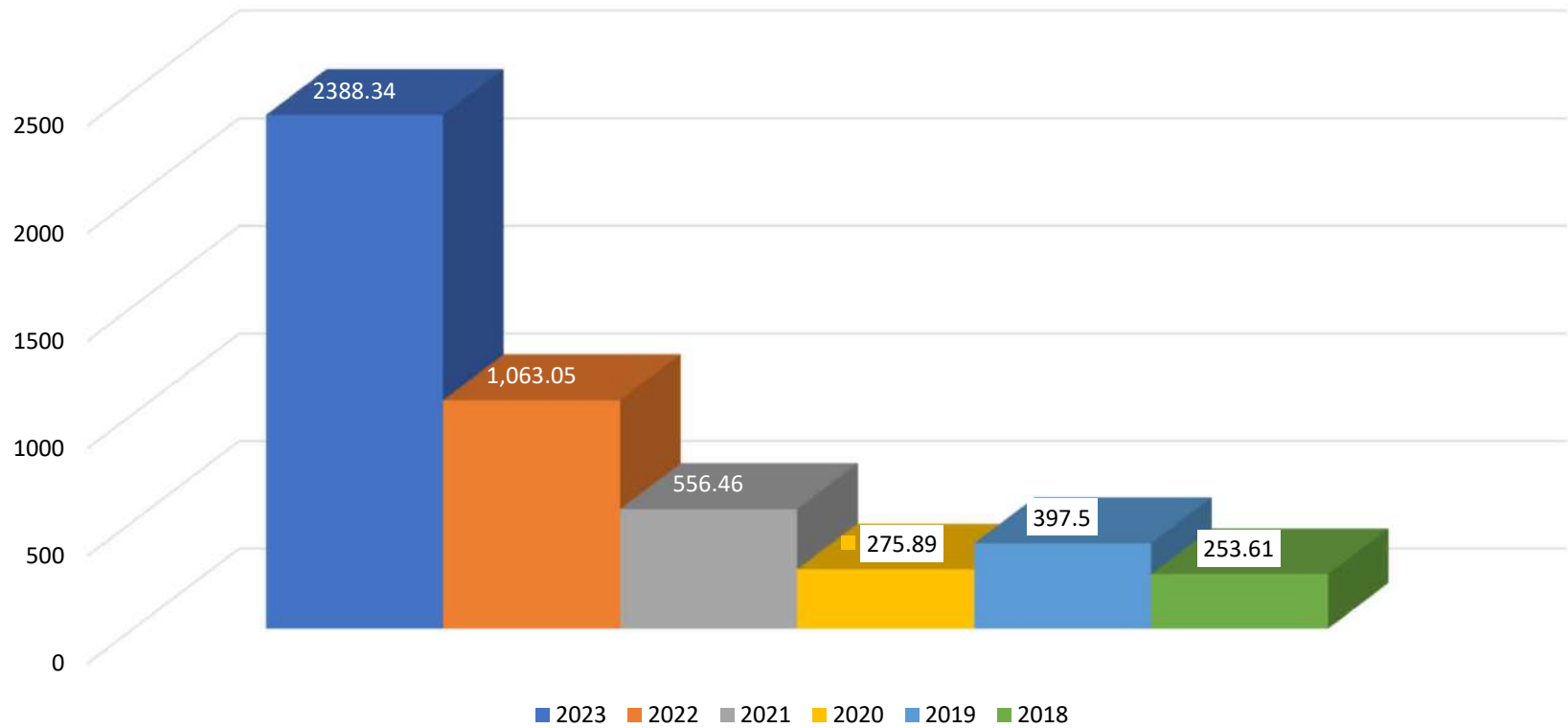
Sales Comparison over the years





Year Wise Comparison Of Sales & Profitability (Contd)

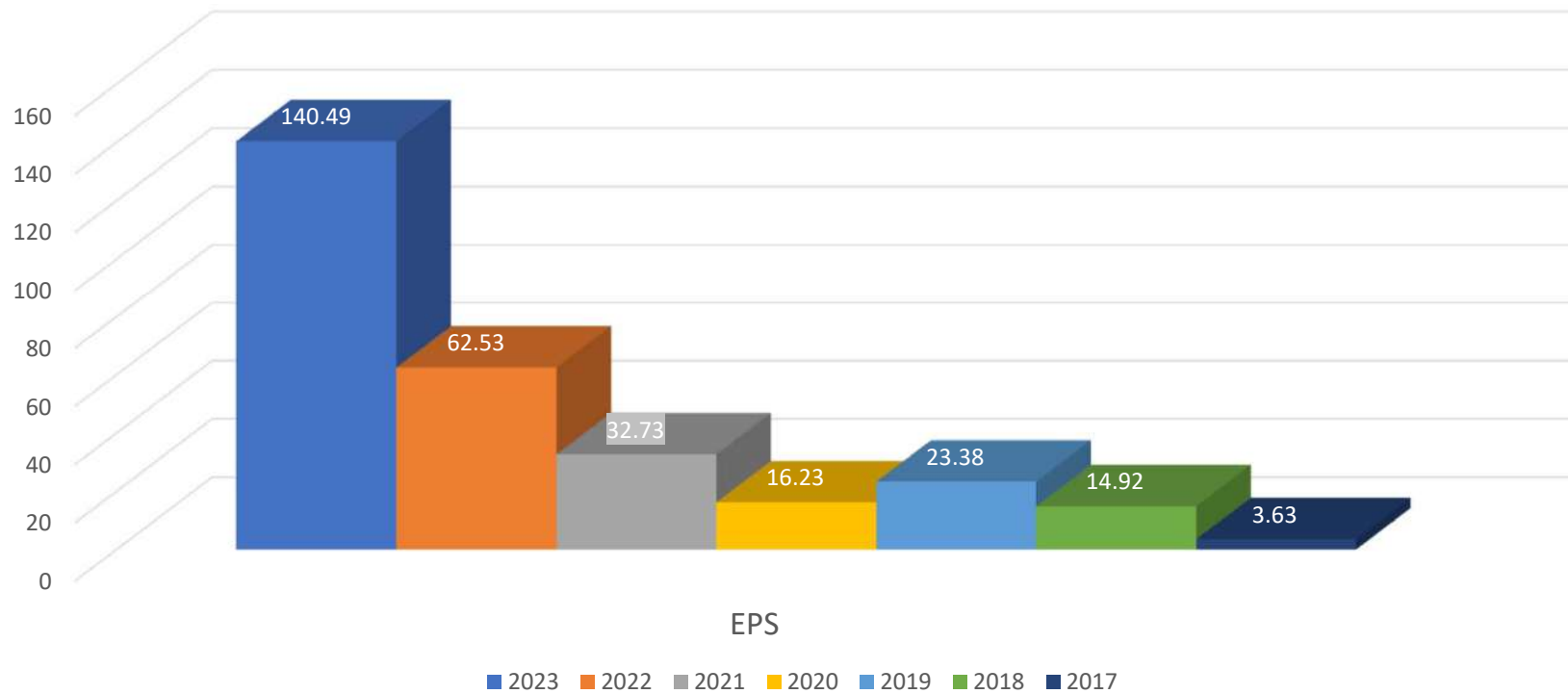
Profit after tax (PAT) comparison over the years



Year Wise Comparison Of Sales & Profitability (Contd)



EPS comparison over the years





Reserves Utilization for capitalization

- In light of our robust performance, we have carefully evaluated the best use of our reserves to further strengthen the company. After thorough consideration, we have decided to use a portion of our reserves for capitalization. This strategic move aims to fuel future growth, invest in innovative projects, and fortify our position in the market.
- We aim to strike a thoughtful balance between rewarding our shareholders and retaining capital for strategic investments.



Future Outlook of the Company

- Looking ahead, we are confident that these measures will contribute to our continued success. We remain dedicated to innovation, operational excellence, and creating value for our shareholders. Your trust and support are vital as we embark on this exciting phase of growth.
- Retaining earnings is a prudent strategy to build a solid financial foundation. By doing so, we can reinvest in our core business, fund strategic initiatives, and weather economic fluctuations. This approach enhances our ability to seize growth opportunities as they arise, ultimately benefiting our shareholders in the form of increased company value.

Outlook Of The Company For June 2024



| | | | | | | Rs. in Millions |
|-----------------|-----------|-----------|-----------|-----------|-----------|-----------------|
| | Outlook | Actual | Actual | Actual | Actual | Actual |
| | June 2024 | June 2023 | June 2022 | June 2021 | June 2020 | June 2019 |
| Revenue in US\$ | 47.14 | 42.95 | 55.84 | 31.88 | 23.61 | 27.12 |
| Revenue in PKR | 13,434.76 | 11,086.92 | 10,238.09 | 5,220.75 | 3,772.25 | 3,848.28 |
| PAT | 1,410.65 | 2,388.34 | 1,063.05 | 556.46 | 275.89 | 397.5 |
| NP Ratio | 10.50 | 21.54 | 10.38 | 10.66 | 7.31 | 10.33 |
| EPS | 82.98 | 140.49 | 62.53 | 32.73 | 16.23 | 23.38 |



SIX YEARS AT GLANCE
FROM 2018 TO 2023

| | Rs. In Thousands | | | | | |
|--------------------------------|---------------------|-------------|-------------|-------------|-------------|-------------|
| Income Statement | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 |
| Turn over-Net | 11,086,916 | 10,238,086 | 5,220,747 | 3,772,254 | 3,848,285 | 2,605,809 |
| Cost of sales | 7,944,316 | 8,151,154 | 4,109,212 | 3,071,384 | 2,985,218 | 2,217,211 |
| Gross profit / (loss) | 3,142,600 | 2,086,932 | 1,111,536 | 700,870 | 863,067 | 388,598 |
| Profit/(loss) from operation | 2,633,967 | 1,208,244 | 619,652 | 321,304 | 457,560 | 284,807 |
| Finance cost | 53,848 | 23,250 | 5,444 | 6,388 | 6,482 | 5,201 |
| Profir/(loss) before taxation | 2,580,119 | 1,184,994 | 614,208 | 314,915 | 451,077 | 279,606 |
| Profit / (loss) after taxation | 2,388,338 | 1,063,048 | 556,456 | 275,894 | 402,684 | 253,606 |
| EPS | 140.49 | 62.53 | 32.73 | 16.23 | 23.69 | 14.92 |



| Financial Position | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 |
|---------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Fixed assets | 3,250,949 | 3,142,611 | 1,810,526 | 1,663,761 | 1,231,256 | 1,264,375 |
| Long term loans | 19,250 | 20,487 | 19,501 | 16,861 | 12,851 | 10,643 |
| Long term deposits | 44,271 | 35,321 | 29,349 | 16,875 | 19,755 | 19,755 |
| Current assets | 6,667,455 | 4,632,048 | 2,437,648 | 1,852,202 | 1,475,871 | 1,048,309 |
| Total Assets | 9,981,926 | 7,830,468 | 4,297,024 | 3,549,699 | 2,739,733 | 2,343,082 |
| Equity & Liabilities | | | | | | |
| Equity | 7,560,746 | 5,391,114 | 3,277,720 | 2,714,251 | 2,053,845 | 1,631,240 |
| Non current liabilities | 185,186 | 186,911 | 174,794 | 163,376 | 97,902 | 111,449 |
| Current liabilities | 2,235,991 | 2,252,443 | 844,511 | 672,072 | 587,986 | 600,393 |
| Total | 9,981,926 | 7,830,468 | 4,297,024 | 3,549,699 | 2,739,733 | 2,343,082 |



| Key Ratios | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 |
|-----------------------------|--------|-------|-------|-------|-------|-------|
| Gross margin% | 28.35 | 20.38 | 21.29 | 18.58 | 22.43 | 14.91 |
| Net profit (loss)% | 21.54 | 10.38 | 10.66 | 7.31 | 10.46 | 9.73 |
| Quick ratio% | 2.23 | 1.36 | 0.91 | 1.32 | 1.20 | 0.62 |
| EBIT margin% | 23.76 | 11.80 | 11.87 | 8.52 | 11.89 | 10.93 |
| Current ratio% | 2.98 | 2.06 | 2.89 | 2.76 | 2.51 | 1.75 |
| Earning/(loss) per share Rs | 140.49 | 62.53 | 32.73 | 16.23 | 23.69 | 14.92 |
| Debt equity ratio% | 0.00 | 0.13 | 0.31 | 0.31 | 0.33 | 0.44 |

DIVIDEND

- ❑ Expecting a healthy profit during the year, the Company announced and distributed 30% interim dividend. Later, during the Annual General Meeting the Company announced a 100% dividend this year also, which was distributed during the first week of November. The Company wants to thank its esteemed shareholders for their appreciation and encouragement. We hope and pray that the Company keeps growing and making profits at a consistent rate in future for the mutual benefits of its stakeholders.



Corporate Social Responsibilities

- ❑ The company whole heartedly believes that our people are our greatest strength. The profits made in the company are regularly distributed to various institutions such as The Citizen Foundation and Lady Dufferin Hospital 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. These include Developments in Literacy, Roshan Pakistan Academy and others.
- ❑ The Company also runs a sponsored school for under privileged children for supporting the cause of education for less fortunate.





Corporate Social Responsibilities (Contd)

- The Company recently donated latest anesthesia machine to Sindh institute of Urology & Transplantation which is one of the very prestigious and respectable medical institution that is renowned for its free medical service for the people of Karachi



Conclusion

- In conclusion, we want to express our gratitude for your continued support. Our journey of growth and success is a collective effort, and we are confident that the decisions made today will contribute to a prosperous future for our company.
- Thank you for your attention, and I look forward to any discussions and questions you may have.

THANK YOU



Towellers Limited

Manufacturing Quality Textiles since 1973

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