



Towellers Limited

**Unaudited Accounts for the
Nine Months Ended
March 31st, 2023**

www.towellers.com

A large, faint watermark of the Towellers Limited logo is visible in the background, centered behind the text. It is a light gray version of the logo described above.

TOWELLERS LTD

COMPANY INFORMATION BOARD OF DIRECTORS

Mrs.	Mahjabeen Obaid	Chairperson
Mrs.	Mehreen Obaid Agha	Chief Executive Officer
Mrs.	Sana Bilal	Director
Mrs.	Hadeel Obaid	Director
Mr.	Zeeshan K. Sattar	Director
Mr.	Valy Tariq Rangoon wala	Director
Mr.	Niaz Muhammad	Independent Director
Mr.	Muhammad Sarfraz	Independent Director

BOARD AUDIT COMMITTEE

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

HUMAN RESOURCE AND REMUNERATION COMMITTEE:

Mr.	Niaz Muhammad	Chairman
Mr.	Zeeshan K. Sattar	Member
Mr.	Valy Tariq Rangoon wala	Member

CHIEF FINANCIAL OFFICER

Mr. Adnan Moosaji

COMPANY SECRETARY

Mr. M. Farhan Adil

STATUTORY AUDITORS

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

BANKERS

Soneri Bank Limited
Allied Bank Limited
Bank Al Habib Limited
Muslim Commercial Bank Limited
Faysal Bank Ltd
Al Baraka Bank Pakistan Limited
Dubai Islamic Bank Pakistan Ltd

REGISTRAR & SHARE REGISTRATION OFFICE

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

REGISTERED OFFICE

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

Web Site:

Company Registration
C.R. # 0004042

National Tax
NTN 0676889-0,

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

FACTORIES

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

TOWELLERS LTD

DIRECTORS' REPORT TO THE SHAREHOLDERS

The Board of Directors are pleased to present their report together with the un-audited financial statements of the Company for the third quarter ended March 31, 2023.

Subsequent to slower months of Nov & Dec, 2022, shipments during the entire third quarter remained suppressed. As was expected the recessionary trend in the western countries contributed in reduced demand and export orders. Reduced supply of gas through Russia amid Ukraine War has also contributed in increased energy costs and global inflation.

Exports during the nine months period remained at Rs. 7.55 B as compared to Rs. 7.89 B during the corresponding period of last year. The net profit after tax remained at Rs. 1.55 B as compared to Rs. 868.92 M. The massive devaluation of Pakistani Rupee has resulted in abnormal exchange gains which is being reflected in the healthy profitability and turnover despite reduction of export orders as compared to last year. However, the Company understands that such unusual gains are not sustainable and the management of the company is striving hard to secure more orders in remaining months of the year.

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

FINANCIAL HIGHLIGHTS

NINE MONTHS ENDED MARCH 31, 2023

	Rupees in Thousands	
	2023	2022
Sales	7,546,037	7,887,857
Gross Profit	2,126,819	1,587,530
Profit from operations	1,542,090	934,625
Taxation	144,318	80,488
Profit after taxation	1,552,483	868,922

Unfortunately, the political and economic unrest and uncertainty in the country has persisted till this day. The Company is hoping that such uncertainty and unrest will be short lived and economic affairs of the Country will be settled soon. Export orders during the last quarter has witnessed slight improvement as well.

The Management of the Company is looking forward towards its shareholders to continue their support and trust that they have rested with the Company which is highly appreciated. The company is striving hard to continue its growth despite the prevailing uncertainty in the Country and praying to get out of such difficult times.

Acknowledgment

Directors would like to extend their gratitude towards shareholders and staff for their continued support and appreciation.


Mehreen Obaid Agha
Chief Executive Officer


Sana Bilal
Director

Karachi:
Dated : 27th-APRIL 2023

TOWELLERS LTD


Condensed Interim Statement of Financial Position (Un-audited)
As at March 31, 2023

	Note	UNAUDITED	AUDITED
		31-Mar-23	30-Jun-22
Rupees			
NON CURRENT ASSETS			
Property, plant and equipment	5	3,202,140,476	3,142,611,158
Long term loans		24,684,859	20,486,758
Long term deposits		59,271,116	35,321,400
		3,286,096,451	3,198,419,316
CURRENT ASSETS			
Stores, spare parts and loose tools		69,878,915	77,853,375
Stock in trade	6	1,501,487,393	1,490,829,863
Trade debts	7	782,117,234	1,546,987,008
Loans and advances		292,334,470	61,394,555
Trade deposits and short term prepayments		30,481,814	23,495,653
Other receivables		189,320,126	64,796,301
Income tax and sales tax refundable		411,523,686	474,606,754
Short term investment		1,673,349,047	228,413,351
Cash and bank balances	8	669,604,093	663,671,503
		5,620,096,778	4,632,048,364
TOTAL ASSETS		8,906,193,229	7,830,467,679
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital			
25,000,000 (June 30, 2022: 25,000,000) ordinary shares of Rs. 10 each		250,000,000	250,000,000
Issued, subscribed and paid up capital			
17,000,000 (June 30, 2022: 17,000,000) ordinary shares of Rs. 10 each		170,000,000	170,000,000
Reserves		4,477,947,031	3,030,788,603
Surplus on revaluation of property, plant & equipment		2,125,649,735	2,190,325,270
		6,773,596,766	5,391,113,873
NON CURRENT LIABILITIES			
Deferred liabilities-Gratuity		182,390,216	176,663,441
Long term loan from banking company		9,677,795	10,247,077
		192,068,011	186,910,518
CURRENT LIABILITIES			
Trade and other payables		1,794,016,704	1,454,058,992
Unclaimed dividend		3,405,978	585,945
Accrued markup		20,612,847	5,933,851
Current portion of long term loan from banking company		853,923	853,923
Short term borrowings	9	121,639,000	791,010,577
		1,940,528,452	2,252,443,288
CONTINGENCIES AND COMMITMENTS			
	10		
TOTAL EQUITY AND LIABILITIES		8,906,193,229	7,830,467,679

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.


Mehreen Obaid Agha
Chief Executive Officer


Sana Bilal
Director


Adnan Moosaji
Chief Financial Officer

Karachi:
Dated : 27th-APRIL 2023

TOWELLERS LTD

Condensed Interim Statement of Profit or Loss (Un-audited)
For the nine months and the quarter ended March 31, 2023

	Nine Months Ended		Quarterly	
	31-Mar-23	31-Mar-22	31-Mar-23	31-Mar-22
	Rupees			
Net Sales	7,546,037,115	7,887,857,114	1,884,749,659	2,311,959,048
Cost of sales	(5,419,217,882)	(6,300,327,069)	(1,279,672,179)	(1,821,381,472)
Gross profit / (loss)	2,126,819,233	1,587,530,045	605,077,480	490,577,576
Distribution cost	(239,805,547)	(393,563,714)	(73,159,526)	(109,472,524)
Administrative expenses	(248,945,293)	(209,372,422)	(99,182,723)	(64,551,373)
Other operating expenses	(95,978,696)	(49,968,944)	(25,833,608)	(16,334,612)
	(584,729,536)	(652,905,080)	(198,175,857)	(190,358,509)
Profit / (loss) from operations	1,542,089,697	934,624,965	406,901,623	300,219,067
Other charges / income				
Other income	224,039,085	26,786,105	86,241,309	14,113,421
Finance cost	(69,328,111)	(12,001,143)	(34,624,310)	(3,974,868)
	154,710,974	14,784,962	51,616,999	10,138,553
Profit / (loss) before taxation	1,696,800,671	949,409,927	458,518,622	310,357,620
Provision for taxation	(144,317,778)	(80,487,522)	(46,157,688)	(38,186,400)
Profit / (loss) for the period	1,552,482,893	868,922,405	412,360,934	272,171,220
Profit per share-basic and diluted	91.32	51.11	24.26	16.01

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.



Mehreen Obaid Agha
Chief Executive Officer



Sana Bilal
Director



Adnan Moosaj
Chief Financial Officer

Karachi:
Dated : 27th-APRIL 2023

TOWELLERS LTD


Condensed Statement of Comprehensive Income (Un-audited)
For the nine months and the quarter ended March 31, 2023

	Nine Months Ended		Quarter ended	
	31-Mar-23	31-Mar-22	31-Mar-23	31-Mar-22
	Rupees		Rupees	
Profit / (loss) for the period	1,552,482,893	868,922,405	412,360,934	272,171,220
Other comprehensive income for the period	-	-	-	-
Items that will not be reclassified to profit and loss account				
Surplus on revaluation of property plant and equipment	-	1,067,235,625	-	-
Total comprehensive Profit for the period	1,552,482,893	1,936,158,030	412,360,934	272,171,220

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.


Mehreen Obaid Agha
Chief Executive Officer


Sana Bilal
Director


Adrian Moosajir
Chief Financial Officer


Karachi:
Dated : 27th-APRIL 2023

TOWELLERS LTD

Condensed Statement of Changes in Equity (Un-audited)
For the nine months and the quarter ended March 31, 2023

Particulars	Share capital	Reserves			Total
		Capital	Revenue	Capital Reserve	
		Share premium	Unappropriated profit	Revaluation Surplus	
Balance as at July 1, 2021	170,000,000	63,000,000	1,865,578,690	1,179,141,159	3,277,719,849
Profit for the period			868,922,405	-	868,922,405
Other comprehensive income for the period			-	1,067,235,625	1,067,235,625
Interim dividend of PKR 2.00 per share for the half year ended Dec 31, 2021			(34,000,000)	-	(34,000,000)
Transferred from surplus on revaluation of property, plant & equipment			30,073,847	(30,073,847)	-
Balance as at March 31, 2022	170,000,000	63,000,000	2,730,574,942	2,216,302,937	5,179,877,879
Balance as at July 1, 2022	170,000,000	63,000,000	2,967,788,603	2,190,325,270	5,391,113,873
Profit for the period			1,552,482,893	-	1,552,482,893
Other comprehensive income for the period	-	-	-	-	-
Annual dividend of PKR 10.00 per share for the year ended June 30, 2022			(170,000,000)	-	(170,000,000)
Transferred from surplus on revaluation of property, plant & equipment			64,675,535	(64,675,535)	-
Balance as at March 31, 2023	170,000,000	63,000,000	4,414,947,031	2,125,649,735	6,773,596,766

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.


Mehreen Obaid Agha
Chief Executive Officer


Sana Bilal
Director


Adnan Moosaji
Chief Financial Officer

Karachi:
Dated : 27th-APRIL 2023

TOWELLERS LTD

Condensed Cash Flow Statement (Un-audited)
For the nine months and the quarter ended March 31, 2023

	Nine Months Ended	
	31-Mar-23	31-Mar-22
	Rupees	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	1,696,800,671	949,409,927
Adjustments for:		
Depreciation	97,448,309	83,515,483
Finance cost	69,328,111	12,001,143
(Gain) / loss on disposal of property, plant and equipment	(2,640,516)	(5,075,108)
Workers' profit participation fund	89,305,299	49,968,944
Provision for gratuity	38,432,232	22,775,455
	291,873,435	163,185,917
Profit before working capital changes	1,988,674,107	1,112,595,844
(Increase) / decrease in current assets		
Stock, stores, spare parts and loose tools	(2,683,070)	(212,813,353)
Trade debts	764,869,774	(856,474,368)
Loans and advances	(230,939,915)	(84,796,063)
Trade deposits and short term prepayments	(30,935,877)	(4,374,742)
Other receivables	(124,523,825)	21,144,108
	375,787,087	(1,137,314,418)
(Decrease) / increase in current liabilities		
Trade and other payables	313,020,514	475,679,864
Cash generated from operations	2,677,481,708	450,961,290
Finance cost paid	(54,649,115)	(12,001,143)
Taxes refund / (paid)	(81,234,710)	(196,848,437)
Long term loan paid	(4,198,101)	(30,792,611)
Workers' profit participation fund paid	(62,368,101)	(32,326,744)
Staff retirement benefits - gratuity net	(32,705,457)	(7,526,162)
Net cash generated from operating activities	2,442,326,224	171,466,195
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of property, plant and equipment	2,858,000	12,150,000
Short term investment	(1,444,935,695)	-
Fixed capital expenditure	(157,195,113)	(343,789,184)
Net cash used in investing activities	(1,599,272,809)	(331,639,184)
CASH FLOWS FROM FINANCING ACTIVITIES		
Bank borrowings - net	(669,940,859)	471,519,702
Dividend paid	(167,179,967)	(33,414,055)
Net cash used in financing activities	(837,120,826)	438,105,647
Net increase / (decrease) in cash and cash equivalents	5,932,590	277,932,658
Cash and cash equivalents at the beginning of the year	663,671,503	300,397,215
Cash and cash equivalents at the end of the period	669,604,093	578,329,872

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.


Mehreen Obaid Agha
Chief Executive Officer


Sana Bilal
Director


Adnan Moosaji
Chief Financial Officer

Karachi:
Dated : 27th-APRIL 2023

TOWELLERS LTD

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) For the nine months and the quarter ended March 31, 2023

1 LEGAL STATUS AND NATURE OF BUSINESS

The company was incorporated in Pakistan as a Private Limited Company on May 31, 1973 and subsequently converted into Public Limited Company on June 22, 1994 under the Companies Act, 1913 (Now Companies Ordinance, 1984) and is quoted on stock exchanges at Karachi and Lahore. The principal business of the company is to manufacture and export of textile made ups, garments and towels. The registered office of the company is situated at WSA - 30 & 31, Block - 1, Federal "B" Area, Karachi in the province of Sindh, Pakistan.

2 BASIS OF PREPARATION

Statement of compliance

This condensed interim financial information is un-audited and has been prepared in accordance with the requirements of the International Finance Reporting Standard (IFRS) IAS 34 Interim Financial Reporting as applicable in Pakistan. This condensed interim financial information does not include all of the information and disclosures required for annual financial statements, and should be read in conjunction with the financial statements of the Company as at and for the year ended June 30, 2022.

This condensed interim financial information is being submitted to the shareholders as required by the Listing regulations of Karachi, Lahore and Islamabad Stock Exchanges and section 237(2) of the Companies Act, 2017.

These condensed financial statements comprise of condensed interim balance sheet, condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity together with the notes for the nine months ended March 31, 2023.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation which have been used in the preparation of this condensed interim financial information are the same as those applied in preparation of the financial statements for the preceding year ended June 30, 2022.

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

4 ACCOUNTING ESTIMATES, JUDGMENTS AND FINANCIAL RISK MANAGEMENT

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

Judgments and estimates made by management in the preparation of this condensed interim financial information are the same as those that were applied to the financial statements as at and for the year ended June 30, 2022.

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2022.

5 PROPERTY, PLANT AND EQUIPMENT

	Note	(Un-audited)	(Audited)
		31-Mar-23	30-Jun-22
		Rupees	
Operating assets at net book value (note 5.1)	5.1	2,943,303,672	2,894,734,076
Capital work in progress-at cost (note 5.2)	5.2	258,836,803	247,877,082
		<u>3,202,140,476</u>	<u>3,142,611,158</u>

51 Following is the cost of operating fixed assets that have been added / disposed off during the period ended March 31, 2023:

	Additions / Transfers (at cost)		Disposals at net book value	
	31-Mar-23 (Unaudited)	30-Jun-22 (Audited)	31-Mar-23 (Unaudited)	30-Jun-22 (Audited)
Rupees				
Leasehold land	-	912,021,731	-	-
Building on leasehold land	19,952,583	113,853,682	-	-
Plant and machinery	88,537,289	313,411,322	51,221	6,263,810
Furniture and fixture	285,290	3,697,414	-	-
Office equipment	6,248,141	15,374,123	-	-
Solar	1,467,000	13,695,935	-	-
Vehicles	29,745,090	1,224,000	166,263	811,082
	<u>146,235,392</u>	<u>1,373,278,207</u>	<u>217,484</u>	<u>7,074,892</u>

TOWELLERS LTD

5.2 CAPITAL WORK IN PROGRESS

Building	111,756,341	103,099,420
Plant and machinery	147,080,462	144,777,662
	<u>258,836,803</u>	<u>247,877,082</u>

6 STOCK IN TRADE

Raw material	554,667,194	645,288,150
Work in process	386,903,829	445,969,783
Finished goods	559,916,370	399,571,930
	<u>1,501,487,393</u>	<u>1,490,829,863</u>

7 TRADE DEBTS

Secured - considered good		
Foreign debts	789,729,321	1,553,500,585
Unsecured - considered good		
Domestic debts	7,014,516	8,113,026
Allowance for ECL	(14,626,603)	(14,626,603)
	<u>782,117,234</u>	<u>1,546,987,008</u>

8 CASH AND BANK BALANCE

Cash in hand	4,301,135	1,239,409
Cash at banks	665,302,958	662,432,094
	<u>669,604,093</u>	<u>663,671,503</u>

9 SHORT TERM BORROWING

Islamic Export Re-Finance under Istisna Finance-Bank Al Habib	9.1	<u>121,639,000</u>	<u>499,999,826</u>
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9.1 Company availed short term Islamic Export Re-Finance under Istisna Finance from Bank Al Habib. The tenor of the facility is six months and is secured against equitable mortgage charge over fixed assets, hypothecation charge over stocks & receivables and lien over export documents. Interest rate @ SBP Rate + 0.75% is being charged during the tenor of the financing facility.

10 CONTINGENCIES AND COMMITMENTS

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

10.1 Contingencies

Bank guarantees issued in the ordinary course of business	<u>14,350,018</u>	<u>14,350,018</u>
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10.2 Commitments

There were no commitments as on period ended.

11 TRANSACTIONS WITH RELATED PARTIES

The related parties comprises associated companies, 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	Rupees
Salaries and other benefits	C.E.O & Directors	43,084,401

12 EVENTS AFTER REPORTING PERIOD


The Board of Directors in its meeting held on 27 April 2023 has approved an interim cash dividend of Rs. 3 per share for the period ending 31 March 2023. These condensed interim financial statements do not include the effect of the said interim cash dividend.

13 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements have been authorized for issue on **27th April 2023** by the board of directors of the company.

14 GENERAL

Figures have been rounded off to the nearest rupees.


Mehreen Obaid Agha
Chief Executive Officer


Sana Bilal
Director


Adnan Moosaji
Chief Financial Officer

Karachi:
Dated : 27th-APRIL 2023

TOWELLERS LTD

حصص یافتگان کیلئے ڈائریکٹر کی رپورٹ

بورڈ آف ڈائریکٹرز 31 مارچ، 2023 کو ختم ہونے والی تیسری سہ ماہی کیلئے کمپنی کے غیر پڑتال شدہ مالی گوشواروں کے ہمراہ اپنی رپورٹ پیش کرنے میں مسرت محسوس کر رہے ہیں۔

نومبر اور دسمبر 2022 کے مہینوں میں معاشی ست روی کے نتیجے میں تیسری سہ ماہی کی پوری مدت کے دوران ٹھمنس روکی رہی۔ جیسا کہ توقع تھی مغربی ممالک میں کساد بازاری کے رجحان کے باعث طلب اور برآمدی آرڈرز میں کمی ہوئی۔ روس یوکرائن جنگ کے باعث روس سے گیس کی کم سپلائی بھی توانائی کی لاگتوں اور عالمی افراط زر میں اضافہ کا سبب بنی۔

نومبر کے دوران برآمدات گزشتہ سال کے دوران 7.89 بلین روپے کے مقابلے میں 7.55 بلین روپے رہی۔ خالص بعد از ٹیکس منافع گزشتہ سال کے 868.92 بلین روپے کے مقابلے میں 1.55 بلین روپے رہا۔ پاکستانی روپے کی زبردستی بے قدری غیر معمولی مبادلہ کے منافع کا سبب بنا جس کا فائدہ گزشتہ سال کے مقابلے میں برآمدی آرڈرز میں کمی کے باوجود صحت مند منافع اور آمدن کی صورت میں نظر آیا۔ تاہم کمپنی کو ادراک ہے کہ اس طرح کا غیر معمولی منافع موزوں نہیں لہذا کمپنی کی انتظامیہ سال کے باقی ماندہ مہینوں میں مزید آرڈرز حاصل کرنے کی سخت کوششیں کر رہی ہے۔

کمپنی کی مالی کارکردگی کے خود خال درج ذیل ہیں

مالیاتی خود خال

31 مارچ، 2023 کو ختم ہونے والے نوماہ

روپے ہزاروں میں

2022	2023	
7,887,857	7,546,037	فروخت
1,587,530	2,126,819	مجموعی منافع
934,625	1,542,090	آپریٹنگ سے حاصل شدہ منافع
80,488	144,318	ٹیکس کی ادائیگی
868,922	1,552,483	بعد از ٹیکس منافع

بد قسمتی سے ملک میں سیاسی اور معاشی عدم استحکام آج بھی برقرار ہے۔ کمپنی امید کرتی ہے کہ اس طرح کی غیر یقینی صورتحال اور عدم استحکام قلیل المدتی ہوگا اور ملک کے معاشی معاملات بہت جلد بہتر ہو جائیں گے۔ گزشتہ سہ ماہی کے دوران برآمدی آرڈرز میں بھی تھوڑی بہتری آئی ہے۔

کمپنی کی انتظامیہ اپنے حصص یافتگان کی طرف سے اپنی حمایت اور اعتماد جاری رکھنے کی خواہشمند ہے، کمپنی ان کی اس کاوش کو سراہتی ہے۔ کمپنی ملک میں موجودہ غیر یقینی صورتحال کے باوجود اپنی ترقی کو جاری رکھنے کیلئے کوشاں ہے اور اللہ تعالیٰ سے ان مشکل وقتوں سے جلد نکلنے کی دعا گو ہے۔

اظہار تشکر

ڈائریکٹر حصص یافتگان اور سٹاف کی مسلسل معاونت اور حمایت پر ان کے شکر گزار ہیں

ثناء بلال

ڈائریکٹر

مہرین سعید آغا

چیف ایگزیکٹو آفیسر

کراچی

مورخہ: 27 اپریل، 2023

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