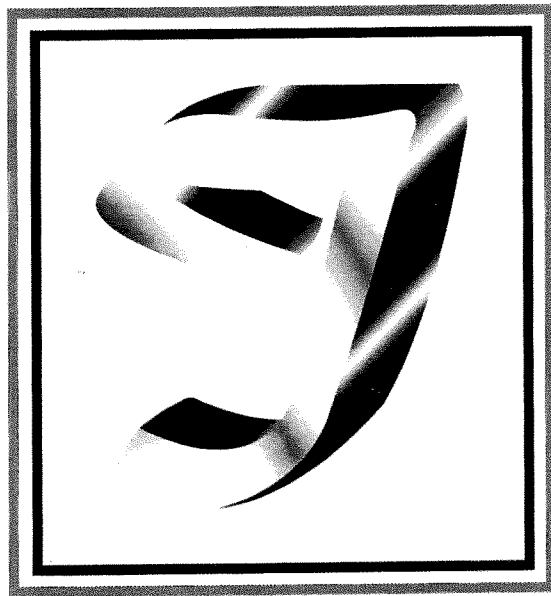


TOWELLERS LIMITED

ANNUAL REPORT
FOR THE YEAR ENDED
JUNE 30, 2019



TOWELLERS LIMITED



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	2
Notice of Meeting	3
Chairman's Review Report	4
Director's Report	5/6
Corporate Matters	7/8
Independent Auditor's report to the members	9/12
Review Report to the members	13
Statement of Compliance with Code of Corporate Governance	14/15
Six Years Comparative Key Operating & Financial Results	16
Balance Sheet	17
Profit and Loss Account	18
Statement of Comprehensive Income	19
Statement of Changes in Equity	20
Cash Flow Statement	21
Notes to the Accounts	22/44
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
Director Report (Urdu)	54/55
Notice of Meeting (Urdu)	56
Envelope	57
Jama Punji	58
Proxy Form (English / Urdu)	59/60

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
Bank Islami Pakistan Ltd
Allied Bank Limited
Muslim Commercial Bank Limited
Faysal Bank Ltd
Al Baraka Islamic Bank
Summit Bank Ltd
Silk Bank Ltd
Dubai Islamic Bank Pakistan Ltd

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 : www.towellers.com

Company Registration **National Tax** **& Sales Tax No.**
C.R. # 0004042 NTN 0676889-0, 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.

Notice of Annual General Meeting.

Notice is hereby given that the 46th Annual General Meeting of the Company will be held at Towellers House WSA, 30-31, Block-1 Federal B Area Karachi on Thursday October 24th 2019 at 3:30 p.m to transact the following business.

Ordinary Business:

1. To confirm the minutes of the 45th Annual General Meeting held on Wednesday October 24th, 2018.
2. To receive consider and adopt the Audited Financial Statements of the Company for the year ended June 30th 2019 together with the Director's and Auditor's Reports thereon.
3. To appoint Auditors for the year 2019-2020 and fix their remuneration.

Others Business:

- 5 To transact any other business with the permission of the Chair.

By Order of the Board

M. Farhan Adil
Company Secretary

Karachi: September 24th 2019.

NOTES:

1. The share transfer Books of the Company will remain closed from October 17th 2019 to October 24th 2019 (Both days inclusive).
2. A member entitled to attend and vote may appoint another member as his / her proxy to attend and vote instead of him / her at the meeting. Proxies must be deposited at the Company's Registered Office not less than 48 (forty-eight) before the time of Holding the meeting.
3. Any individual beneficial owner of CDC, entitled to vote at the General Meeting, must bring his/her CNIC with him/her to prove his/her identity, and in case of proxy, attested copy of shareholders CNIC must be attached with the proxy form. The representative of corporate member should bring the usual documents required for such purpose.
4. All the shareholders are once again requested to furnish their copy of CNIC and Bank Account details to our share registrar/company and to notify the change in their address if any.

Chairman's Review

On behalf of the Board of Directors, I welcome you all to the 46th Annual General Meeting of the Company and am pleased to present the annual review of the performance of the Company and the audited financial statements for the year ended June 30, 2019. With gratitude to Allah Almighty and with immense pleasure, I am announcing that the Company has achieved about 20% growth in export sales as compared to the year 2018 without taking into consideration the impact of currency devaluation. Also, the net profit after tax have increased by more than 50% as compared to the last year.

As required by the Companies Act, 2017 and the Code of Corporate Governance an annual evaluation of the Board of Directors of the Company is carried out, the purpose of which is to ensure that the Board's overall performance and effectiveness is measured and benchmarked as against the medium term and long term goals of the Company. The Company is striving to increase the efficiency in its operations, to reduce costs and boost the growth in exports despite these challenging times being faced by the Country's economy.

The Board performs its duties and responsibilities diligently by preparing vision of the company and setting goals and targets to achieve the long and medium term vision. The Board also conducts tactical planning and prepares strategies to achieve targets and measures and reviews the performance of the Management of the Company. Comprehensive policies are in place to follow the best practices that will lead to the better management of the operational affairs. For this purpose, the Company has planned to invest in an ERP which is renowned world over and is being used internationally to improve the operational management. Company is also investing in solar energy project at one of its premises which will drastically reduce the power costs and will help in improving the Earning Per Share, once its payback period is completed.

I would like to express my gratitude to all shareholders for the trust and confidence in the Company and sincerely thank each member of management team for their support and dedication.

Mahjabeen Obaid
Chairperson
September 24th, 2019

DIRECTORS REPORT TO THE MEMBERS

Dear Members

On behalf of the Board of Directors, We feel great pleasure to place before you the Audited Financial Statements of your Company for the year ended June 30th, 2019. 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.

OVERVIEW

Alhamdulillah, during the year under review the Company posted a turnover of Rs. 3.848 Billion as compared to Rs. 2.606 Billion for the last year, despite the fact that there was transition of Government during the year and the country faced economic challenges. This tremendous growth of 47.7% is the result of efforts and commitment of the management towards the Company and its shareholders, though it also includes the benefit of the currency devaluation during the current year.

The Company earned a net profit after tax of Rs. 397.50 Million (2018: Rs. 253.61 Million) which has increased by 57% as compared to the last year. The earning per share for the year under review is Rs. 23.38 per share (2018: Rs. Rs. 8.78 per share). The growth in export sales has resulted in improved margins which has led to the higher profits during the year. The gain of currency devaluation and rebates by the Government for exporters also have contributed in increased profits. However, at the same time the company is also facing the challenge of economic slowdown, higher cost of production due to inflation, withdrawal of SRO 1125 (i.e. withdrawing the zero rating factor for manufacturers) which have resulted in cashflow and working capital constraints, slow down in sales tax and rebates refunds and measures taken by the Government for documentation of economy.

	<u>30-Jun-19</u>	<u>30-Jun-18</u>
	<u>Rupees</u> <u>(000)</u>	
Sales (net)	3,848,285	2,605,809
Gross Profit	857,880	388,598
Distribution Cost	187,003	142,393
Administrative Expenses	201,977	184,552
Other Operating Expenses	25,136	15,769
Other Income	8,608	238,924
Finance Cost	6,482	5,201
Profit Before Taxation	445,890	279,606
Profit After Taxation	397,497	253,606
Earnings Per Share	23.38	14.92

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, 2019 is annexed to this report.

Director Training

The Company takes keen interest in the professional development of its Board Members. The Director are kept updated about the relevant laws and the current matter regarding Corporate Governance and other regulatory changes. Three directors of the company had completed certification from **Pakistan Institute of Corporate Governance (PICG)**. During the year the board did not arrange any training program for its Directors.

Trading

No trading in the shares of the Company was carried out by the Board of Directors, CEO, CFO and Company Secretary, their spouses and minor children except that mentioned in pattern of shareholding.

Dividend

Despite of the growth and profits earned during the year, the company still feels that its working capital challenges have not eased off due to a) substantial amount of GST refunds being held by Government, b) extremely slow pace of rebates being released by Government and c) the ongoing investments in solar power project and implementation of ERP, which are going to occupy substantial amount of funds, the directors of the Company have decided not to pay any dividend, cash or otherwise.

Chairman Review

The chairman review part of this annual report and directors of Company endorse contents of the same.

Auditors

The present auditors M/s Mushtaq and Co. Chartered Accountants retire and offer themselves for reappointment. 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, 2020.

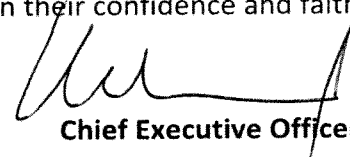
Acknowledgement

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.

Director



Chief Executive Officer



Karachi, September 24, 2019

CORPORATE MATTERS

The present Board of Directors comprises a well-balanced mix of executive, non-executive and independent Directors. It has seven Directors which were reelected in the last Annual General Meeting of the Company held 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 meetings of the Board of Directors were held and the attendance by each director was as follows.

<u>NAME OF DIRECTOR</u>	<u>CATEGORY</u>	<u>NO OF MEETING ATTENDED</u>
Mehreen Obaid Agha	Executive Director	3
Mahjabeen Obaid	Non-Executive Director	3
Sana Bilal	Non-Executive Director	3
Hadeel Obaid	Non-Executive Director	2
Abdul Jalil Shariff	Non-Executive Director	4
Zeeshan K. Sattar	Non-Executive Director	2
Valy Tariq Rangoonwala	Independent 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.

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 Director and 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 statement 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.

<u>NAME OF DIRECTOR</u>	<u>NO OF MEETING ATTENDED</u>
Hadeel Obaid	2
Abdul Jalil Shariff	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 reconstituted the Human Resource and Remuneration Committee (HR&R). The Committee consists of three members consisting of two non-executive and one executive 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

Opinion

We have audited the annexed financial statements of Towellers Limited, which comprise the statement of financial position as at June 30, 2019, and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2019 and of the profit or loss and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matter(s)

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 is the Key audit matter:

S. No.	Key audit matter	How the matter was addressed in our audit
1.	<p>Defined Benefit Obligations (Gratuity)</p> <p>Refer to note no. 20 to the audited financial statements.</p> <p>The Company operates an unfunded gratuity plan, giving rise to net liability of Rs.97.90 million, which is significant in the context of the overall balance sheet of the Company.</p> <p>The valuation of liability requires judgement 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>

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.
- 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 **Mushtaq Ahmed Vohra, FCA**.

Karachi.

MUSHTAQ & COMPANY
Chartered Accountants

Karachi, September 24, 2019

REVIEW REPORT TO THE MEMBERS*On the Statement of Compliance with Best Practices of the Code of Corporate Governance*

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of Towellers Limited (the Company) for the year ended June 30, 2019 in accordance with the requirements of regulation 40 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 and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. 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 the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Based on our review, except for the note no. 02 of 'Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations 2017' of the company, 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, 2019.

Statement of Compliance ref no.	Non-Compliance
02	The company has one independent director.

Karachi:

MUSHTAQ & COMPANY
Chartered Accountants
Engagement Partner:
Mushtaq Ahmed Vohra
FCA

Karachi, September 24, 2019

**STATEMENT OF COMPLIANCE WITH THE CODE OF
CORPORATE GOVERNANCE OF TOWELLERS LIMITED FOR THE
YEAR ENDED JUNE 30th 2019**

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 board is as follows:

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 five listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).
4. The company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
5. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by board/shareholders as empowered by the relevant provisions of the Act and these Regulations.
7. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.
8. The board of directors has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. During the year the board did not arrange any training program for its directors.

10. Mr. Adnan Moosaji was appointed as Chief Financial Officer, effective June 1st 2019 in place of Mr. M. Farzan Ijtiba. The Board has approved appointment of the CFO including his remuneration and terms and condition of employment and complied with relevant requirement of the regulations.
11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the board,
12. The board has formed following committees comprising of members given below:

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 |

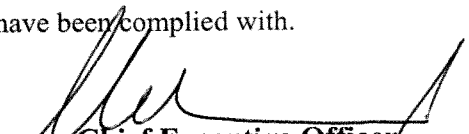
- 13 The terms of reference of the aforesaid committees have been formed. Documented and advised to the committees for compliance.

- 14 The frequency of meetings of the committee were as per following:

Audit Committee	Four quarterly meetings during the financial year ended June 30, 2019
HR and Remuneration Committee	One meetings during the financial year ended June 30, 2019

- 15 The board has recently enhanced the internal audit Department which will undertake internal Audit function on full time basis relating to the business and other affairs 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 ICAP and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses, and minor children do not hold shares of the company and that the firm and all its 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.
- 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 the Regulations have been complied with.


Director


Chief Executive Officer

Karachi, September 24, 2019

TOWELLERS LIMITED

**SIX YEARS AT GLANCE
FROM 2014 TO 2019
RUPEES IN THOUSANDS**

PARTICULARS	2019	2018	2017	2016	2015	2014
Turn over-Net	3,848,285	2,605,809	2,686,140	2,700,457	2,721,485	3,424,904
Cost of sales	2,990,405	2,217,211	2,319,246	2,241,467	2,309,116	3,067,386
Gross profit / (loss)	857,880	388,598	366,895	458,990	412,368	357,518
Profit/(loss) from operation	452,373	284,807	94,121	175,702	115,756	(12,401)
Finance cost	6,482	5,201	6,398	6,957	6,920	27,803
Profit/(loss) before taxation	445,890	279,606	87,723	168,744	135,176	(342,565)
Profit / (loss) after taxation	397,497	253,606	61,695	144,833	107,143	(376,199)
Dividend	-	-	-	-	-	-

FINANCIAL DATA

Fixed assets-w.d.v	1,220,829	1,259,135	989,150	1,024,075	1,002,907	515,731
Long term loans	12,851	10,643	12,041	12,880	13,230	15,085
Long term deposits	19,755	19,755	6,530	7,430	6,530	3,677
Current assets	1,475,871	1,048,309	955,356	878,201	949,669	1,877,782
Total	2,729,306	2,337,842	1,963,078	1,922,585	1,972,336	2,412,275

EQUITY & LIABILITIES

Equity	2,043,418	1,626,001	491,128	360,538	221,586	(268,643)
Non current liabilities	97,902	111,449	204,153	253,680	138,621	840,161
Current liabilities	587,986	600,393	670,531	685,186	959,310	1,469,741
Total	2,729,306	2,337,842	1,365,812	1,299,404	1,319,518	2,041,259

KEY RATIOS%

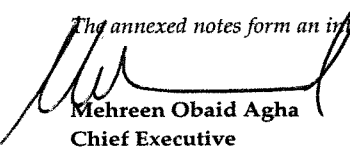
Gross margine%	22.29	14.91	13.66	17.00	15.15	10.44
Net profit (loss)%	10.33	9.73	2.30	5.36	3.94	(10.98)
Quick acid ratio%	1.20	0.62	0.59	0.45	0.37	0.30
EBIT margine%	11.76	10.93	3.50	6.51	5.22	(9.19)
Current ratio%	2.51	1.75	1.42	1.28	0.99	1.28
Earning/(loss) per share Rs	23.38	14.92	3.63	8.52	6.30	(22.13)
Cash dividend Rs.	-	-	-	-	-	-
Debt equity ratio%	0.34	0.44	1.78	2.60	4.95	(8.60)

TOWELLERS LIMITED


STATEMENT OF FINANCIAL POSITION As at June 30, 2019

	Note	2019 Rupees	2018 Rupees
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	4	1,220,828,937	1,259,134,892
Long term loans and advances	5	12,851,217	10,642,864
Long term deposits	6	19,755,320	19,755,320
		1,253,435,474	1,289,533,076
CURRENT ASSETS			
Stores, spare parts and loose tools	7	20,721,948	18,658,507
Stock in trade	8	486,952,015	373,961,416
Trade debts	9	402,696,309	252,894,905
Loans and advances	10	16,273,727	16,677,084
Trade deposits and short term prepayments	11	16,279,720	13,652,458
Other receivables	12	142,658,930	173,997,681
Income tax and sales tax refundable	13	103,014,941	91,886,889
Cash and bank balances	14	287,273,316	106,579,914
Non-current assets held for sale	15	-	-
		1,475,870,906	1,048,308,854
		2,729,306,380	2,337,841,930
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital		250,000,000	250,000,000
25,000,000 (June 30, 2018: 25,000,000) ordinary shares of Rs. 10 each		250,000,000	250,000,000
Issued, subscribed and paid up capital	16	170,000,000	170,000,000
Reserves		1,053,744,900	606,568,525
Surplus on revaluation of property, plant & equipment	17	819,673,514	849,432,078
		2,043,418,414	1,626,000,603
LIABILITIES			
NON CURRENT LIABILITIES			
Long term financings	18	-	-
Deferred liabilities			
Staff retirement benefits - gratuity	20	97,902,016	111,448,588
		97,902,016	111,448,588
CURRENT LIABILITIES			
Trade and other payables	21	587,985,950	598,934,400
Accrued mark up and interest	22	-	-
Short Term borrowings	19	-	1,458,339
Current portion of long term financing	18	-	-
		587,985,950	600,392,739
CONTINGENCIES AND COMMITMENTS			
	23	-	-
		2,729,306,380	2,337,841,930

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


Mehreen Obaid Agha
Chief Executive


Sana Bilal
Director


Adnan Moosaji
Chief Financial Officer

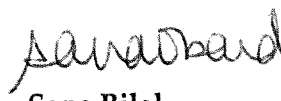
Karachi, September 24, 2019

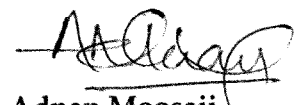
STATEMENT OF PROFIT AND LOSS ACCOUNT
For the year ended June 30, 2019

	Note	2019 Rupees	2018 Rupees
Sales - net	24	3,848,284,981	2,605,809,063
Cost of sales	25	(2,990,405,018)	(2,217,210,827)
Gross profit		857,879,963	388,598,236
Distribution cost	26	(187,002,822)	(142,393,849)
Administrative expenses	27	(201,977,074)	(184,551,720)
Other operating expenses	28	(25,135,780)	(15,768,970)
Other income	29	8,608,452	238,923,692
		(405,507,224)	(103,790,847)
Profit from operations		452,372,739	284,807,389
Finance cost	30	(6,482,369)	(5,201,405)
Profit before taxation		445,890,370	279,605,984
Provision for taxation	31	(48,392,985)	(26,000,057)
Profit for the year		397,497,385	253,605,927
Earnings per share - basic and diluted	32	23.38	14.92

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


Mehreen Obaid Agha
Chief Executive


Sana Bilal
Director

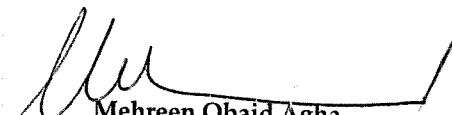

Adnan Moosaji
Chief Financial Officer


Karachi, September 24, 2019

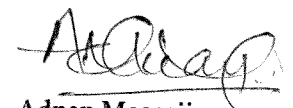
STATEMENT OF COMPREHENSIVE INCOME
For the year ended June 30, 2019

	Note	2019 Rupees	2018 Rupees
Profit for the year		397,497,385	253,605,927
Other comprehensive income for the year			
<i>Items that will not be reclassified to profit and loss account</i>			
Gain on remeasurement of staff retirement benefits	20.1	19,920,426	822,599
Surplus on revaluation of land, building & plant and machinery		-	283,178,245
Total comprehensive income for the year		417,417,811	537,606,771

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


Mehreen Obaid Agha
Chief Executive


Sana Bilal
Director


Adnan Moosaji
Chief Financial Officer

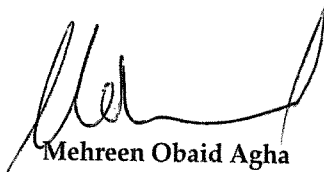
Karachi, September 24, 2019

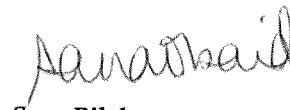
TOWELLERS LIMITED


STATEMENT OF CHANGES IN EQUITY For the year ended June 30, 2019

Particulars	Issued, subscribed and paid up capital	Reserves			Revaluation Surplus	Total
		Capital Reserve	Revenue Reserve	Sub Total		
		Share premium	Unappropriated profit			
Rupees						
Balance as at June 30, 2017	170,000,000	63,000,000	258,128,435	321,128,435	597,265,397	1,088,393,832
Profit for the year			253,605,927	253,605,927	-	253,605,927
Other comprehensive income for the year	-	-	822,599	822,599	283,178,245	284,000,844
Transferred from surplus on revaluation of property, plant & equipment	-	-	31,011,564	31,011,564	(31,011,564)	-
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
Profit for the year			397,497,385	397,497,385	-	397,497,385
Other comprehensive income for the year	-	-	19,920,426	19,920,426	-	19,920,426
Transferred from surplus on revaluation of property, plant & equipment	-	-	29,758,564	29,758,564	(29,758,564)	-
Balance as at June 30, 2019	170,000,000	63,000,000	990,744,900	1,053,744,900	819,673,514	2,043,418,414

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


Mehreen Obaid Agha
Chief Executive


Sana Bilal
Director


Adnan Moosaji
Chief Financial Officer

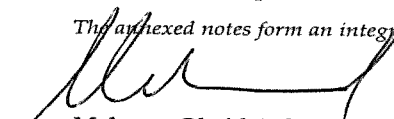
Karachi, September 24, 2019

TOWELLERS LIMITED


CASH FLOWS STATEMENT For the year ended June 30, 2019

	Note	2019 Rupees	2018 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		445,890,370	279,605,984
Adjustments for:			
Depreciation		82,674,415	81,929,356
Staff retirement benefits - gratuity		23,429,447	23,873,878
Finance cost		6,482,369	5,201,405
Workers' profit participation fund		23,467,914	14,716,104
Waiver of loan		-	(100,000,000)
Waiver of mark-up		-	(134,214,818)
Provision for prepayments		1,191,043	-
(Gain) on disposal of property, plant and equipment		(411,265)	(653,392)
		136,833,923	(109,147,468)
Profit before working capital changes		582,724,293	170,458,517
(Increase) / decrease in current assets			
Stores, spare parts and loose tools		(2,063,441)	(8,825,139)
Stock in trade		(112,990,599)	(95,462,330)
Trade debts		(149,801,404)	(32,611,332)
Loans and advances		403,357	(5,563,374)
Trade deposits and short term prepayments		(3,818,305)	(944,865)
Other receivables		31,338,751	(42,380,398)
		(236,931,641)	(185,787,438)
(Decrease) / increase in current liabilities			
Trade and other payables		(19,038,035)	68,978,356
Cash generated from operations		326,754,617	53,649,435
Finance cost paid		(6,482,369)	(5,201,405)
Taxes (paid) / received		(59,521,036)	(2,671,625)
Workers' profit participation fund paid		(15,378,329)	(4,869,883)
Long term loan to employees		(2,208,353)	1,398,535
Long term deposits		-	(13,225,500)
Staff retirement benefits - gratuity paid		(17,055,593)	(15,755,253)
Net cash generated from operating activities		226,108,937	13,324,304
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		462,000	778,000
Fixed capital expenditure		(44,419,196)	(55,085,395)
Net cash used in investing activities		(43,957,196)	(54,307,395)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term financings		-	(12,248,378)
Short term borrowings		(1,458,339)	(2,499,996)
Net cash used in financing activities		(1,458,339)	(14,748,374)
Net increase in cash and cash equivalents		180,693,402	(55,731,464)
Cash and cash equivalents at the beginning of the year		106,579,914	162,311,379
Cash and cash equivalents at the end of the year	14	287,273,316	106,579,914

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 24, 2019

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2019

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

Following standards, amendments and interpretations are effective for the year beginning on or after July 01, 2018. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

IFRS 9 'Financial instruments' – This standard replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. It also includes an expected credit losses model that replaces IAS 39 incurred loss impairment model.

IFRS 15 'Revenue from contracts with customers' – This standard introduces a single five-step model for revenue recognition with a comprehensive framework based on core principle that an entity should recognise revenue representing the transfer of promised goods or services under separate performance obligations under the contract to customer at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. IFRS 15 replaces the previous revenue standards: IAS 18 Revenue, IAS 11 Construction Contracts, and the related interpretations on revenue recognition.

The changes laid down by these standards do not have any significant impact on these financial statements of the Company. However, related changes to the accounting policies have been made in these financial statements.

The other new standards, amendments to approved accounting standards and interpretations that are mandatory for the financial year beginning on January 1, 2018 are considered not to be relevant or to have any significant effect on the Company's financial reporting and operations.

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

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 July 2019:

IFRS 16, 'Leases' is applicable to accounting periods beginning on or after January 1, 2019. IFRS 16 will affect primarily the accounting by lessees and will result in the recognition of almost all the leases on the balance sheet date. This standard removes the current distinction between operating and finance leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases. The accounting by lessor will not significantly change. Some differences may arise as a result of the new guidance on the definition of lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company has yet to assess the impact of this standard on its financial

IFRIC 23, 'Uncertainty over income tax treatments': (effective for periods beginning on or after January 01, 2019). This IFRIC clarifies how the recognition and measurement requirements of IAS 12 'Income taxes', are applied where there is uncertainty over income tax treatments. The IFRIC explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. An uncertain tax treatment is any tax treatment applied by an entity where there is uncertainty over whether that treatment will be accepted by the tax authority. The IFRIC applies to all aspects of income tax accounting where there is an uncertainty regarding the treatment of an item, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates. The Company is yet to assess the full impact of the interpretation.

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, building and plant and machinery which 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, 2019 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

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;

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

3.8 Non-current assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are measured at the lower of their carrying amount and fair value less cost to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro-rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets or investment property, which continue to be measured in accordance with the company's other accounting policies. Impairment losses on initial classification as held-for-sale and subsequent gains and losses on re-measurement are recognized in profit or loss.

Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortised or depreciated.

3.9 Staff retirement benefits - gratuity

The company operates an unfunded gratuity scheme (defined benefit plan) for all its permanent employees who have completed minimum qualifying period of service as defined under the respective scheme. 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, 2019 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.

3.10 Trade and other payables

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

3.11 Taxation

Current year

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

3.12 Dividend

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

3.13 Provisions

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

3.14 Revenue recognition

- a) Revenue from sale of goods is recognized when control of goods is transferred to customers.
- b) Return on bank balances is accrued on a time proportion basis by reference to the principal outstanding and the applicable rate of return.
- c) Dividend income and entitlement of bonus shares are recognized when right to receive such dividend and bonus shares is established.

3.15 Government grant

These represent transfer of resources from government, government agencies and similar bodies, in return for the past or future compliances with certain conditions relating to the operating activities of the entity. The grants are disclosed as a deduction from the related expense.

3.16 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.

3.17 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.

The financial statements are presented in Pak Rupees, which is the company's functional and presentation currency.

3.18 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.

3.19 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.

3.20 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.

3.21 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

3.22 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.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2019

4 PROPERTY, PLANT AND EQUIPMENT

	Note	2019 Rupees	2018 Rupees
Operating fixed assets	4.1	1,196,972,742	1,259,134,892
Capital work in progress - at cost	4.5	23,856,195	21,951,906
		<u>1,220,828,937</u>	<u>1,281,086,798</u>

4.1 Operating fixed assets

At July 01, 2018

	Leasehold land	Building on leasehold land	Plant & machinery	Electric installation	Gas installation	Furniture & fixture	Office equipment	Bicycles	Vehicles	Waste water treatment plant	Total
Cost	518,737,499	442,755,431	279,142,984	11,822,861	205,364	17,834,560	103,828,948	22,375	57,941,261	19,614,697	1,451,905,980
Accumulated depreciation	(5,239,773)	(40,986,488)	(27,222,808)	(11,012,560)	(95,606)	(11,203,511)	(56,349,204)	(19,626)	(40,478,059)	(163,456)	(192,771,089)
Net book value	513,497,726	401,768,943	251,920,176	810,301	109,758	6,631,049	47,479,744	2,749	17,463,202	19,451,241	1,259,134,891
Year ended June 30, 2019											
Opening net book value	513,497,726	401,768,943	251,920,176	810,301	109,758	6,631,049	47,479,744	2,749	17,463,202	19,451,241	1,259,134,891
Additions during the year	-	-	7,534,253	-	-	1,267,665	4,819,857	-	6,941,226	-	20,563,001
Addition (Transferred from CWIP)	-	-	-	-	-	-	-	-	-	-	-
Transfer from held for sale	-	-	-	-	-	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-	-	-	-	-	-
Disposals / transfers	-	-	-	-	-	-	-	-	-	-	-
-Cost	-	-	-	-	-	-	-	-	(851,500)	-	(851,500)
-Accumulated depreciation	-	-	-	-	-	-	-	-	800,765	-	800,765
Depreciation charge for the year	(5,186,846)	(40,176,894)	(25,684,337)	(81,030)	(10,976)	(713,944)	(4,943,056)	(275)	(3,931,931)	(1,945,124)	(82,674,415)
Closing net book value June 2019	508,310,880	361,592,049	233,770,092	729,271	98,782	7,184,770	47,356,543	2,474	20,421,762	17,506,117	1,196,972,742

Annual depreciation rate % / Useful life

99 Years 10% 10% 10% 10% 10% 10% 10% 20% 10%

NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2018

At July 01, 2017

	Leasehold land	Building on leasehold land	Plant & machinery	Electric installation	Gas installation	Furniture & fixture	Office equipment	Bicycles	Vehicles	Waste Water Treatment Plant	Total
Cost	326,489,630	444,788,176	257,193,383	11,822,861	205,364	16,391,270	99,028,149	22,375	48,238,461	-	1,204,179,669
Accumulated depreciation	(9,951,052)	(68,936,082)	(45,726,495)	(10,922,527)	(83,411)	(10,527,317)	(51,343,458)	(19,320)	(39,471,792)	-	(236,981,454)
Net book value	316,538,579	375,852,094	211,466,888	900,334	121,953	5,863,953	47,684,691	3,055	8,766,669	-	967,198,216
<u>Year ended June 30, 2018</u>											
Opening net book value	316,538,579	375,852,094	211,466,888	900,334	121,953	5,863,953	47,684,691	3,055	8,766,669	-	967,198,216
Additions during the year	-	3,252,799	5,308,979	-	-	1,443,290	4,800,799	-	11,353,500	-	26,159,367
Additions (Transferred from CWIP)	-	23,129,826	8,133,411	-	-	-	-	-	-	19,614,697	50,877,984
Transfer from held for sale	-	-	13,775,094	-	-	-	-	-	-	-	13,775,094
Revaluation	202,198,921	40,520,712	40,458,612	-	-	-	-	-	-	-	283,178,245
Disposals / transfers	(9,951,052)	(68,936,082)	(45,726,495)	-	-	-	-	-	(1,650,700)	-	(126,264,329)
-Cost	9,951,052	68,936,082	45,726,495	-	-	-	-	-	1,526,092	-	126,139,721
-Accumulated depreciation	(5,239,773)	(40,986,488)	(27,222,807)	(90,033)	(12,195)	(676,193)	(5,005,746)	(306)	(2,532,359)	(163,456)	(81,929,356)
Depreciation charge for the year											
Closing net book value June 2018	513,497,727	401,768,943	251,920,177	810,301	109,758	6,631,050	47,479,744	2,749	17,463,202	19,451,241	1,259,134,892
99 Years	10%	10%	10%	10%	10%	10%	10%	10%	20%	10%	10%

Annual depreciation rate % / Useful life

	Note	Rupees	Rupees
Cost of sales	25.1	73,085,207	68,354,788
Administrative expenses	27	9,589,208	8,160,103
		82,674,415	76,514,891

NOTES TO AND FORMING PART OF THE THE FINANCIAL STATEMENTS
For the year ended June 30, 2019

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
Vehicles							
Star Motor Cycle Keg-8566	M.Ameen Khan	43,500	37,917	5,583	10,000	4,417	Negotiation
Unique Motor Cycle KKU-9993	EFU Insurance	48,000	10,600	37,400	30,000	(7,400)	Insurance Claim
Suzuki Mehran ACU-805	Farhad Ali	355,000	350,289	4,711	225,000	220,289	Negotiation
Suzuki Mehran ABS-223	M.Saeed Khan	205,000	203,292	1,708	120,000	118,292	Negotiation
Suzuki Khyber H-9886	Adnan Iqbal	200,000	198,667	1,333	77,000	75,667	Negotiation
	2019		800,765	50,735	462,000	411,265	
	2018		1,526,092	124,608	778,000	653,392	

	Note	2019 Rupees	2018 Rupees
4.3 Gain/(Loss) on disposal of property, plant and equipment			
Cost		851,500	1,650,700
Less : Accumulated depreciation		(800,765)	(1,526,092)
		50,735	124,608
Sale proceeds		(462,000)	(778,000)
Gain on disposal of property, plant and equipment		(411,265)	(653,392)

4.4 Had there been no revaluation the related figures of land, building and plant and machinery at June 30, 2019 would have been as follows:

	Cost as on June 30, 2019	Accumulated depreciation	Book value June 30, 2019	Cost as on June 30, 2018	Accumulated depreciation	Book value June 30, 2018
Leasehold land	19,327,159	17,808,430	1,518,729	19,327,159	12,621,584	6,705,575
Building on free/leasehold land	434,644,504	321,968,405	112,676,099	434,644,504	281,791,511	152,852,993
Plant and machinery	1,126,415,922	670,001,218	456,414,704	1,118,881,669	644,316,881	474,564,788
	1,580,387,585	1,009,778,053	570,609,532	1,572,853,332	938,729,976	634,123,356

	2019 Rupees	2018 Rupees
4.5 Capital work in progress - at cost		
Building - civil works	8,315,909	-
Plant and machinery	15,540,286	-
	23,856,195	-
The movement in Capital work in progress is as follows:		
Balance at the beginning of the year	-	21,951,906
Addition during the year:		
Building - civil works	8,315,909	1,177,920
Plant and machinery	15,540,286	8,133,411
Water treatment plant	-	24,794,723
	23,856,195	34,106,054
Transfer to operating fixed assets:		
Building - civil works	-	23,129,826
Plant and machinery	-	8,133,411
Water treatment plant	-	24,794,723
	-	56,057,960
Balance at the end of the year	23,856,195	-

5 LONG TERM LOANS AND ADVANCES

Loan to employees - secured

		2019 Rupees	2018 Rupees
Executives	5.1.5.1.1.5.1.2	16,829,215	10,396,647
Other employees	5.1.1	3,452,949	11,681,758
		20,282,164	22,078,405
Current portion of loans shown under current assets			
Executives	10	6,022,234	2,032,499
Other employees	10	1,408,713	9,403,042
		(7,430,947)	(11,435,541)
		12,851,217	10,642,864

TOWELLERS LIMITED

5.1 Movement in loans to executives

Balance at the beginning of the Year		10,396,647	11,898,605
Amount disbursed during the year		10,901,514	3,080,547
Amount transferred in loan to employee	5.1.3	-	(1,614,003)
		21,298,161	13,365,149
Amount recovered during the Year		(4,468,946)	(2,968,502)
Balance at the end of the Year		<u>16,829,215</u>	<u>10,396,647</u>

5.1.1 These are interest free loans recoverable in monthly installments over a period of three years. 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. 16,829,215 (June 30, 2018: Rs.11,330,385).

6 LONG TERM DEPOSITS

Security deposits		19,755,320	19,755,320
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7 STORES, SPARE PARTS AND LOOSE TOOLS

Stores		18,720,944	16,425,122
Spare parts and loose tools		2,001,004	2,233,385
		<u>20,721,948</u>	<u>18,658,507</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		186,296,127	127,215,775
Work in process		146,982,806	130,350,178
Finished goods		150,013,082	101,552,063
Stock in transit-Raw material		3,660,000	624,000
Stock in transit-Finished goods		-	14,219,400
		<u>486,952,015</u>	<u>373,961,416</u>

Note	2019 Rupees	2018 Rupees
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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 premisses after the 30th June 2019 due to transportation period are shown as Stock in transit.

9 TRADE DEBTS

Secured against letter of credit

Foreign debts	9.1	401,532,012	252,888,528
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Unsecured- considered good

Domestic debts		1,164,297	6,377
		<u>402,696,309</u>	<u>252,894,905</u>

9.1 Foreign debts are secured against letter of credit.

10 LOANS AND ADVANCES

Loan to employees-Secured against gratuity

Executive - secured	5	6,022,234	2,032,499
Others - secured	5	1,408,713	9,403,042
		7,430,947	11,435,541

TOWELLERS LIMITED

Advances:			
to suppliers		8,786,936	4,886,242
to contractors		55,844	355,301
		8,842,780	5,241,543
		16,273,727	16,677,084
11 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS			
Security deposits		350,000	475,000
Prepayments		17,120,763	13,177,458
Less: Impairment loss		(1,191,043)	-
		16,279,720	13,652,458
12 OTHER RECEIVABLES			
Considered good			
Export rebate		30,710,913	18,365,189
Drawback local taxes levies		78,487,135	122,171,610
Sales tax demand	12.1	33,460,882	33,460,882
		142,658,930	173,997,681
		142,658,930	173,997,681
	Note	2019 Rupees	2018 Rupees
12.1	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.		
13 INCOME TAX AND SALES TAX REFUNDABLE			
Income Tax refundable			
Balance at the beginning of the Year		21,954,007	20,456,017
Advance income tax		2,156,397	2,934,677
Provision for taxation adjusted against advance tax		(2,032,190)	(1,436,687)
Balance at the end of the Year		22,078,214	21,954,007
Sales tax refundable		80,936,727	69,932,882
		103,014,941	91,886,889
14 CASH AND BANK BALANCES			
Cash in hand		246,259	125,934
Cash at banks:			
In current accounts		136,643,659	38,117,691
In saving accounts	14.1	150,383,398	68,336,289
		287,027,057	106,453,980
		287,273,316	106,579,914
14.1	It carries mark up at the rate of 8.75% to 11.55% (June 30, 2018 : 3.75% to 5.75%) per annum.		
15 NON-CURRENT ASSETS HELD FOR SALE			
Balance at the beginning of the Year		-	13,775,094
Transfer from property plant and equipment		-	-
		-	13,775,094
Transfer to property plant and equipment			(13,775,094)
Balance at the end of the Year		-	-
15.1	No reasonable offer were received for the classified assets and now management is expected to get some export orders in next financial period. The same machinery is transferred to property plant and equipment.		

TOWELLERS LIMITED

		Note	2019 Rupees	2018 Rupees
16	ISSUED, SUBSCRIBED AND PAID UP CAPITAL			
	2019 Number of shares	2018	2019 Rupees	2018 Rupees
	9,372,247	9,372,247	93,722,470	93,722,470
	1,012,753	1,012,753	10,127,530	10,127,530
	6,615,000	6,615,000	66,150,000	66,150,000
	<u>17,000,000</u>	<u>17,000,000</u>	<u>170,000,000</u>	<u>170,000,000</u>
16.1	The shareholders' are entitled to receive all distributions to them including dividend and other entitlements in the form of bonus and right shares as and when declared by the Company. All shares carry "one vote" per share without restriction.			
17	SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT			
	Balance at the beginning of the Year		849,432,078	597,265,397
	Surplus on revaluation of land, building & plant and machinery		-	283,178,245
			<u>849,432,078</u>	<u>880,443,642</u>
	Transfer to unappropriated profit in equity on account of incremental depreciation charged in profit and loss account		(29,758,564)	(31,011,564)
	Balance at the end of the Year		<u>819,673,514</u>	<u>849,432,078</u>
17.1	Revaluation of land and building was carried out on December 14, 1994 by M/s. Iqbal A. Nanjee & company, an independent valuer which resulted a surplus of Rs. 51,761,588/- further revaluations were carried by the same valuer on land and building on 18.09.2002 resulting a surplus of Rs. 114,522,302/-, on land, building and plant & machinery on 31.08.2006, resulting surplus of Rs. 290,598,092/-, on land, building and plant & machinery (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 land, building and plant & machinery 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 land and building 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/			
18	LONG TERM FINANCINGS			
	Loans from banking companies - secured			
	Allied Bank Limited-TF	18.1	-	100,000,000
			-	100,000,000
	Waiver of loan		-	(100,000,000)
			-	(100,000,000)
			<u>-</u>	<u>-</u>
18.1	The above loan has been paid according to agreed installment schedule described in restructuring agreement dated 6 October 2015 therefore Rupees 100 million as principal outstanding and Rs.134 million as mark-up outstanding has been reversed and written off by the Allied Bank Limited. The above loan was secured by first joint pari passu equitable mortgage and hypothecation charge over fixed & pari passu hypothecation and floating charge over company's' stocks, book debts, receivables, lien on export / import documents amounting; Rs.600.00 million (2018:Rs.600.00 million).			
19	SHORT TERM BORROWINGS			
	Loan from directors	19.1	-	1,458,339
			-	1,458,339

19.1 This interest free loan amounting Rs.5 million was obtained from C.E.O of the company for capital expenditure. Repayable in 24 monthly installments commence from 1st January 2017 after completion of grace period of 2 years. 30 days notice required from either party to terminate/ reduce the tenure of this agreement.

19.2 The loan agreement has been revised on 15th June 2017. Accordingly the loan is repayable on demand by the lender.

20 STAFF RETIREMENT BENEFITS - GRATUITY		2019	2018
		Rupees	Rupees
20.1	Movement in the net liability recognized in the balance sheet		
	Opening net liability	111,448,588	104,152,562
	Expense for the year	23,429,447	23,873,878
	Remeasurement recognized in other comprehensive income	(19,920,426)	(822,599)
		<u>114,957,609</u>	<u>127,203,841</u>
	Benefits paid during the year	(17,055,593)	(15,755,253)
	Closing net liability	<u>97,902,016</u>	<u>111,448,588</u>
20.2	Expense recognized in the profit and loss account		
	Current service cost	12,817,106	15,992,154
	Interest cost	10,612,341	7,881,724
		<u>23,429,447</u>	<u>23,873,878</u>
		Note	
20.3	Expense recognized in other comprehensive income	2019	2018
	Net actuarial loss / (gain) recognized in the balance sheet	Rupees	Rupees
		(19,920,426)	(822,599)
		<u>(19,920,426)</u>	<u>(822,599)</u>
20.4	Movement in the present value of defined benefit obligation		
	Present value of defined benefit obligation	103,605,364	96,309,338
	Current service cost	12,817,106	15,992,154
	Interest cost	10,612,341	7,881,724
	Actuarial (loss) / gain	19,920,426	(822,599)
	Benefits paid	(17,055,593)	(15,755,253)
		<u>129,899,644</u>	<u>103,605,364</u>
20.5	Gratuity expenses have been allocated as follows		
	Cost of goods manufactured	10,204,009	12,536,376
	Administrative expenses	13,225,438	11,337,502
		<u>23,429,447</u>	<u>23,873,878</u>
20.6	Historical information		
		2019	2018
		2017	2016
		2015	
	Present value of defined benefit obligation	129,899,644	103,605,364
		96,309,338	139,288,394
		139,288,394	89,125,705
20.7	Reconciliation		
	Present value of defined benefit obligation		129,899,644
			110,901,390
			<u>129,899,644</u>
			<u>110,901,390</u>
20.8	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.		
20.9	Principal actuarial assumption		
	Following are a few important actuarial assumption used in the valuation.		
		%	%
	Discount rate	14.25%	9.00%
	Expected rate of increase in salary	10.00%	10.00%

NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2019

	Note	2019 Rupees	2018 Rupees
20.10 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		1,932,117	(2,058,516)
Expected rate of increase in future salaries		(2,077,667)	1,983,603
20.11	Expected gratuity expense for the year ending June 30, 2020 works out to Rs.13,729,467/.		
20.12	The weighted average duration of defined benefit obligation is 7 years.		
21 TRADE AND OTHER PAYABLES			
Trade Creditors		544,007,960	531,365,842
Accrued liabilities		16,049,047	42,380,409
Advances from customers	21.1	4,456,390	10,463,003
Workers' profit participation fund	21.2	23,467,914	14,716,104
Sales tax withholding payable (SRB)		4,638	9,041
		587,985,950	598,934,400
21.1	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.10,463,003 has been recognised in current year in respect of advances from customers at the beginning of period.		
21.2 Workers' profit participation fund			
Balance at the beginning of the Year		14,716,104	4,616,989
Interest on fund utilized in company's business		662,225	252,894
		15,378,329	4,869,883
Paid during the year		(15,378,329)	(4,869,883)
		-	-
Allocation for the year		23,467,914	14,716,104
Balance at the end of the Year		23,467,914	14,716,104
22 ACCRUED MARK UP AND INTEREST			
Mark up / interest accrued on secured loans:			
Short term borrowings		-	134,214,818
Waiver of mark-up		-	(134,214,818)
		-	-
22.1	According to restructuring agreement dated 06 october 2015 with Allied Bank Limited the accrued mark-up for Rs.134.21 million has been written off.		

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2019

	Note	2019 Rupees	2018 Rupees
23 CONTINGENCIES AND COMMITMENTS			
23.1 Contingencies			
23.1.1 The Company filed CP No.D-6619 in the Sindh High Court on dated 31-10-2017 against the imposition of section 5A of income tax ordinance 2001 for the tax on undistributed profit. The Honorable Sindh High Court grant stay order and respondents have restrained for taking any action against the Company pursuant to the impugned amendments in Finance Act 2017. Therefore no provision for the tax on undistributed profit has been recorded in this financial statement ending June 30, 2019.			
23.1.2 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.			
23.1.3 Guarantees			
Bank guarantees issued in the ordinary course of business		9,405,000	9,405,000
23.2 Commitments			
Raw material		-	3,284,551
		-	3,284,551
24 SALES - NET			
Export	24.1	3,803,393,922	2,537,855,797
Local		16,670,430	6,389,546
Waste		4,097,448	5,640,469
		3,824,161,800	2,549,885,812
Rebate		98,229,613	104,347,053
Commission on exports		(32,436,956)	(23,250,414)
Discount on exports		(41,669,476)	(25,173,388)
		3,848,284,981	2,605,809,063
24.1 Exchange gain due to currency rate fluctuations relating to export sales amounting to Rs.177.32 million (June 30, 2018: Rs. 55.51 million) has been included in export sales.			

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2019

	Note	2019 Rupees	2018 Rupees
25 COST OF SALES			
Cost of goods manufactured	25.1	2,293,883,032	1,680,057,799
Finished goods			
Opening stock		115,771,463	106,132,700
Purchases		730,763,605	546,791,790
Stock in transit		-	(14,219,400)
Closing stock		(150,013,082)	(101,552,063)
Cost of sales		2,990,405,018	2,217,210,827
25.1 Cost of goods manufactured			
Raw material consumed	25.1.1	1,052,382,325	679,541,255
Purchase (semi finished goods)		217,958,890	245,820,217
Stores and spares consumed	25.1.2	11,633,786	1,981,528
Other manufacturing expenses	25.1.3	520,244,070	354,889,221
Salaries, wages and other benefits	25.1.4	282,308,220	246,409,139
Communication expenses		945,300	777,614
Conveyance		209,890	438,607
Utilities		79,735,072	71,295,647
Insurance		19,973,109	17,135,403
Repairs and maintenance		22,767,612	10,420,592
Oil and lubricants		104,389	393,980
Printing and stationery		1,949,389	1,586,401
Subscription, fees and taxes		5,673,394	4,360,797
Entertainment expenses		5,216,658	6,160,513
Vehicle running and maintenance		7,743,000	6,384,628
Depreciation	4.1	73,085,207	73,714,753
Other expenses		8,585,349	7,420,796
		2,310,515,660	1,728,731,090
Work in process			
Opening stock		130,350,178	81,676,886
Closing stock		(146,982,806)	(130,350,178)
		(16,632,628)	(48,673,292)
		2,293,883,032	1,680,057,798

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2019

	Note	2019 Rupees	2018 Rupees
25.1.1 Raw material consumed			
Opening stock		127,839,775	90,689,500
Purchases - net		1,099,997,599	706,359,253
Cartage-in		14,501,078	10,332,277
		1,242,338,452	807,381,030
Stock in-transit		(3,660,000)	(624,000)
Closing stock		(186,296,127)	(127,215,775)
		1,052,382,325	679,541,255
25.1.2 Stores and spares consumed			
Opening stock		18,658,507	9,833,368
Purchases - net		13,697,227	10,806,667
		32,355,734	20,640,035
Closing stock		(20,721,948)	(18,658,507)
		11,633,786	1,981,528
25.1.3 Other manufacturing expenses			
Fabric dyeing and processing charges		328,557,796	222,377,627
Stitching charges		191,686,274	132,511,594
		520,244,070	354,889,221
25.1.4 Salaries, wages and other benefits includes Rs.10,204,009/- (June 30, 2018: Rs. 12,536,376/-) in respect of staff retirement benefits (gratuity).			
26 DISTRIBUTION COST			
Export development surcharge		9,109,943	6,208,483
Export freight		102,928,225	69,987,917
Clearing and forwarding		24,237,635	22,053,791
Marine insurance		2,863,360	2,072,540
Fair & exhibition		9,293,702	8,677,038
Other expenses		122,871	707,989
Travelling		38,447,086	32,686,091
		187,002,822	142,393,849

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2019

	Note	2019 Rupees	2018 Rupees
27 ADMINISTRATIVE EXPENSES			
Directors' remuneration		26,425,391	24,073,618
Staff salaries and other benefits	27.1	107,515,358	102,232,114
Conveyance		86,019	87,060
Vehicle running and maintenance		7,708,143	6,732,421
Subscription, fees and taxes		13,009,570	9,765,570
Utilities		5,194,539	6,162,805
Printing and stationery		798,055	923,786
Legal and professional charges		2,822,707	1,055,914
Repairs and maintenance		2,163,244	2,241,685
Communication expenses		12,410,086	8,263,591
Entertainment		4,489,181	4,419,338
Office expenses		1,910,352	2,402,443
Insurance		6,037,312	7,636,642
Advertisement		626,866	340,131
Impairment loss		1,191,043	-
Depreciation	4.1	9,589,208	8,214,603
		201,977,074	184,551,720
27.1	Staff salaries and other benefits includes Rs.13,225,438/- (June 30, 2018: Rs.11,337,502/-) in respect of staff retirement benefits (gratuity).		
28 OTHER OPERATING EXPENSES			
Workers' profit participation fund	21.2	23,467,914	14,716,104
Auditors' remuneration	28.1	1,207,866	1,052,866
Donation	28.2	460,000	-
		25,135,780	15,768,970
28.1 Auditors' remuneration			
Annual audit fee		698,775	698,775
Half yearly review fee		128,841	128,841
Code of corporate governance review		55,000	55,000
Tax services		255,000	125,000
Other services		70,250	45,250
		1,207,866	1,052,866
28.2	None of the directors or their spouses had any interest in donee fund.		

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2019

	Note	2019 Rupees	2018 Rupees
29 OTHER INCOME			
From financial assets			
Profit on savings account		8,197,187	4,055,482
Waiver of loan	18	-	100,000,000
Waiver of mark-up	22	-	134,214,818
From other than financial assets			
Gain on sale of property, plant and equipment	4.3	411,265	653,392
		8,608,452	238,923,692
30 FINANCE COST			
Mark up / interest on			
Workers' profit participation fund	21.2	662,225	252,894
Bank charges		5,820,144	4,948,511
		6,482,369	5,201,405
31 TAXATION			
Provision / reversal for taxation			
Current year		38,397,542	24,924,914
Demanded income tax-Prior years		9,437,594	-
Further tax		-	229,307
Sindh sales tax	31.3	557,849	845,836
		48,392,985	26,000,057
31.1	The provision for taxation has been made in these financial statements on the basis of section 169 of the Income Tax Ordinance, 2001.		
31.2	No provision in these accounts has been made for deferred tax. A technical release i.e. TR-27 issued by the Institute of Chartered Accountants of Pakistan prescribed that deferred tax accounting does not apply to those companies whose entire sales are covered under section 169 of the Income Tax Ordinance, 2001, as there will be no timing differences.		
31.3	Sindh sales tax is non refundable tax.		
32 Earnings per share			
Basic earnings per share			
Profit for the year	Rupees	397,497,385	253,605,927
Weighted average number of ordinary shares outstanding during the year	Numbers	17,000,000	17,000,000
Profit per share - basic	Rupees	23.38	14.92
Diluted earnings per share			

There were no convertible dilutive potential ordinary shares in issue as at June 30, 2019 and June 30, 2018.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2019

33	REMUNERATION TO CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES	Note	2019			2018		
			CEO	Directors	Executives	CEO	Directors	Executives
			Rupees			Rupees		
	Managerial remuneration		4,856,370	21,569,021	30,080,834	4,539,070	19,534,548	23,881,997
	Bonus		253,656	1,208,275	1,302,148	-	-	-
	Utilities		-	2,597,700	602,958	-	2,470,914	635,530
	Medical expenses		28,991	2,551,711	1,261,347	-	4,194,944	246,279
	Fuel & maintenance		-	1,511,820	2,300,727	-	1,935,139	2,159,502
	Others		14,194	598,714	22,660	-	1,098,398	163,145
			5,153,211	30,037,241	35,570,674	4,539,070	29,233,943	27,086,452
	Number of persons		1	5	10	1	5	8

33.1 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.

34 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	2019	2018
Salaries and other benefits	Key management personnel	35,190,452	33,773,013
Loan repaid to CEO	Key management personnel	1,458,339	2,499,996

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2019

	Note	2019 Rupees	2018 Rupees
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35 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

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

- 35.1 Credit risk
- 35.2 Liquidity risk
- 35.3 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.

35.1 Credit risk

35.1.1 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:

Long term loans and advances	5	12,851,217	10,642,864
Long term deposits	6	19,755,320	19,755,320
Trade debts	9	402,696,309	252,894,905
Loans and advances	10	16,273,727	16,677,084
Trade deposits and short term prepayments	11	16,279,720	13,652,458
Other receivables	12	142,658,930	173,997,681
Cash and bank balances	14	287,273,316	106,579,914
		897,788,538	594,200,226

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

		2019 Rupees	2018 Rupees
Domestic	9	1,164,297	6,377
Export	9	401,532,012	252,888,528
		402,696,309	252,894,905

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

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

	Gross debtors	
	2019	2018
	Rupees	
Not past due	345,206,741	250,205,872
Past due 0 - 30 days	46,560,670	2,682,656
Past due 31 - 90 days	5,544,301	6,377
Past due 91 days - 1 year	5,384,597	-
More than one year	-	-
	402,696,309	252,894,905
Impairment	-	-
	402,696,309	252,894,905

35.1.4 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.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2019

	Note	2019 Rupees	2018 Rupees
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35.2 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.

	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						
Long term financings	-	-	-	-	-	-
Trade and other payables	587,985,950	587,985,950	587,985,950	-	-	-
Accrued mark up and interest	-	-	-	-	-	-
	<u>587,985,950</u>	<u>587,985,950</u>	<u>587,985,950</u>	<u>-</u>	<u>-</u>	<u>-</u>

	2018					
	Carrying Amount	Contractual Cash flows	Six months or less	Six to twelve months	Two to five years	More than five years
	Rupees					
Non - derivative Financial liabilities						
Long term financings	100,000,000	-	-	-	-	-
Trade and other payables	598,934,400	598,934,400	598,934,400	-	-	-
	<u>698,934,400</u>	<u>598,934,400</u>	<u>598,934,400</u>	<u>-</u>	<u>-</u>	<u>-</u>

35.2.1 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.

35.3 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.

35.3.1 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 2019	2,261,731	135,161	26,075	401,532,012
Trade debts 2018	1,902,128	51,400	92,408	252,888,528

The following significant exchange rates applied during the year.

	Average rates		Reporting date rates	
	2019	2018	2019	2018
US Dollar to Rupee	142.70	114.21	164.00	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 opposite effect on the above currencies to the amount shown below, on the basis that all other variables remain constant.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2019

	Note	2019 Rupees	2018 Rupees
US Dollar		(18,546,196)	(10,285,001)

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

35.3.2 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		1,197,643,589	752,094,742
Financial liabilities		-	600,392,739

Variable rate instruments

Financial assets		150,383,398	68,336,289
Financial liabilities		587,985,950	600,392,739

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, 2018.

	Profit and loss		Equity	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
	Rupees			
Cash flow sensitivity - variable rate instruments 2019	5,879,859	(5,879,859)	-	-
Cash flow sensitivity - variable rate instruments 2018	6,003,927	(6,003,927)	-	-

35.4 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.

35.5 Off balance sheet items

Bank guarantees issued in ordinary course of business		9,405,000	9,405,000
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35.6 The effective rate of interest / mark up for the monetary financial assets and liabilities are mentioned in respective notes to the financial statements.

36 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.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2019

	Note	2019 Rupees	2018 Rupees
Borrowings	Rupees	-	-
Total equity	Rupees	2,043,418,414	1,626,000,603
Total capital employed	Rupees	2,043,418,414	1,626,000,603
Gearing ratio	Percentage	0.00	0.00

37 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

38 CAPACITY AND PRODUCTION

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

39 ACCOUNTING ESTIMATES AND JUDGMENTS

39.1 Income taxes

In making the estimates for income taxes currently payable by the Company, the management looks at the current income tax law and the decisions of appellate authorities on certain issues in the past.

39.2 Property, plant and equipment

The Company reviews the rate of depreciation, useful life, residual value and value of assets for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment's with a corresponding affect on the depreciation charge and impairment.

39.3 Stock-in-trade and stores and spares

The Company reviews the net realizable value of stock-in-trade and stores and spares to assess any diminution in the respective carrying values. Any change in the estimates in future years might affect the carrying amounts of stock-in-trade and stores and spares with a corresponding affect on the amortization charge and impairment. Net realizable value is determined with respect to estimated selling price less estimated expenditures to make the sales.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2019

40 NUMBER OF EMPLOYEES

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

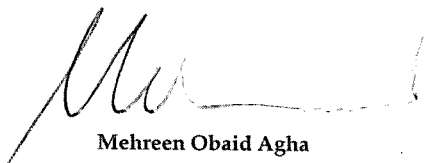
	2019	2018
Total number of employees as at June 30-Factory	903	699
Total number of employees as at June 30-Other	109	95
Total	1012	794
Average number of employees during the year-Factory	801	692
Average number of employees during the year-Other	102	94
Total	903	786

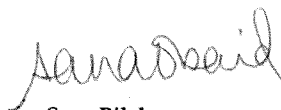
41 CORRESPONDING FIGURES


Figures have been rounded off to the nearest Rupee.

42 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue by the board of directors of the company 24 Sep, 2019.


Mehreen Obaid Agha
 Chief Executive


Sana Bilal
 Director


Adnan Moosaji
 Chief Financial Officer

Karachi, September 24, 2019

**PATTERN OF HOLDING OF THE SHARES HELD BY
SHAREHOLDERS AS ON JUNE 30, 2019**

AS PER REQUIREMENTS OF CODE OF CORPORATE GOVERNANCE

Number of SHAREHOLDERS	SHARE HOLDINGS		TOTAL SHARES HELD
	From	To	
462	1	100	2499
46	101	500	16031
12	501	1000	10304
18	1001	5000	48200
2	5001	10000	20000
2	10001	15000	28800
2	15001	20000	32800
1	25001	30000	30000
1	35001	40000	36000
1	55001	60000	59000
2	100001	105000	202351
1	125001	130000	129759
1	265001	270000	268500
1	355001	360000	357000
2	465001	470000	937648
1	525001	530000	526000
1	565001	570000	566000
3	2455001	2460000	7379247
1	2465001	2470000	2467043
1	3880001	3885000	3882818
561			17000000

	CATEGORIES OF SHARE HOLDERS	NUMBER OF SHARE HOLDERS	SHARES HELD	PERCENTAGE OF HOLDING
1	GENERAL PUBLIC (LOCAL)	546	15585435	91.6790
2	GENERAL PUBLIC (FOREIGN)	4	2306	0.0136
3	ASSOCIATED COMPANIES	4	50800	0.2988
4	INSURANCE COMPANIES	2	655759	3.8574
5	PUBLIC SECTOR COMPANIES	5	705700	4.1512
	TOTAL	561	17000000	100.0000

CATEGORIES OF SHAREHOLDING AS ON JUNE 30, 2019

Categories of Shareholders	No. of Share holders	Shares Held	Percentage
DIRECTORS, CEO & SPONSORS			
Mahjabeen Obaid	1	2,467,043	14.51
Mehreen Obaid Agha	1	2,459,748	14.47
Sana Bilal	1	2,459,748	14.47
Hadeel Obaid	1	2,459,751	14.47
Zeeshan K. Sattar	1	468,448	2.76
Abdul Jalil Shariff	1	5,000	0.03
Humza Shaikh 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	36,000	0.21
Pak Brunei Investment Company Limited	1	566,000	3.33
Saleem Butt Traders	1	101,700	0.60
MRA Securities Limited - MF	1	1,000	0.01
GENERAL PUBLIC			
LOCAL	539	1,282,228	7.54
FOREIGN	4	2,306	0.01
Total	561	17,000,000	100.000

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

OTHER MATTERS 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 with the help of its employees also undertook cleaning activity at one of the beaches of Karachi. We will remain committed to our contributions and will continue such activities in future.

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.

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.

ENVIRONMENT PROTECTION – WASTEWATER TREATMENT PLANT

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

WHISTLEBLOWING POLICY

The Company is committed to create an atmosphere ensuring accountability, integrity and its conduct. 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.

INSIDER TRADING

Company has taken definitive steps in ensuring that all employees, officers, members of the Board and all such relevant persons follow strict guidelines while trading in the shares of the company. No employee or his / her spouse will transact in the shares of the company during the close period prior to the announcement of financial results. Employees categorize as executive according to the requirement of code of corporate governance should also inform the management immediately about any transaction perform by them and their spouse other than during the close period.

POLICY FOR SAFEGUARDING OF RECORDS

Company policy for safety of records extend beyond the regulatory requirements and falls in the ambit of a comprehensively formulated business continuity planning which provide for preservation of company record of significant or permanent value for periods exceeding the legal stipulated timeframe in an efficient, secure and easy to retrieve manner.

INFORMATION TECHNOLOGY

The need for an integrated information system was being felt by the Management of the Company to improve and enhance the financial and production reporting. Therefore, purchase and implementation of an ERP has been initiated. Upon the successful implementation, not only the timely and accurate financial and non-financial information will be generated and circulated, but it will also highlight and identify areas where efficiencies could be brought about to enhance the profitability of the company.

**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 16th of October 2019 will be considered in time.

2. Participation in the Meeting.

Members whose names appearing in the Register of Members as on October 16, 2019, are entitled to attend and *vote* at the Meeting. A Member 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 notarially 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.

(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 E-Mail

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)/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/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. To avail such facility, please submit the following form with the requisite information at the registered office of the Company.

I / We _____ of _____ being a member of towellers limited holding _____ ordinary shares as per registered

Folio/ CDC Account No. _____ hereby by option for video conference facility at _____.

Name and signature _____ Date _____

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).

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. Shareholder 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 (<http://www.fbr.gov.pk/>) 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.

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

The required information must reach the share registrar of the Company by the close of business on October 16, 2019 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 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 S. 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 2019, alongwith 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 lor 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.

ڈائریکٹر رپورٹ

معزز ممبران کرامی

السلام علیکم

بورڈ آف ڈائریکٹرز کی جانب سے انتہائی مسرت کیساتھ آپ کی خدمت میں کمپنی آڈیٹ رپورٹ کی دستاویزات برائے سال 30 جون 2019 پیش کی جارہی ہے یہ مالیاتی گوشوارے انٹرنیشنل اکاؤنٹنگ اسٹینڈرڈ اور کمپنیز ایکٹ 2017ء کے قانونی ضابطوں انڈر سیکشن 227 کو مد نظر رکھتے ہوئے تیار کیے گئے ہیں۔

جائزہ

الحمد للہ اذیر نظر عرصہ سال دوران آپ کی کمپنی کا کاروبار 3,848 ملین روپے رہا جو پچھلے سال کے دوران 2,606 ملین روپے تھا، اس حقیقت کے باوجود اس سال حکومت کا تبادلہ اور معاشی چیلنجوں کا سامنا کرنا کمپنی کی ترقی جو کہ 47.07% کو ششوں کا نتیجہ ہے جس میں انتظامیہ کی دابھنگی کے ذریعے اس کے حصص یافتگان نے بھی فائدہ شامل ہے جو کہ موجودہ سال میں کرنسی کی کمی کو بھی فائدہ ہے۔ کمپنی نے 397.50 ملین ٹیکس کے بعد خالص منافع حاصل کیا جو کہ پچھلے سال کے مقابلے میں 253.61 ملین میں اضافہ ہوا ہے جائزہ رپورٹ کے مطابق اس سال کیلئے فی حصص کی کمائی کی قیمت 23.38 روپے فی حصص ہے، برآمدگی فروخت میں اضافہ کے نتیجے میں مارجن میں بہتری آئی ہے جس کی وجہ سے اس سال کے دوران زیادہ منافع ہوا ہے۔ برآمد کنندگان کیلئے حکومت کی طرف سے کرنسی کی قدر میں کمی اور ریپیٹ کے حصول نے بھی منافع میں اضافہ کیا ہے تاہم اس کے ساتھ ہی کمپنی کو معاشی سست روی اور چیلنجوں کا سامنا تھا، میگزین پیکر کیلئے سفر ذریعہ بند کی خاطر کو واپس لیتے ہوئے ایس آر او 1125 کی دابھنگی جو حکومتی اقدام ہے جس کے نتیجے میں کیش فلو اور کاروباری سرمائے میں رکاوٹیں آئی ہیں، سیلز ٹیکس اور ریپیٹ ٹیکس کی دابھنگی اور حکومت کی طرف سے معیشت کی دستاویزات کیلئے کیے گئے اقدامات میں سست روی شامل ہے۔

مالیاتی کارکردگی

کمپنی کے اہم ترین مالیاتی نتائج برائے سال 30 جون 2019 کا تقابلی جائزہ پیش خدمت ہے۔

30 جون 2019	30 جون 2018	
Rs (000)		
3,848,285	2,605,809	۱۔ کل فروختگی
857,880	388,598	۲۔ خام منافع
187,003	142,393	۳۔ لاگت برائے تقسیم ہال
201,977	184,552	۴۔ لاگت برائے انتظامی امور
25,136	15,769	۵۔ دیگر آپریٹنگ آلات
8,608	238,924	۶۔ دیگر آمدن
6,482	5,201	۷۔ فنانس لاگت
445,890	279,606	۸۔ نفع/ نقصان قبل از ٹیکس
397,497	253,606	۹۔ نفع/ نقصان برائے مدت رواں
23.38	14.92	۱۰۔ آمدن فی حصص روپوں میں

کمپنی ایکٹ کے سیکشن 227 (2) (F) اور کوڈ آف کارپورٹ گورننس کی شرائط کے مطابق کمپنی کی ترتیب حصہ داری کی رپورٹ برائے 30 جون 2019 کیساتھ منسلک ہے۔

ڈائریکٹر ٹریننگ

کمپنی اپنے بورڈ ممبروں کی پیشہ ورانہ ترقی میں گہری دلچسپی رکھتی ہے، ڈائریکٹرز متعلقہ قوانین اور کارپورٹ گورنرز دیگر ریگولیٹری تبدیلیوں سے متعلق موجودہ قانون سے بخوبی واقف ہیں۔ کمپنی کے تین ڈائریکٹرز نے کارپورٹ گورنرز کے حوالے سے PICG انسٹیٹیوٹ سے تصدیق مکمل کی ہیں لیکن اس سال کے دوران بورڈ نے اپنے ڈائریکٹرز کیلئے کسی بھی تربیتی پروگرام کا بندوبست نہیں کیا ہے۔

ٹریڈنگ

کمپنی کے حصص کی خرید و فروخت قطعی طور پر ڈائریکٹر CFO, CEO اور کمپنی سیکریٹری اور ان کی اہلیہ یا بچوں نے نہیں کی ہے۔

ڈیویڈنڈ

سال ختم ہونے کے دوران کمائی ہوئی ترقی اور منافع کے باوجود کمپنی یہ محسوس کرتی ہے کہ اس کے کام کرنے والے سرمائے کے چیلنجز کی وجہ سے کم نہیں ہوا ہے حکومت کی طرف سے GST کی واپسی کا کافی مقدار کا ہوا ہے، حکومت کی طرف سے ریٹ کی رقم کی واپسی انتہائی سست روی کا شکار ہے جس کی وجہ سے کیش فلو کی پر اہم ہے، کمپنی کی جانب سے سولر ڈیجیٹل اور ERP ایپیلی ٹیشن جاری سرمایہ کاری پر عمل درآمد سے جو فنڈز کا کافی مقدار قبضہ کرتے جا رہے ہیں، کمپنی کے ڈائریکٹرز نے اسی لئے کسی بھی نقد منافع کی رقم کی ادائیگی نہ کرنے کا فیصلہ کیا ہے۔

چئیرمین جائزہ

کمپنی کی اس سالانہ رپورٹ میں چیئرمین جائزہ رپورٹ شامل ہے جنہیں ڈائریکٹرز ان کے مندرجات کی عملیت کرتا ہے۔

آڈیٹر

کمپنی کے رخصت ہونے آڈیٹر میسرز مشتاق ایبٹ کمپنی چارٹرڈ اکاؤنٹنٹ نے اگلی مدت کے اہل ہونے کے سبب دوبارہ تقرری کیلئے پیش کش کی ہے آؤٹ کمیٹی کی تجویز پر بورڈ آف ڈائریکٹرز نے سالانہ عام اجلاس میں میسرز مشتاق ایبٹ کمپنی چارٹرڈ اکاؤنٹنٹ کی مالی سال جون 2020 کیلئے کمپنی کے قانونی آڈیٹر کی تقرری کی سفارش کرتا ہے۔

اظہار تشکر

اس موقع سے فائدہ اٹھاتے ہوئے آپ کے ڈائریکٹر تمام شراکت داروں کی جانب سے بھرپور حمایت و حوصلہ افزائی کیلئے تہہ دل سے ان کے مشکور ہیں ہم اس بات کو یقیناً ڈکا حصہ بناتے ہوئے اس کمپنی کے ہر رکن کی انتہک محنت اور ان کی جانب سے بھرپور اخلاص کی گہرائیوں سے سراہتے ہیں اور حصہ داران کے بھی بے حد مشکور ہیں ان کی جانب سے ہمیشہ کمپنی پر اعتماد اور یقین کا اظہار کیا جاتا ہے۔

چیف ایگزیکٹو

ڈائریکٹر ز
آفیسر

بتاریخ 24 ستمبر 2019 کراچی

اطلاع برائے سالانہ اجلاس عام

بذریعہ نوٹس ہذا مطلع کیا جاتا ہے کہ ٹاورز لمیٹڈ کا چھٹا ایسواں (46) سالانہ اجلاس عام، 24 اکتوبر 2019ء، بروز جمعرات، 3:30 بجے دوپہر، بمقام ڈبلیو ایس اے، 30-31، بلاک-1، فیڈرل بی ایریا، کراچی، مندرجہ ذیل امور کی انجام دہی کیلئے منعقد ہوگا:

عمومی کارروائی:

- 1- 24 اکتوبر، 2018ء، بروز بدھ، منعقد ہونے والے پینتالیسویں (45) سالانہ اجلاس عام کی کارروائی کی تصدیق اور منظوری دینا۔
- 2- عرصہ پچھتہ 30 جون، 2019ء کیلئے کمپنی کے ڈائریکٹرز، آڈیٹرز کی رپورٹس کے ہمراہ کمپنی کے آڈٹ شدہ مالیاتی گوشواروں کو وصول کرنا، غور و خوض کرنا اور منظوری دینا۔
- 3- سال 2019-2020 کیلئے 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۔

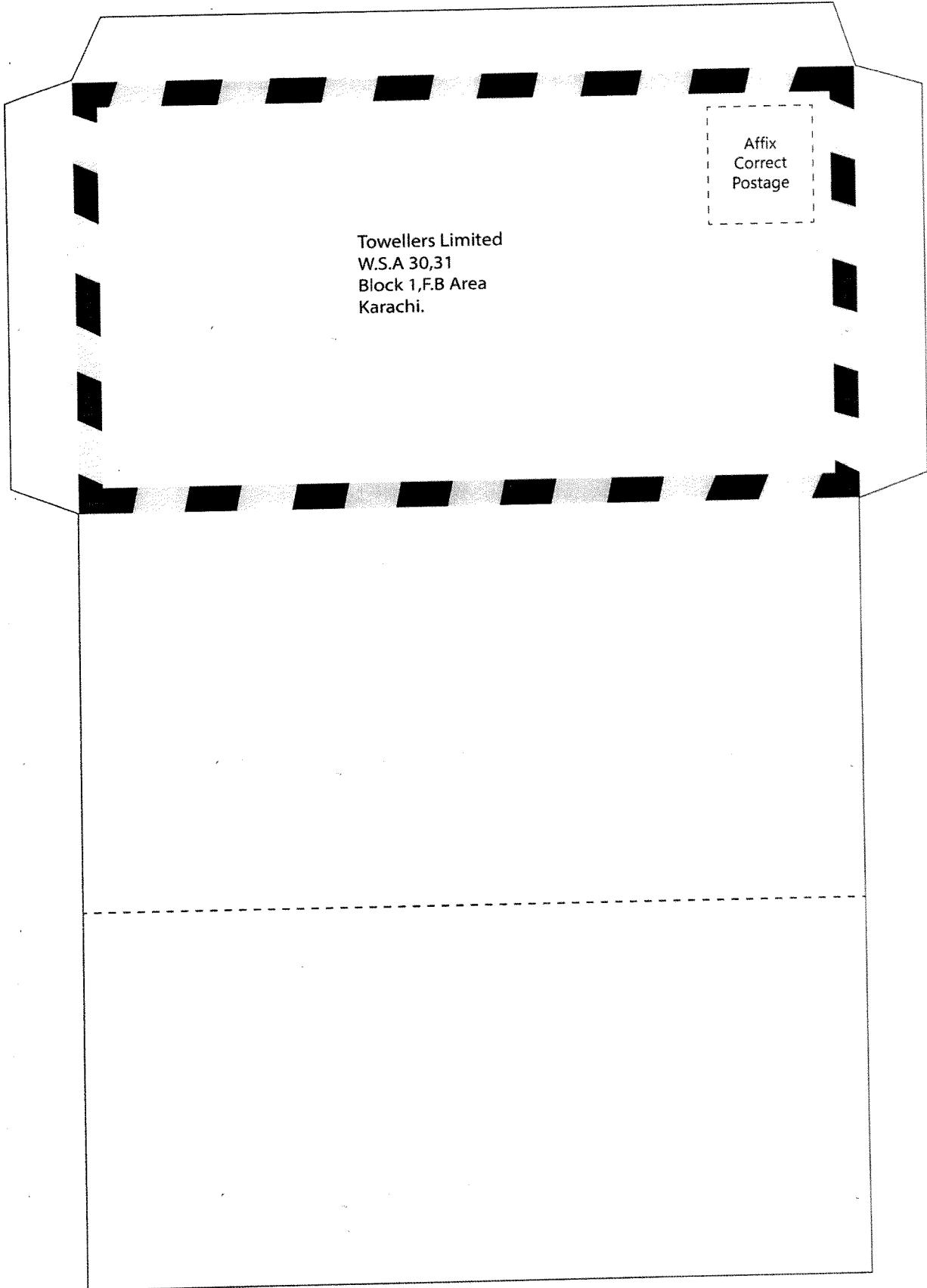
بحکم بورڈ
محمد فرحان عادل
کمپنی سیکریٹری

کراچی: 24 ستمبر، 2019ء

نوٹس:

- 1- کمپنی کی متعلقہ حصص کی کتابیں مورخہ 17 اکتوبر، 2019ء تا 24 اکتوبر، 2019ء 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 پراکسی مقرر کر سکتا ہے۔ پراکسی اجلاس کے انعقاد کے وقت سے کم از کم اڑتالیس (48) گھنٹے پہلے کمپنی کے رجسٹرڈ آفس میں جمع کرادی جائیں۔
- 3- اجلاس عام میں ووٹ کے اہل CDC کے انفرادی استفادہ کنندہ مالک کو اپنی شناخت ثابت کرنے کے لیے اپنا اصل CNIC ساتھ لانا ہوگا، اور پراکسی کی صورت میں پراکسی فارم کے ساتھ شیئر ہولڈر کے CNIC کی تصدیق شدہ کاپی لازماً تسلک ہونی چاہیے۔ کارپوریٹ ممبران کے کسی نمائندے کو ایسے مقصد کے لیے درکار عمومی دستاویزات ساتھ لانی ہوں گی۔
- 4- تمام شیئر ہولڈرز سے ایک بار پھر درخواست ہے کہ ہمارے شیئر رجسٹرار / کمپنی کے پاس اپنے CNIC کی نقل اور بینک اکاؤنٹ کی تفصیلات جمع کرادیں اور پتے میں کسی تبدیلی سے آگاہ کریں۔

TOWELLERS LIMITED



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Form of Proxy
46th 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 sixth Annual General Meeting
of the Company to be held on October 24, 2019, and at any adjournment thereof.

As witness my / our hand / seal this _____ day of _____ 2019
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

فارم برائے ہر ایک (Form of Proxy)

46 واں سالانہ اجلاس عام

میں اہم _____ کا (کامل پتہ) _____ بحیثیت ناؤرز لمیٹڈ کے ممبر / ممبران _____ حصص کے مالک، بذریعہ ہذا (کامل پتہ)

_____ یا ان کی موجودگی کی صورت میں _____ کا (کامل پتہ)

جو کمپنی کا ایک ممبر / ممبر بھی ہے / ہیں، 24 اکتوبر 2019 کو منعقد ہونے والے اور / یا ملتوی ہونے والے 46 واں کمپنی کے سالانہ اجلاس عام میں میری / ہماری جانب سے ووٹ دینے کے لئے میری / ہماری ہر ایک مقرر کردہ ہوں / کرتی ہوں اگر تے ہیں۔

بطور گواہ میں اہم روز _____ بتاریخ _____ 2019 کو میرے / ہمارے ہاتھ سے مہر لگائی۔

ذکورہ کی جانب سے دستخط شدہ

مندرجہ ذیل گواہوں کی موجودگی میں

گواہ:

۲۔ دستخط _____
نام _____
پتہ: _____

۱۔ دستخط _____
نام _____
پتہ: _____

کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ نمبر: _____

فولیو / سی ڈی سی اکاؤنٹ نمبر

دستخط

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

نوٹ:-

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

۲۔ کسی فرد کو بطور ہر ایک کسی شرکت کی اجازت نہیں دی جائے گی تاہم وہ کمپنی کا ایک ممبر نہ ہو، ماسوائے یہ کہ کارپوریشن کی ایسے فرد کا تقرر کر سکتی ہے جو ممبر نہ ہو۔

۳۔ اگر کسی ممبر نے ایک سے زائد ہر ایک کا تقرر کیا اور کمپنی کے کسی ممبر کی جانب سے ہر ایک کی ایک سے زائد دستاویز جمع کرا دی گئیں تو ہر ایک کی ایسی تمام دستاویزات غیر موثر کی جائیں گی۔
سرائے سی ڈی سی اکاؤنٹ ہولڈرز / کارپوریٹ ادارے
ذکورہ بالا کے علاوہ مندرجہ ذیل شرائط بھی پوری کرنا ہوں گی:

۱۔ ہر ایک فارم دو اطراف کی جانب سے گواہی کے ساتھ ہونا چاہیے جن کے نام، پتے، اور سی این آئی سی نمبر فارم پر درج ہوں۔

ب۔ نئی فیصل اور ووٹ کے سی این آئی سی یا پاسپورٹ کی مصدقہ نقل ہر ایک فارم کے ساتھ پیش کرنا ہوگی۔

ج۔ ہر ایک کا اجلاس کے وقت اپنا اصل سی این آئی سی یا اصل پاسپورٹ فراہم کرنا ہوگا۔

د۔ کارپوریٹ ادارے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد / ہاؤس آف ایگمنٹ یا مع نمونہ دستخط (اگر پہلے فراہم نہیں کئے گئے) ہر ایک فارم کے ساتھ جمع کرانے ہوں گے۔