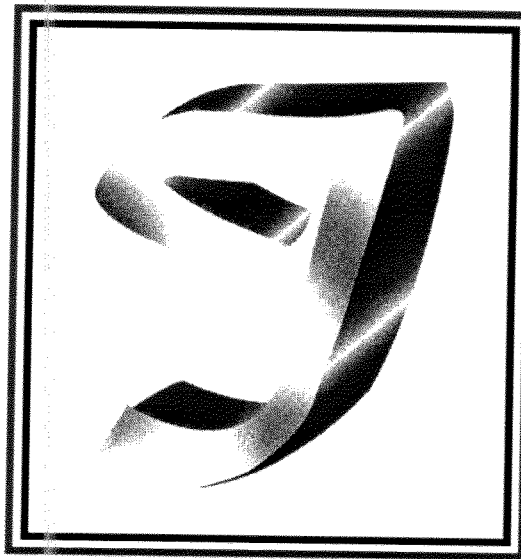


TOWELLERS LIMITED

ANNUAL REPORT
FOR THE YEAR ENDED
JUNE 30, 2016



TOWELLERS LIMITED

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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.

TOWELLERS LIMITED

COMPANY INFORMATION

BOARD OF DIRECTORS

CHAIRPERSON

Mrs. Surriya Junaid

CHIEF EXECUTIVE OFFICER

Ms. Mehreen Obaid Agha

DIRECTORS

Ms. Mahjabeen Obaid

Ms. Sana Bilal

Ms. Hadeel Obaid

Mr. Zeeshan K. Sattar

Mr. Abdul Jalil Shariff

INDEPENDENT DIRECTOR

Ms. Swaleha Alam

COMPANY SECRETARY

Mr. M. Farhan Adil

CHIEF FINANCIAL OFFICER

Mr. M. Farzan Ijtiba

AUDIT COMMITTEE

Ms. Swaleha Alam (Chairman)

Ms. Hadeel Obaid (Member)

Ms. Sana Bilal (Member)

Mr. Abdul Jalil Shariff (Member)

HUMAN RESOURCE AND REMUNERATION COMMITTEE:

Mr. Zeeshan K. Sattar (Chairman)

Ms. Mahjabeen Obaid (Member)

Mr. Abdul Jalil Shariff (Member)

SHARE REGISTRAR

T.H.K., Associates Pvt. Ltd.

Second Floor, State Life Building, #. 3,

Dr. Zaiuddin Ahmed Road, Karachi-75530, P.O.Box #. 8533

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

United Bank Limited

NIB Bank

Summit Bank Ltd.

Silk Bank Ltd.

Dubai Islamic Bank Pakistan Ltd.

REGISTERED OFFICE

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

Web Site : www.towellers.com www.towellerslimited.com

E-mail : towellers@cyber.net.pk

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.

DIRECTORS REPORT TO THE MEMBERS

The board of directors feels pleasure in presenting the company's Audited Financial statements together with the auditor's report thereon for the year on **June 30,2016**.

Financial Statements have been endorsed by the Chief Executive Officer and the Chief Financial Officer in accordance with the code of corporate Governance, having been recommended for approval by the audit committee of the board and approval by the board of Directors for presentation.

FINANCIAL HIGHLIGHTS

Rupees in Thousand

	2016	2015
Sales Net	2,700,457	2,721,485
Gross Profit	458.990	412.368
Profit (Loss) from Operations	175,702	142.096
Other Income/(Loss)	15.266	19.420
Profit/ (Loss) before taxation	168.744	135.176
Profit/ (Loss) after taxation	144.833	109.686

The year has completed on positive footings with good and improved performances both operationally as well as financially with the blessing of Almighty ALLAH. Machinery has been added in capacity with the prime object of reducing imbalance and inefficiencies, reducing utility and maintenance requirement and produce additional value added material and finished items

It is to be noted by members that improved operational as well as the financial performances is in spite of all the challenges like pressure on export selling prices, gas pressure issue , load shedding concerns increase in minimum wages, lack of rebates and sales tax refunds by Government etc.

Corporate Social Responsibility

Company is working positively to raise the educational, health and environmental standards of the country in general and local communities in particular Company is extensively supporting educational and health initiatives.

ACKNOWLEDGEMENTS

We should like to take this opportunity to thank our Customers, Suppliers and Share Holders for their continued support and co-operation towards the progress of the Company. We hope that this support would continue in the future as well.

We would also like to thank our dedicated and talented team of executives, staff and workers for the hard work put in towards the Company's performance for the year. The management is grateful to the board for its support, cooperation and guidance and to its employees without whom we would not be able to perform.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 43rd Annual General Meeting of M/s Towellers Limited will be held on Wednesday October 26th 2016 at 3:30 at W.S.A. 30-31, Block-1, Federal "B" Area, Karachi to transact the following business:

1. To confirm the minutes of the 42nd Annual General Meeting held on Tuesday October 27th 2015.
2. To receive, consider and adopt the report of the Director's and Auditor's and Audited Accounts of the Company for the period ended June 30,2016.
3. To appoint Auditors for the years 2016-2017 and fix their remuneration. The retiring auditor, M/s. Mushtaq & Company Chartered Accountants, being eligible to offer themselves for re-appointment.
4. To transact any other ordinary business with the permission of the Chair.

Karachi, September 29th 2016.

By order of the Board of Director

M. Farhan Adil
Company Secretary

NOTES:

1. The Share Transfer Books of the Company will remain closed From October 18th 2016 to October 25th , 2016 (Both days inclusive)
2. A member entitled to attend, speak and vote at the Annual General Meeting shall be entitled to appoint another person as his/her proxy to attend, speak and vote on his/her behalf. The proxy form, must be received at the register office of the Company at W.S.A. 30-31, Block-1 Federal 'B' Area, karachi, duly stamped, signed and witnessed not later than forty-eight (48) hours before the meeting.
3. Shareholders whose shares are deposited with Central Depository Company (CDC) are requested to bring their Computerized National Identify Card (CNIC) along with their CDC Account Number for verification. 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.
4. For attending the meeting and appointing proxies CDC account holders will further have to follow The guidelines as laid in circular 01, dated January 26, 2000, issued by the Securities and Exchange Commision of Pakistan.
5. Shareholders are requested to notify the change of address, if any immediately.
6. Members who have not yet submatted photocopies of their CNIC to the Company's Share Registrar, are requested to send the same at earliest.

Share transfer books:

1. Transfers received in order, at our registrar M/s THK Associates Pvt Ltd, Karachi, by the close of business hours on 17th October, 2016 will be considered in time.

2. 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 identity by showing his original computerized national identity card (CNIC) 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 at the time of the meeting.

2(A) 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 accordingly.
- ii) The proxy form shall be witnessed by two persons whose names, addresses and CNIC number shall be mentioned on the form.
- iii) Attested copies of CNIC or the passport.
- iv) The proxy shall produce his/her original CNIC or original passport at the time of meeting.
- v) In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted along with proxy form to the company.

3 Audited Financial Statements through Email

Pursuant to SRO No. 787(1)/2014, dated September 08, 2014, the SECP has allowed circulation of Audited Financial Statements along with the notice of Annual General Meeting to the members via email. Therefore, all members who wish to receive a soft copy of Annual Report may send their email addresses to the Company Secretary. A hard copy of the Audited Financial statements will be provided to members on request.

TOWELLERS LIMITED

4. Board of Directors

The Board of Directors is comprised of three executive, four non-executive directors and one independent director. During the year ended June 30, 2016, four meetings of the Board of Directors were held. The numbers of meeting attended by directors are as follows:

Name of Directors	Status	Number of meetings attended
MehreenObaid Agha	Executive Director	4
MahjabeenObaid	Executive Director	2
Sana Bilal	Executive Director	3
HadeelObaid	Non ExecutiveDirector	2
Zeeshan K. Sattar	Non ExecutiveDirector	3
Abdul JalilShariff	Non Executive director	2
SwalehaAlam	Non ExecutiveDirector	2

5. Audit Committee

- Audit Committee was established by the Board to assist the Directors in discharging their responsibilities for Corporate Governance, Financial Reporting framework and Corporate Control, which comprises of four members among which there are three non-executive directors and one executive director. The chairman of the audit committees an independent director.

The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the Code. The Audit committee has reviewed the quarterly, half-yearly and annual financial statements, besides the internal audit plan, material audit findings and recommendation of internal auditor. During the year three meeting were held. The meeting attended by members are as follows.

Name of Directors	Status	Number of meetings attended
Sana Bilal	Executive Director	3
HadeelObaid	Non Executive Director	2
Abdul JalilShariff	Non Executive director	2
SwalehaAlam	Chairman	1

6. Human Resource Committee

2. Human resource planning and management is one of the most important focus points at the highest management level. The Company has a Human Resource and Remuneration Committee which is involved in the selection, evaluation, compensation and succession planning of the key management personnel. It is also involved in recommending improvements in Company's human resource policies and procedures and their periodic review in compliance with the code of Corporate Governance. It comprises of three Members, of whom two are non-executive directors including the chairman of the committee is a non-executive directors and one executive director. During the year one meeting was held. The meeting attended by members are as follows.

Name of Directors	Status	Number of meetings attended
Mahjabeen Obaid	Executive Director	1
Zeeshan K Sattar	Non Executive Director	1
Abdul Jalil Shariff	Non Executive director	1

7. Reasons for non declaration of Dividend

Although the company is making profit since last two years but due to, repayment of debt to bank and lenders, capitalization in building, balancing and modernization of plant and machinery the current cash flow does not allow to declare dividend this year. In light of the above facts the Board of Directors have decided not to declare dividends.

8. Corporate Governance

The Board regularly reviews the Company's strategic direction annual plans and performance targets for business as are set by Chief Executive and reviewed in total by the Board in the light of Company's overall objectives. Your Directors are pleased to report that the Company is complying with the requirements of CCG as introduced by the Securities and Exchange Commission of Pakistan. The board is committed to maintain a high standard of good Corporate Governance.

TOWELLERS LIMITED

STATEMENT OF CORPORATE AND FINANCIAL REPORTING FRAME WORK:

- a) The financial statement, cash flow and changes in equity, prepared by the management of the Company, present a fair its state of affairs and the result of its operations are satisfactory.
- b) Company has maintained proper books of accounts.
- c) In preparation of financial statement, appropriate accounting policies have been consistently applied and accounting estimates are based on reasonable and prudent judgement.
- d) In preparation of financial statement international Accounting, standards, as applicable in Pakistan, have been followed and non-applicability, if any has been adequately disclosed.
- e) The system of internal control is sound in design and is effectively applied and monitored.
- f) There are no significant doubts upon the company's ability to continue as a going concern.
- g) There has been, no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- h) Key operation and financial data for the last six years in summarized form is annexed.
- i) The earning per share is Rs. 8.52

APPOINTMENT OF AUDITORS:

Messrs Mushtaq & Company Chartered Accountant a reputable Chartered Accountant firm completed its tenure of Appointment with the Company and being eligible has offered its services for another term.

PATTERN OF SHAREHOLDING:

The shareholding pattern as at 30, June 2016 including the information under the Code of Coporate of Governance is annexed.

On Behalf of the Board of Directors

MEHREEN OBAID AGHA
Chief Executive Officer

Karachi, September 29th 2016.

TOWELLERS LIMITED

SIX YEARS COMPARATIVE KEY OPERATING AND FINANCIAL RESULTS						
FROM 2011 TO 2016						
RUPEES IN THOUSANDS						

PARTICULARS	2016	2015	2014	2013	2012	2011
Turn over-Net	2,700,457	2,721,485	3,424,904	2,682,072	2,098,927	3,506,880
Cost of sales	2,241,467	2,309,116	3,067,386	2,377,783	2,260,575	3,263,388
Gross profit / (loss)	458,990	412,368	357,518	304,290	(161,648)	243,492
Profit/(loss) from operation	175,702	115,756	(12,401)	7,137	(437,095)	(86,364)
Finance cost	6,957,463	6,920	27,803	44,519	137,003	249,880
Profit/(loss) before taxation	168,744	135,176	(342,565)	76,876	(574,098)	(336,322)
Profit / (loss) after taxation	144,833	107,143	(376,199)	44,052	(603,349)	(377,076)
Dividend	-	-	-	-	-	-

FINANCIAL DATA

Fixed assets-w.d.v	1,024,075	1,002,907	515,731	1,659,397	1,325,684	1,335,987
Long term loans	12,880	13,230	15,085	14,738	15,427	16,535
Long term deposits	7,430	6,530	3,677	5,405	3,846	-
Current assets	878,201	949,669	1,877,782	1,153,493	1,013,868	1,491,842
Total	1,922,585	1,972,336	2,412,275	2,833,033	2,358,825	2,844,364

EQUITY & LIABILITIES

Equity	360,538	221,586	(268,643)	(249,900)	(309,407)	660,381
Non current liabilities	253,680	138,621	840,161	811,839	587,389	213,140
Current liabilities	685,186	959,310	1,469,741	1,512,407	1,666,991	2,493,193
Total	1,299,404	1,319,518	2,041,259	2,074,346	1,944,973	3,366,714

KEY RATIOS%

Gross margine%	17.00	15.15	10.44	11.26	(7.70)	6.94
Net profit (loss)%	5.36	3.94	(10.98)	1.54	(28.75)	(10.75)
Quick acid ratio%	0.45	0.37	0.30	0.34	0.28	0.28
EBIT margine%	6.51	5.22	(9.19)	1.21	(33.88)	(16.72)
Current ratio%	1.28	0.99	1.28	0.76	0.61	0.74
Earning/(loss) per share Rs	8.52	6.30	(22.13)	2.43	(5.68)	(22.18)
Cash dividend Rs.	-	-	-	-	-	-
Debt equity ratio%	2.60	4.95	(8.60)	(9.30)	(7.29)	6.96

TOWELLERS LIMITED

PATTERN OF SHARE HOLDINGS CDC AND PHYSICAL AS ON 30/06/2016

<... HAVING SHARES...>				
NO. OF SHARE HOLDERS	From	To	SHARE HELD	PERCENTAGE
459	1	100	2147	0.0126
338	101	500	165037	0.9708
18	501	1000	17102	0.1006
53	1001	5000	182813	1.0754
5	5001	10000	41500	0.2441
1	10001	15000	15000	0.0882
1	15001	20000	15800	0.0929
2	20001	25000	50000	0.2941
1	35001	40000	35953	0.2115
1	60001	65000	62186	0.3658
1	190001	195000	191700	1.1276
1	240001	245000	242259	1.4251
1	275001	280000	277500	1.6324
1	465001	470000	468448	2.7556
1	525001	530000	526000	3.0941
1	975001	980000	977447	5.7497
3	2455001	2460000	7379247	43.4073
1	2465001	2470000	2467043	14.5120
1	3880001	3885000	3882818	22.8401
890	Company Total		17000000	100.0000

COMBINED PATTERN OF CDC & PHYSICAL SHARE HOLDING AS AT 30-JUNE 2016

NO.	CATEGORIES/SUB-CATEGORIES OF SHAREHOLDERS	NUMBER OF SHARES HELD	CATEGORY WISE NO. OF FOLIOS/ CDC A/CS	CATEGORY WISE SHARES HELD	PERCENTAGE
1	INDIVIDUALS		874	937752	5.51
2	INVESTMENT COMPANIES		0	0	0
3	JOINT STOCK COMPANIES		0	0	0
4	DIRECTORS AND THEIR SPOUSE AND MINOR CHILDREN		8	14284742	83.91
	SURRAYYA JUNAID	82186			
	MEHREEN OBAID AGHA	2459748			
	MAHJABEEN OBAID	2467043			
	SANA BILAL	2459748			
	ZEESHAN K. SATTAR	468448			
	ABDUL JALIL SHARIFF	5000			
	HADEEL OBAID	2459751			
	SHAIKH MUHAMMAD HUMZA OBAID	3882818			
5	EXECUTIVES				
6	ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES		4	50800	0.299
	FINE FABRICO	15000			
	RANJHA LINEN	10000			
	CHENAB TEXTILE CORPORATION	15800			
	IFTIKHAR CORPORATION	10000			
7	PUBLIC SECTOR COMPANIES AND CORPORATIONS				
	Y.S. SECURITIES & SERVICES (PVT) LTD		1	1000	0.058
8	BANKS DFIs, NBFIs, INSURANCE COMPANIES, TAKAFUL, MODARABAS & PENSION FUNDS		3	1745706	10.26
	NATIONAL INSURANCE COMPANY LIMITED	526000			
	STATE LIFE INSURANCE CORP. OF PAKISTAN	999947			
	PAKISTAN REINSURANCE COMPANY LIMITED	315759			
	OTHERS	TOTAL	890	17000000	100.000

TOWELLERS LIMITED

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

Name of Company Towellers Ltd
Year ended June 30th 2016

This statement is being presented to comply with the code of Corporate Governance contained in Regulation No 5.19.23 of the listing regulations of Pakistan Stock Exchange (formerly Karachi Stock Exchange) for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The company applies the principal contained in the CCG in the following manner.

1. The Company encourages representation of independent non-executive director and directors representing minority interest on its Board of Directors. At present the board includes

Category	Names
Executive Directors	MEHREEN OBAID AGHA
Executive Directors	MAHJABEEN OBAID
Executive Directors	SANA BILAL
Non-Executive Directors	HADEEL OBAID
Non-Executive Directors	ZEESHAN K. SATTAR
Non-Executive Directors	ABDUL JALIL SHARIFF
Non-Executive Directors	SURRAIYA JUNAID
Independent Directors	SWALEHA ALAM

The independent directors meets the criteria of independence under clause 5.19.1.(b) of the CCG.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies including this Company, (excluding the listed subsidiaries of listed holding companies where applicable).
3. All the resident directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a Broker of stock exchange, has been declared as a defaulter by that stock exchange.
4. No casual vacancy has occurred on the Board during the year under review.
5. 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.
6. 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.
7. All the powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the board/shareholders.
8. 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 and the board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meeting. The minutes of the meetings were appropriately recorded and circulated.
9. The board arranged training program for its directors. One of the director Ms Mahjabeen Obaid has completed the Director's training program and become certified director from PICG (Pakistan Institute of Corporate Governance).
10. No new appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit was made during the year.

TOWELLERS LIMITED

11. The director's report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
12. The financial statements of the company were duly endorsed by CEO and CFO before approval of the board.
13. The directors, CEO and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.
14. The company has complied with all the corporate and financial reporting requirements of the CCG.
15. The board has formed an audit committee which comprises of four members among which three non-executive directors and one executive director. The chairman of the audit committees an independent director.
16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The board has formed an HR and Remuneration Committee. It comprises three Members, of whom two are non-executive directors including the chairman of the committee is a non-executive directors.
18. The board has set-up an effective internal audit function who are considered suitably qualified and are experienced personnel for the purpose and are conversant with the policies and procedures of the Company.
19. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan, 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 Institute of Chartered Accountants of Pakistan (ICAP).
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The "closed period", prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange(s).
22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).
23. The company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.
24. We confirm that all other material principles enshrined in the CCG have been complied.

On Behalf of the Board of Directors

Mehreen Obaid Agha
Chief Executive Officer

Karachi, September 29th 2016.

TOWELLERS LIMITED

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 best practices contained in the Code of Corporate Governance prepared by the Board of Directors of **Towellers Limited** for the year ended June 30, 2016 to comply with the Code contained in regulation No. 5.19 of the Rule book of Pakistan Stock Exchange Limited.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the statement of compliance reflects the status of the Company's compliance with the provisions of the Code of Corporate Governance and report if it does not and to highlight any non-compliance with the requirement of the Code. 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 Code.

As part of our audit of 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's statement on internal control covers all the risks and control or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Code requires the Company to place before the Audit Committee and upon recommendation of audit committee, places before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, except for the note No. 22 of non-compliance, nothing has come to our attention which causes us to believe that the statement of compliance does not appropriately reflect the status of the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended June 30, 2016.

Further, we highlight below instance(s) of non-compliance with the requirement(s) of the Code as reflected in the note/paragraph reference where it is stated in the statement of Compliance:

- As disclosed in point No. 22 of the statement, the company did not disseminate the information as regards to the restructuring of loan with Allied Bank Limited entered into on October 06, 2015 neither to SECP nor to the stock exchange.

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

Karachi, September 29th 2016.

TOWELLERS LIMITED

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed Balance Sheet of **Towellers Limited** as at June 30, 2016 and the related profit and loss account, statement of comprehensive income, cash flow statement, and statement of changes in equity together with the notes forming part thereof, for the year then ended 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 purpose of our audit.

It is the responsibility of the company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by the management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verifications, we report that;

- (a) in our opinion, proper books of accounts have been kept by the company as required by the Companies Ordinance, 1984;
- (b) in our opinion;
 - (i) the Balance Sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of accounts and are further in accordance with accounting policies consistently applied;
 - (ii) the expenditure incurred during the year was for the purpose of the company's business; and
 - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;
- (c) in our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, 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, 2016 and of the profit, comprehensive income, its cash flows and changes in equity for the year then ended; and
- (d) in our opinion, no Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

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

Karachi, September 29th 2016.

TOWELLERS LIMITED

BALANCE SHEET

As at June 30, 2016

(Restated)

	Note	2016 Rupees	2015 Rupees
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	4	1,024,074,802	1,002,907,301
Long term loans and advances	5	12,880,034	13,229,572
Long term deposits	6	7,429,820	6,529,820
		1,044,384,656	1,022,666,693
CURRENT ASSETS			
Stores, spare parts and loose tools	7	17,394,468	22,792,133
Stock in trade	8	294,845,193	334,113,862
Trade debts	9	219,960,403	260,828,695
Loans and advances	10	14,097,764	21,477,341
Trade deposits and short term prepayments	11	10,901,407	6,059,350
Other receivables	12	115,459,217	121,450,468
Income tax and sales tax refundable	13	111,063,696	97,416,425
Cash and bank balances	14	80,703,444	87,473,086
Non-current assets held for sale	15	13,775,094	-
		878,200,686	951,611,360
		1,922,585,342	1,974,278,053
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital		250,000,000	250,000,000
25,000,000 (June 30, 2015: 25,000,000) ordinary shares of Rs. 10 each			
Issued, subscribed and paid up capital	16	170,000,000	170,000,000
Reserves		190,538,434	53,528,796
		360,538,434	223,528,796
Surplus on revaluation of property, plant & equipment	17	623,181,201	652,818,097
LIABILITIES			
NON CURRENT LIABILITIES			
Long term financings	18	110,641,795	29,321,902
Loan from directors & others	19	3,750,002	20,173,124
Deferred liabilities			
Staff retirement benefits - gratuity	20	139,288,394	89,125,704
		253,680,191	138,620,730
CURRENT LIABILITIES			
Trade and other payables	21	500,302,176	605,854,908
Accrued mark up and interest	22	134,214,818	134,214,818
Short term borrowings	23	-	199,995,304
Current portion of			
Long term financings	18	49,245,400	19,245,400
Loan from directors and others	19	1,423,122	-
		685,185,516	959,310,430
CONTINGENCIES AND COMMITMENTS			
	24		
		1,922,585,342	1,974,278,053

The annexed notes from 1 to 45 form an integral part of these financial statements.


Chief Executive


Director

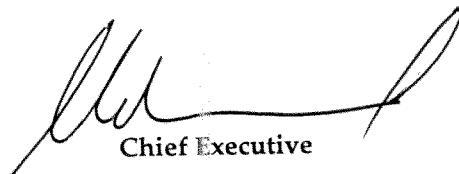
TOWELLERS LIMITED

PROFIT AND LOSS ACCOUNT

For the year ended June 30, 2016

		(Restated)	
	Note	2016 Rupees	2015 Rupees
Sales - net	25	2,700,457,328	2,721,484,802
Cost of sales	26	(2,241,467,345)	(2,309,116,465)
Gross profit/(loss)		<u>458,989,983</u>	<u>412,368,337</u>
Distribution cost	27	(110,061,602)	(119,578,069)
Administrative expenses	28	(176,162,805)	(159,828,016)
Other operating expenses	29	(12,330,015)	(10,286,471)
Other income	30	15,266,232	19,420,404
		(283,288,190)	(270,272,153)
Profit/from operations		<u>175,701,793</u>	<u>142,096,184</u>
Finance cost	31	(6,957,463)	(6,920,067)
Profit before taxation		<u>168,744,330</u>	<u>135,176,117</u>
Provision for taxation	32	(23,911,589)	(26,090,567)
Profit for the year		<u>144,832,741</u>	<u>109,085,550</u>
Earnings per share - basic and diluted	33	<u>8.52</u>	<u>6.42</u>

The annexed notes from 1 to 45 form an integral part of these financial statements.


Chief Executive


Director

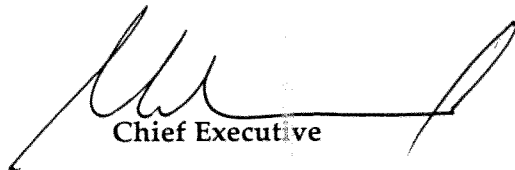
TOWELLERS LIMITED

STATEMENT OF COMPREHENSIVE INCOME

For the year ended June 30, 2016

			(Restated)
	Note	2016 Rupees	2015 Rupees
Profit for the year		144,832,741	109,085,550
Loss on remeasurments of post employment benefit obligations		(37,459,999)	(15,692,911)
Total comprehensive income for the year		107,372,742	93,392,639

The annexed notes from 1 to 45 form an integral part of these financial statements.


Chief Executive


Director

TOWELLERS LIMITED

STATEMENT OF CHANGES IN EQUITY

For the year ended June 30, 2016

Particulars	Share capital	Reserves			Total
		Capital	Revenue	Sub total	
		Share premium	Unappropriated profit		
Rupees (Restated)					
Balance as at June 30, 2014	170,000,000	63,000,000	(501,643,180)	(438,643,180)	(268,643,180)
Total comprehensive Income for the period ended June 30, 2015 (Restaed)	-	-	93,392,639	93,392,639	93,392,639
Transferred from surplus on revaluation of property, plant & equipment	-	-	17,607,923	17,607,923	17,607,923
Gain on principal amount write off by the banks through sale of Nooriabad Unit by banks.	-	-	380,962,410	380,962,410	380,962,410
Unclaimed dividend	-	-	209,004	209,004	209,004
Balance as at June 30, 2015 (Restated)	170,000,000	63,000,000	(9,471,204)	53,528,796	223,528,796
Total comprehensive income for the period ended June 30, 2016	-	-	107,372,742	107,372,742	107,372,742
Transferred from surplus on revaluation of property, plant & equipment	-	-	29,636,896	29,636,896	29,636,896
Balance as at June 30, 2016	170,000,000	63,000,000	127,538,434	190,538,434	360,538,433

The annexed notes from 1 to 45 form an integral part of these financial statements.


Chief Executive



Director

TOWELLERS LIMITED**STATEMENT OF CASH FLOWS**

For the year ended June 30, 2016

	Note	2016 Rupees	2015 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		168,744,330	135,176,117
Adjustments for:			
Depreciation		50,361,509	32,813,280
Staff retirement benefits - gratuity		22,694,571	20,060,262
Finance cost		6,957,463	6,920,067
Workers' profit participation fund		8,881,281	7,145,060
Workers' welfare fund		2,241,118	2,154,465
(Gain)/loss on disposal of property, plant and equipment		(1,024,588)	(3,903,125)
		90,111,354	65,190,010
Profit before working capital changes		258,855,684	200,366,127
(Increase) / decrease in current assets			
Stores, spare parts and loose tools		5,397,665	(10,296,471)
Stock in trade		39,268,669	108,163,589
Trade debts		40,868,292	40,423,669
Loans and advances		7,379,577	2,215,516
Trade deposits and short term prepayments		(4,842,057)	38,908,981
Other receivables		5,991,251	730,372,268
		94,063,397	909,787,553
(Decrease) / increase in current liabilities			
Trade and other payables		(109,530,071)	19,630,525
Cash generated from operations		243,389,011	1,129,784,205
Finance cost paid		(6,957,463)	(6,920,068)
Taxes (paid) / received		(37,558,861)	(12,142,282)
Workers' profit participation fund paid		(7,145,060)	-
Long term loan to employees		349,538	1,855,558
Long term deposits		(900,000)	(2,852,438)
Staff retirement benefits - gratuity paid		(9,991,880)	(21,436,466)
Net cash generated from operating activities		181,185,286	1,088,288,510
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		3,405,000	25,646,000
Fixed capital expenditure		(87,684,517)	(242,322,550)
Net cash used in investing activities		(84,279,517)	(216,676,550)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds/(repayment) of long term financings		111,319,893	(558,755,434)
Proceeds/(repayment) of loan from directors & others		(15,000,000)	20,000,000
Short term borrowings		(199,995,304)	(335,291,408)
Net cash used in financing activities		(103,675,412)	(874,046,842)
Net increase in cash and cash equivalents		(6,769,642)	(2,434,881)
Cash and cash equivalents at the beginning of the year		87,473,086	89,907,967
Cash and cash equivalents at the end of the year	14	80,703,444	87,473,086

The annexed notes from 1 to 45 form an integral part of these financial statements.


Chief Executive


Director

TOWELLERS LIMITED

NOTES TO AND FORMING PART OF THE THE FINANCIAL STATEMENTS

For the year ended June 30, 2016

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 in Public Limited Company on 22nd June 1994 under the Companies Act, 1913 (Now Companies Ordinance, 1984) and is quoted on Pakistan Stock Exchange (formerly Karachi and Lahore Stock Exchange). The registered office of the Company is located at WSA - 30 & 31, Block - 1, Federal "B" Area Karachi. The main business of Company is manufacturing and export of textile made ups, garments and towels.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions of and directives of the Companies Ordinance, 1984 shall prevail.

2.2 Basis of measurement

These financial statements have been prepared on the historical cost basis except for derivative financial instruments that are stated at fair value.

2.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupees which is the functional currency of the Company and figures are rounded off to the nearest thousand of rupees unless otherwise specified.

2.4 Use Of Estimates And Judgments

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods:

Judgments made by the management in the application of approved accounting standards, as applicable in Pakistan, that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 37 to these financial statements.

2.5 Standards, interpretations and amendments to published approved accounting standards

2.5.1 Standards, interpretations and amendments to published approved accounting standards that are effective in the current year

During the year, the following standards, amendments to standards and interpretations including amendments to interpretations became effective, however, the application of these amendments and interpretations did not have material impact on the financial statements of the Company:

TOWELLERS LIMITED

2.5.2 New and amended standards mandatory for the first time for the financial year beginning July 1, 2015:

- A IFRS 10, 'Consolidated financial statements' is applicable to accounting periods beginning on or after January 01, 2015. This standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements. The standard provides additional guidance to assist in determining control where this is difficult to assess. The application of this standard has no material impact on the Company's financial statements.
- B IFRS 12 'Disclosure of interests in other entities' is applicable to accounting periods beginning on or after January 01, 2015. The standard includes disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off-balance sheet vehicles. The Company's accounting policy is in line with the requirements of this standard.
- C Amendments to IFRS 10, 11 and 12 on transition guidance are applicable to accounting periods beginning on or after January 01, 2015. These amendments also provide additional transition relief in IFRS 10, 11 and 12, limiting the requirement to provide adjusted comparative information to only the preceding comparative period. For disclosures related to unconsolidated structured entities, the amendments will remove the requirement to present comparative information for periods before IFRS 12 is first applied. The application of these amendments has no material impact on the Company's financial statements.
- D IFRS 13 'Fair value measurement' is applicable to accounting periods beginning on or after January 01, 2015. The standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs. The standard only affects the disclosures in the Company's financial statements.
- E The other new standards, amendments to approved accounting standards and interpretations that are mandatory for the financial year beginning on July 1, 2015 are considered not to be relevant or to have any significant effect on the Company's financial reporting and operations.

2.5.3 Approved accounting standards, interpretations and amendments thereto issued but not effective as at the reporting date

The following new standards and amendments to approved accounting standards are not effective for the financial year beginning on July 1, 2015 and have not been early adopted by the Company:

- A IFRS 9, 'Financial instruments' is applicable to accounting periods beginning on or after January 1, 2018. IASB has published the complete version of IFRS 9, 'Financial instruments', which replaces the guidance in IAS 39. This final version includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the incurred loss impairment model used today. This IFRS is under consideration of the relevant Committee of the Institute of Chartered Accountants of Pakistan. The Company has yet to assess the impact of these changes on its financial statements.
- B Amendments to IFRS 10, 'Consolidated financial statements', IFRS 12, 'Disclosure of interests in other entities' and IAS 28, 'Investments in associates and joint ventures' are applicable to accounting periods beginning on or after January 01, 2016. These amendments clarify the application of the consolidation exception for investment entities and their subsidiaries. The Company shall apply these amendments from January 01, 2016 and does not expect to have a material impact on its financial statements.
- C IFRS 15, 'Revenue from contracts with customers' is applicable to accounting periods beginning on or after January 1, 2018. The IASB has issued a new standard for the recognition of revenue. This will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards. The standard permits a modified retrospective approach for the adoption. Under this approach entities will recognise transitional adjustments in retained earnings on the date of initial application, i.e. without restating the comparative period. They will only need to apply the new rules to contracts that are not completed as of the date of initial application. The Company has yet to assess the impact of this standard on its financial statements.

- D IFRS 16, 'Leases' is applicable on accounting periods beginning to or after January 1, 2019. The IASB has issued a new standard for leases accounting. At the simplest level, the accounting treatment of leases by lessees will change fundamentally. IFRS 16 eliminates the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Instead, there is a single, on-balance sheet accounting model that is similar to current finance lease accounting. Lessor accounting remains similar to current practice – i.e. lessors continue to classify leases as finance and operating leases. The Company has yet to assess the impact of this standard on its financial statements.
- E Amendments to IAS 1, 'Presentation of financial statements' on the disclosure initiative are applicable to annual periods beginning on or after January 1, 2016. The amendments are made in the context of the IASB's Disclosure Initiative, which explores how financial statement disclosures can be improved. The amendments provide clarifications on a number of issues, including: Materiality – an entity should not aggregate or disaggregate information in a manner that obscures useful information. Where items are material, sufficient information must be provided to explain the impact on the financial position or performance. Notes – confirmation that the notes do not need to be presented in a particular order. Other comprehensive income (OCI) arising from investments accounted for under the equity method – the share of OCI arising from equity-accounted investments is grouped based on whether the items will or will not subsequently be reclassified to profit or loss. According to the transitional provisions, the disclosures in IAS 8 regarding the adoption of new standards / accounting policies are not required for these amendments. These amendments likely to only affects the disclosures in the Company's financial statements.
- F IAS 27 (Amendments), 'Separate financial statements' are applicable to accounting periods beginning on or after January 1, 2016. These provide entities the option to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The Company shall apply these amendments from January 01, 2016 and has not yet evaluated whether it shall change its accounting policy to avail this option
- There are number of other standards, amendments and interpretations to the approved accounting standards that are not yet effective and are also not relevant to the Company and therefore, have not been presented here.

2.5.4 Securities and Exchange Commission of Pakistan through SRO 182(I)/2013 dated 4th March 2013 has amended the requirements of 4th Schedule of the Companies Ordinance 1984. The amendments require some additional disclosure and modification of existing disclosure.

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

Property, plant and equipment except for freehold land are stated at cost less accumulated depreciation and any identified impairment loss. Freehold land is stated at cost less 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, 2015 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

Karachi, September 29th 2016.

TOWELLERS LIMITED

recoverable amounts and the resulting impairment loss is recognized in profit and loss account for the year. The recoverable amount is the higher of an assets' fair value less costs to sell and value in use. Where an impairment loss is recognized, the depreciation charge is adjusted in the future periods to allocate the assets' revised carrying amount over its estimated useful life.

The profit or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense. Maintenance and normal repairs are charged to income. Major renewals and improvements are capitalized.

3.1.2 Leased

Assets held under finance lease are stated at the lower of their fair value or present value of minimum lease payments at inception less accumulated depreciation and accumulated impairment losses, if any.

The outstanding obligation under the lease agreements are shown as a liability net of finance charges allocated to future periods.

The finance charges are allocated to accounting periods in manner so as to provide a constant periodic rate of return on the outstanding liabilities.

Depreciation on assets held under finance lease is charged in a manner consistent with that for depreciable assets which are owned by the Company.

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.

3.3.1 Available-for-sale Investments

Available-for-sale investments are initially recognized at cost and carried at fair value at the statement of financial position. Fair value of a quoted investment is determined in relation to its market value at the statement of financial position date. Adjustment arising from remeasurement of investment to fair value is recorded in equity and taken to income on disposal of investment or when the investment is determined to be impaired.

3.3.2 Investments at fair value through profit or loss

Investments which are acquired principally for the purpose of selling in the near term or the investments that are part of a portfolio of financial instruments exhibiting short term profit taking, are classified as investments at fair value through profit or loss and designated as such upon initial recognition. These are stated at fair values with any resulting gains or losses recognized directly in the profit and loss account. The fair value of such investments representing listed equity securities are determined on the basis of prevailing market prices.

3.3.3 Held-to-maturity investment

Held-to-maturity investment are recorded at amortized cost using effective interest rate method less impairment, with revenue recognized on an effective basis.

3.4 Derivative financial instruments

The company enters into derivative financial instruments, which include future contracts. Derivatives are initially recorded at cost and are remeasured to fair value on subsequent reporting dates. The fair value of a derivative is the equivalent of the unrealized gain or loss from marking to market the derivative using prevailing market rates. Derivatives with positive market value (unrealized gain) are included in other receivables and derivatives with negative market value (unrealized losses) are included in other liabilities in the statement of financial position. The resultant gain and losses from derivatives held for trading purpose are included in income currently. No derivative is designated as hedging instrument by the company.

3.5 Loans, advances, deposits and other receivables

These are stated at cost. Provision is made for the amounts considered doubtful. Amounts considered irrecoverable are written off to profit and loss account.

3.6 Stores, spares and loose tools

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

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

3.7 Stock-in-trade

Stock-in-trade is stated at the lower of cost and net realizable value except waste which is valued at net realizable value. Cost is determined as follows;

Raw material	At weighted average cost or replacement cost which ever is lower
Work in progress	At average manufacturing cost
Finished goods	At average manufacturing cost or net realisable value which ever is lower
Waste	Net realizable value

Raw material in transit is stated at invoice price plus other charges paid thereon upto the balance sheet date.

Average manufacturing cost in relation to work in process and finished goods, consist of direct material and proportion of manufacturing overheads based on normal capacity.

Net realizable value is the estimated selling price in the ordinary course of business less costs of completion and selling expenses.

3.8 Trade debts

Trade debts are carried at original invoice amount which is the fair value of consideration to be received for goods and services less an estimate made for doubtful debts based on a review of all outstanding amounts at the year-end. Bad debts are written-off when identified.

3.9 Bank borrowings

Borrowings are initially recorded at the proceeds received. In subsequent periods, borrowings are stated at amortized cost using the effective yield method. Finance costs are accounted for on an accrual basis and are included in current liabilities to the extent of the amount remaining unpaid.

3.10 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.

3.11 Employees' retirement benefits

Employee Benefits

Compensated absences

3.12 Staff retirement benefits - gratuity

The company operates an approved 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, 2015 using the "Project Unit Credit Method".

During the period, 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.

The effect of change has been accounted for retrospectively in accordance with IAS 8 "Accounting policies, changes in accounting estimates and errors", resulting in restatement of financial statements of prior periods. Resultantly, the cumulative effect of adjustments that arose as July 01, 2012 has been presented and disclosed as part of the statement of changes in equity, while the corresponding period adjustments through other comprehensive income is restated and disclosed as part of statement of comprehensive income respectively.

3.13 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.

3.14 Taxation

3.14.1 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.

3.14.2 Deferred tax

Deferred tax is accounted for using the statement of financial position liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the year when the differences reverse based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited in the income statement, except in the case of items credited or charged to equity in which case it is included in equity.

TOWELLERS LIMITED

3.15 Dividend

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

3.16 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.

3.17 Revenue recognition

- a) Revenue from sale of goods is recognized when goods are dispatched to customers and invoices raised.
- 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.

3.18 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.

3.19 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.

3.20 Foreign currency transactions and translation

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.

3.21 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.

3.22 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.

3.23 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.

Karachi, September 29th 2016.

TOWELLERS LIMITED

3.24 Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount is reported in the financial statements only when there is a legally enforceable right to setoff the recognized amount and the company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

3.25 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 Ordinance 1984.

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.

TOWELLERS LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended June 30, 2016

4 PROPERTY, PLANT AND EQUIPMENT

	Note	2016 Rupees	2015 Rupees
Operating fixed assets	4.1	1,024,074,802	738,381,961
Capital work in progress - at cost	4.5	-	264,525,340
		1,024,074,802	1,002,907,301

4.1 Operating fixed assets

2016

	2016										Total		
	Leasehold land (Dye House)	Building on leasehold land (Dye House)	Plant & machinery (Dye House)	Plant & machinery	Electric installation	Gas installation	Furniture & fiture	Office equipment	Bicycles	Vehicles			
Cost	63,999,960	26,489,670	22,527,360	151,946,955	21,052,002	186,996,608	11,822,861	205,364	14,919,365	75,370,128	22,375	47,795,633	888,550,213
Accumulated depreciation	(1,391,977)	(664,873)	(4,338,963)	(3,774,249)	(5,886,761)	(3,513,380)	(10,713,336)	(54,894)	(9,324,976)	(42,719,899)	(18,603)	(37,585,419)	(130,168,520)
Net book value	62,607,983	261,824,697	17,996,397	148,172,706	15,165,241	182,885,220	1,111,523	150,560	5,594,329	32,659,319	3,772	10,210,214	738,381,960
Year ended June 30, 2016													
Opening net book value	62,607,983	261,824,697	17,996,397	148,172,706	15,165,241	182,885,220	1,111,523	150,560	5,594,329	32,659,319	3,772	10,210,214	738,381,960
Additions during the year	-	-	-	-	-	3,890,259	-	-	421,755	3,028,300	-	2,438,500	9,779,024
Addition (Transfer from Capital work in progress)	-	-	202,621,497	7,692,364	57,166,201	-	-	-	-	14,950,771	-	-	342,450,833
Revaluation	-	-	-	-	-	-	-	-	-	-	-	-	-
Disposals / transfers	-	-	-	-	-	-	-	-	-	-	-	-	-
-Cost	-	-	-	-	(21,052,002)*	-	-	-	-	-	-	(3,699,000)	(24,751,002)
-Accumulated depreciation	-	-	-	-	7,276,908*	-	-	-	-	-	-	1,318,588	8,595,496
Depreciation charge for the year	(669,555)	(3,794,561)	(3,988,152)	(14,881,574)	(1,866,532)	(18,486,859)	(111,152)	(15,056)	(583,120)	(3,556,236)	(377)	(2,208,535)	(50,361,989)
Closing net book value June 2016	61,738,428	259,030,136	276,629,742	140,963,696	56,689,216	168,286,630	1,000,371	135,504	5,432,864	47,082,354	3,395	8,059,767	1,024,074,802
Annual depreciation rate%	99 Years	99 Years	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	20%

*Net book value of Rs.13,775,094 has been transferred to non-current assets classified as held for sale (note 15)

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended June 30, 2016

2015

	Leasehold land (Dye House)	Leasehold land (Dye House)	Building on leasehold land (Dye House)	Plant & machinery (Dye House)	Plant & machinery	Electric installation	Gas installation	Furniture & fixture	Office equipment	Bicycles	Vehicles	Total
At July 01, 2014	63,999,960	112,149,295	22,527,360	21,052,002	49,009,349	50,542,799	54,201,149	13,831,355	69,641,316	22,375	45,964,633	578,237,334
Cost	(753,120)	(1,319,717)	(2,531,364)	(4,201,734)	(7,155,108)	(29,830,938)	(3,748,803)	(8,764,542)	(29,350,425)	(18,184)	(26,119,076)	(147,235,314)
Accumulated depreciation												
Net book value	63,246,840	110,829,578	19,995,996	16,850,268	41,854,241	20,711,863	2,171,346	5,066,813	30,290,891	4,191	9,845,557	431,002,020
Year ended June 30, 2015												
Operating net book value	63,246,840	110,829,578	19,995,996	16,850,268	41,854,241	20,711,863	2,171,346	5,066,813	30,290,891	4,191	9,845,557	431,002,020
Additions during the year	-	-	-	31,135	4,536,031	-	-	1,067,950	5,728,812	-	2,792,500	14,476,428
Additions (Transfer from Capital work in progress)	-	-	-	33,462,221	14,597,195	-	-	-	-	-	-	48,049,416
Revaluation	-	152,499,710	-	17,102,362	129,898,181	-	-	-	-	-	-	299,410,253
Disposals / transfers	-	-	-	-	-	-	-	-	-	-	-	-
-Cost	-	(2,159,335)	-	(22,725,594)	(11,842,156)	(38,719,938)	(5,214,785)	-	-	-	(961,500)	(81,623,218)
-Accumulated depreciation	-	2,159,335	-	22,725,594	11,842,156	19,243,101	3,210,728	-	-	-	699,519	59,880,343
Depreciation charge for the year	(638,857)	(1,594,391)	(1,999,600)	(1,685,027)	(8,200,428)	(123,300)	(16,729)	(560,534)	(3,360,394)	(419)	(2,165,861)	(32,813,280)
Closing net book value June 2015	62,607,983	261,824,697	17,996,397	148,172,706	182,885,220	1,111,553	150,560	5,594,319	32,659,319	3,772	10,210,214	738,381,961

Annual depreciation rate % 99 Years 10% 10% 10% 10% 10% 10% 10% 10% 10% 10% 20%

	2016	2015
Cost of sales	44,013,241	26,726,182
Administrative expenses	6,346,268	6,087,098
	<u>50,360,509</u>	<u>32,813,280</u>

TOWELLERS LIMITED

NOTES TO AND FORMING PART OF THE THE FINANCIAL STATEMENTS

For the year ended June 30, 2016

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 (Karachi)							
Honda Civic-AJR-134	Mr.Faheem Maqsood	850,000	359,644	490,356	675,000	184,644	Negotiation
Suzuki Cultus-ARN-501	Mr.Fakhir Hussain	759,000	592,033	166,967	680,000	513,033	Negotiation
Toyota Corolla-BDM-179	M/s.Century Insurance	2,090,000	366,911	1,723,089	2,050,000	326,911	Insurance Claim
2016		3,699,000	1,318,588	2,380,412	3,405,000	1,024,588	

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

Cost	3,699,000	44,896,223
Less : Accumulated depreciation	(1,318,588)	(23,153,348)
	2,380,412	21,742,875
Sale proceeds	(3,405,000)	(25,646,000)
Loss on disposal of property, plant and equipment	(1,024,588)	(3,903,125)

4.4 Had there been no revaluation the related figures of land, building and plant and machinery at June 30, 2016 would have been as follows:

	Cost as on June 30, 2016	Accumulated depreciation	Book value June 30, 2016	Cost as on June 30, 2015	Accumulated depreciation	Book value June 30, 2015
Leasehold land	19,327,159	7,381,811	11,945,348	19,327,159	3,587,250	15,739,909
Building on free/leasehold land	431,391,705	240,805,023	190,586,682	431,391,705	221,935,498	209,456,207
Plant and machinery	1,113,572,690	617,094,073	496,478,617	1,109,682,421	598,607,215	511,075,206
	1,564,291,554	865,280,908	699,010,646	1,560,401,285	824,129,962	736,271,323

4.5 Capital work in progress - at cost

Building - civil works	-	209,593,344
Plant and machinery	-	32,256,141
Electric installation	-	14,226,118
Equipment	-	8,449,738
	-	264,525,340

The movement in Capital work in progress is as follows:

Balance at the beginning of the year	264,525,340	84,728,634
Addition during the year:		
Building - civil works	46,494,399	172,553,048
Plant and machinery	24,910,060	46,843,335
Equipment	6,501,033	8,449,738
	77,905,492	227,846,122
Transfer to operating fixed assets:		
Building - civil works	270,313,861	33,462,221
Plant and machinery	57,166,201	14,587,195
Equipment	14,950,771	-
	342,430,833	48,049,416
Balance at the end of the year	-	264,525,340

TOWELLERS LIMITED

NOTES TO AND FORMING PART OF THE THE FINANCIAL STATEMENTS

For the year ended June 30, 2016

	Note	2016 Rupees	2015 Rupees
5 LONG TERM LOANS AND ADVANCES			
Loan to employees - unsecured (considered good)			
Executives	5.1	12,312,197	11,548,070
Other employees		1,840,543	3,336,834
		14,152,740	14,884,904
Current portion of loans shown under current assets			
Executives	10	568,000	1,154,807
Other employees	10	704,706	500,525
		(1,272,706)	(1,655,332)
		<u>12,880,034</u>	<u>13,229,572</u>
5.1 Movement in loans to executives			
Balance at the beginning of the Year		11,548,070	12,155,355
Amount disbursed during the year		3,152,546	864,063
		14,700,616	13,019,418
Amount recovered during the Year		(2,388,419)	(1,471,348)
Balance at the end of the Year		<u>12,312,197</u>	<u>11,548,070</u>
5.1.1 All the loans are granted to the employees, free of interest in accordance with their terms of employment.			
5.1.2 Maximum amount due from executives during the year, calculated by reference to month-end balances, was Rs.12,441,442 (June 30, 2015: Rs. Rs. 12,190,755).			
6 LONG TERM DEPOSITS			
Security deposits		7,429,820	6,529,820
7 STORES, SPARE PARTS AND LOOSE TOOLS			
Stores		13,672,319	18,551,501
Spare parts and loose tools		3,722,149	4,240,632
		<u>17,394,468</u>	<u>22,792,133</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		85,542,468	97,464,291
Work in process		108,642,125	126,232,724
Finished goods		90,053,336	84,566,609
Stock in transit-Raw material		-	4,177,838
Stock in transit-Finished goods		10,607,264	21,672,400
		<u>294,845,193</u>	<u>334,113,862</u>
8.1 Stock in trade has been valued at lower of cost and net realizable value as required by IAS 2.			
8.2 No items of stock in trade is pledged as security as at reporting date.			

TOWELLERS LIMITED

9 TRADE DEBTS			
Secured - considered good			
Foreign debts		203,503,370	247,091,361
Unsecured - considered good			
Foreign debts		15,138,844	21,871,342
Domestic debts		1,318,189	69,085
		16,457,033	21,940,427
		219,960,403	269,031,788
Provision for doubtful debts	9.1	-	(8,203,093)
		219,960,403	260,828,695
9.1 The movement in provision during the year is as follows:			
Balance at the beginning of the Year		8,203,093	18,215,209
Add: Provision during the year		-	-
		8,203,093	18,215,209
Bad debts written off during the year		-	(5,047,261)
Bad debts recovered during the year		(8,203,093)	(4,964,855)
Balance at the end of the Year		-	8,203,093
10 LOANS AND ADVANCES			
Considered good			
Loan to employees			
Executive - unsecured	5	568,000	1,154,807
Others - unsecured	5	704,706	500,525
		1,272,706	1,655,332
Advances:			
to suppliers		11,053,149	16,519,086
to contractors		1,771,909	3,075,738
to others		-	227,185
		12,825,058	19,822,009
		14,097,764	21,477,341
11 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS			
Security deposits		200,000	156,667
Prepayments		10,701,407	5,902,683
		10,901,407	6,059,350
12 OTHER RECEIVABLES			
Considered good			
Export rebate		81,998,335	87,989,586
Sales tax demand	12.1	33,460,882	33,460,882
		115,459,217	121,450,468

TOWELLERS LIMITED

- 12.1 The company has filled 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 13 October 2014 and dated 26 August 2013. Company very much hopeful to recover the above amount.

13 INCOME TAX AND SALES TAX REFUNDABLE

(Restated)

Income Tax			
Balance at the beginning of the Year	(Restated)	4,052,855	-
Advance income tax (Restated, 2015)		8,049,621	4,052,855
Provision for taxation adjusted against advance tax		(1,872,491)	-
Balance at the end of the Year		10,229,985	4,052,855
Sales tax		100,833,711	93,363,570
		111,063,696	97,416,425

14 CASH AND BANK BALANCES

Cash in hand		486,682	325,665
Cash with banks:			
In current accounts		26,719,203	17,106,996
In saving accounts	14.1	53,497,559	70,040,425
		80,216,762	87,147,421
		80,703,444	87,473,086

- 14.1 It carries mark up at the rate of 5% to 5.50% (June 30, 2015 : 5% to 8%) per annum.

15 NON-CURRENT ASSETS HELD FOR SALE

During the year, certain assets (plant & machinery) were classified as held for sale due to discontinuation of production. Efforts to sell the assets have been started and the sale is expected to be completed within twelve months. Assets were recorded at lower of Net book Value (carrying value) or Fair value less Cost to sell. The fair value of the non current asset held for sale is higher so the asset is recorded at net book value (carrying value) i.e at carrying amount at Rs.13,775,094 (2015: Nil)

16 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

	2016	2015		2016	2015
	Number of shares			Rupees	Rupees
	9,372,247	9,372,247	Ordinary shares of Rs. 10 each allotted for consideration paid in cash	93,722,470	93,722,470
	1,012,753	1,012,753	Ordinary shares of Rs. 10 each allotted as bonus shares	10,127,530	10,127,530
	6,615,000	6,615,000	Ordinary shares of Rs. 10 each allotted for consideration against plant & machinery	66,150,000	66,150,000
	17,000,000	17,000,000		170,000,000	170,000,000

TOWELLERS LIMITED

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	652,818,097	371,015,767
Surplus on revaluation of land, building & plant and machinery	-	299,410,253
	652,818,097	670,426,020
Transfer to unappropriated profit in equity on account of incremental depreciation charged in profit and loss account	(29,636,896)	(17,607,923)
Balance at the end of the Year	623,181,201	652,818,097

17.1 A 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. 51,761,688/- 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. A 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.

18 LONG TERM FINANCINGS

Loans from banking companies - secured

Bankislami (Formerly KASB Bank Limited) - NIDF	18.1	20,261,790	32,595,090
Silk Bank Limited - NIDF	18.2	6,730,493	10,340,492
United Bank Limited - NIDF	18.3	2,894,337	7,598,170
Allied Bank Limited-TF	18.4	130,000,575	-
		159,887,195	50,533,752
Overdue installments shown under trade and other payables		-	(1,966,450)
Current portion shown under current liabilities		(49,245,400)	(19,245,400)
		(49,245,400)	(21,211,850)
		110,641,795	29,321,902

18.1 This facility of non interest demand finance (NIDF) for Rs.42.285 million on the basis of restructuring agreement dated 09 April 2014 and repayable in 48 monthly installments started from 31 May 2014. The above loan is secured by first joint pari passu equitable mortgage and hypothecation charge over fixed assets amounting Rs.59.20 million (2015:Rs.59.20 million).

18.2 This facility of non interest demand finance (NIDF) for Rs.17.330 million on the basis of restructuring agreement dated 09 April 2014 and repayable in 48 monthly installments started from 31 May 2014. The above loan is secured by first joint pari passu equitable mortgage and hypothecation charge over fixed assets amounting Rs.21.660 million (2015:Rs.21.660 million).

18.3 This facility of non interest demand finance (NIDF) for Rs. 10.855 on the basis of restructuring agreement dated 14 March 2014 and repayable in 30 monthly installments started from 31 July 2014. The above loan is secured by first joint pari passu equitable mortgage and hypothecation charge over fixed assets amounting Rs.39.806 million (2015:Rs.39.806 million).

TOWELLERS LIMITED

- 18.4 This facility of Term Finance on the basis of restructuring agreement dated 06 October 2015 for Rs.250.00 million. As per agreement company paid Rs.60 million upfront and Rs.90 million payable in 36 installments started from 31 July 2014. Company will get Rs.100.00 million write off & zero mark-up benefit subjected to timely payment of monthly installments according to agreed schedule. This above loan is 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 (2015:Rs.400.00 million).

19 LOAN FROM DIRECTORS AND OTHERS

Ms.Surriya Junaid (Mother)		28,854	28,854
Ms.Saba Obaid (Wife)		21,640	21,640
Ms.Sharmeen Obaid Chinoy (Daughter)		17,519	17,519
Ms.Mahjabeen Obaid (Daughter)		17,519	17,519
Ms.Mehreen Obaid Agha (Daughter)	19.2	5,017,519	5,017,519
Ms.Sana Bilal (Daughter)		17,519	17,519
Ms.Hadeel Obaid (Daughter)		17,519	17,519
Mr.Sheikh Muhammad Hamza (Son)		35,035	35,035
Mr.Pervaiz Kazi	19.3	-	15,000,000
		5,173,124	20,173,124
Current portion shown under current liabilities		(1,423,122)	-
		<u>3,750,002</u>	<u>20,173,124</u>

- 19.1 The company acquired 134.22 acre land from the legal heirs of late CEO Sheikh Muhammad Obaid. The same land was mortgaged with banks against company's loans.
- 19.2 This interest free loan has been obtained from Director 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.
- 19.3 This interest free loan obtained from C.O.O of the company for capital expenditure has been repaid during the period. 30 days notice required from either party to terminate / reduce the tenure of this agreement.

20 STAFF RETIREMENT BENEFITS - GRATUITY

20.1 Movement in the net liability recognized in the balance sheet

Opening net liability		89,125,704	74,808,997
Expense for the year	20.2	22,694,571	20,060,262
Remeasurement recognized in other comprehensive income		37,459,999	15,692,911
		<u>149,280,274</u>	<u>110,562,170</u>
Benefits paid during the year		(9,991,880)	(21,436,466)
Closing net liability		<u>139,288,394</u>	<u>89,125,704</u>

20.2 Expense recognized in the profit and loss account

Current service cost		13,367,065	13,326,381
Interest cost		9,327,506	6,733,881
		<u>22,694,571</u>	<u>20,060,262</u>

TOWELLERS LIMITED

20.3 Movement in the present value of defined benefit obligation

Present value of defined benefit obligation	89,125,704	74,808,997
Current service cost	13,367,065	13,326,381
Interest cost	9,327,506	6,733,881
Actuarial (loss) / gain	37,459,999	15,692,911
Benefits paid	(9,991,880)	(21,436,466)
	139,288,394	89,125,704

20.4 Historical information

	2016	2015	2014	2013	2012
Present value of defined benefit	139,288,394	89,125,705	74,808,998	50,317,322	46,505,550

20.5 Reconciliation

Present value of defined benefit obligation	139,288,394	89,125,705
	139,288,394	89,125,705

20.6 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.

20.7 Principal actuarial assumption

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

	%	%
Discount rate	8.00%	9.75%
Expected rate of increase in salary	10.00%	10.00%

20.8 Expected gratuity expense for the year ending June 30, 2016 works out to Rs.22,694,571/-.

21 TRADE AND OTHER PAYABLES

Trade Creditors	460,492,094	570,882,121
Accrued liabilities	2,827,581	15,356,496
Advances from customers	20,292,601	5,937,052
Overdue bank's installments	-	1,966,450
Workers' profit participation fund	21.1 9,452,886	7,145,060
Workers' welfare fund	6,419,593	4,178,475
Sales tax withholding payable	21.2 817,421	389,254
	500,302,176	605,854,908

21.1 Workers' profit participation fund

Balance at the beginning of the Year	7,145,060	-
Interest on fund utilized in company's business	571,605	-
	7,716,665	-
Paid during the year	(7,145,060)	-
	571,605	-
Allocation for the year	8,881,281	7,145,060
Balance at the end of the Year	9,452,886	7,145,060

TOWELLERS LIMITED

21.2	Sales Tax (ST) Special Procedure (Withholding) Rules, 2007 (Rules) were notified by the Federal Board of Revenue (FBR) through its notification SRC 660(I)/2007 dated June 30, 2007, whereby certain withholding agents were required to withhold ST from payments for taxable goods and services, as supplied to such withholding agents, at the specified rates.		
22 ACCRUED MARK UP AND INTEREST			
	Mark up / interest accrued on secured loans:		
	Short term borrowings	134,214,818	134,214,818
		134,214,818	134,214,818
23 SHORT TERM BORROWINGS			
	Secured - from banking companies		
	Allied bank limited	23.1	175,603,998
	Unsecured		
	Book overdraft	23.2	24,391,306
		-	199,995,304
23.1 The credit limits was available with ABL for short term borrowings Rs.175.96 million On the basis of restructuring agreement dated 13 october 2015 the above loan has been converted into Term Loan at zero mark-up rate payable in 36 monthly installments of Rs.2.5 million. Company will get 100 million write off benefit subject to timely payment of installments. The loan was secured against pari passu hypothecation and floating charge over company's' stocks, book debts, receivables, lien on export / import documents.			
23.2 This represents cheques issued in excess of bank balance. Since there is no banking facility, this has been grouped under Book overdraft.			
24 CONTINGENCIES AND COMMITMENTS			
24.1 The company has filled appeal before the Commissioner Inland Revenue (Appeal) Karachi bearing No.40/2014 dated 09 January 2014 against the order in original No.08 of 2013 dated 17 June 2013 for the recovery of Rs. 47,143,108 which was allowed on dated 09 January 2014 by set aside order in original No.08. Then the Commissioner Inland Revenue Zone IV RTO, Karachi filled appeal before the appellate Tribunal Inland Revenue of Pakistan against the above order which was rejected by the tribunal on dated 01 July 2015.			
24.2 Contingencies			
	Bank guarantees issued in the ordinary course of business	3,090,000	2,280,000
24.3 Commitments			
	Building	10,000,000	15,000,000
	Plant & machinery	-	4,000,000
	Raw material	-	-
		10,000,000	19,000,000
25 SALES - NET			
	Export	25.1	2,760,909,959
	Local		316,055
	Waste		2,373,352
		2,758,169,441	2,763,599,366
	Rebate		42,603,390
	Commission and discount		(84,717,954)
		2,700,457,328	2,721,484,802

TOWELLERS LIMITED

25.1	Exchange gain due to currency rate fluctuations relating to export sales amounting to Rs.50.26 million (June 30, 2015: Rs. 46.14 million) has been included in export sales.		
26	COST OF SALES		
	Cost of goods manufactured	26.1	1,861,913,597
	Finished goods		1,875,577,768
	Opening stock		106,239,009
	Purchases		373,975,339
	Stock in transit		(10,607,264)
	Closing stock		(90,053,336)
	Cost of sales		<u>2,241,467,345</u>
26.1	Cost of goods manufactured		<u>2,309,116,465</u>
	Raw material consumed	26.1.1	699,855,663
	Purchase (semi finished goods)		187,941,402
	Stores and spares consumed	26.1.2	196,250,431
	Other manufacturing expenses	26.1.3	401,764,241
	Salaries, wages and other benefits	26.1.4	201,483,274
	Communication expenses		203,169
	Conveyance		242,690
	Utilities		75,947,885
	Insurance		9,635,723
	Repairs and maintenance		8,677,689
	Oil and lubricants		829,495
	Printing and stationery		929,676
	Rent, rates and taxes		4,030,384
	Entertainment expenses		3,386,569
	Vehicle running and maintenance		5,136,275
	Depreciation	4.1	44,013,241
	Other expenses		3,995,190
			<u>1,844,322,998</u>
	Work in process		<u>1,862,958,547</u>
	Opening stock		126,232,724
	Closing stock		(108,642,125)
			<u>17,590,599</u>
			<u>1,861,913,597</u>
26.1.1	Raw material consumed		<u>1,875,577,768</u>
	Opening stock		101,642,129
	Purchases - net		675,571,856
	Cartage-in		8,184,146
			<u>785,398,131</u>
	Stock in transit		-
	Closing stock		(85,542,468)
			<u>699,855,663</u>
26.1.2	Stores and spares consumed		<u>700,690,498</u>
	Opening stock		22,792,133
	Purchases - net		190,852,766
			<u>213,644,899</u>
	Closing stock		(17,394,468)
			<u>196,250,431</u>

TOWELLERS LIMITED

26.1.3 Other manufacturing expenses			
Fabric dyeing and processing charges		268,744,504	347,064,337
Stitching charges		133,019,737	147,218,407
		401,764,241	494,282,744
26.1.4 Salaries, wages and other benefits includes Rs.10,464,679/- (June 30, 2015: Rs. 9,850,834/-) in respect of staff retirement benefits (gratuity).			
27 DISTRIBUTION COST			
Export development surcharge		6,905,045	6,923,216
Export freight		64,644,656	73,178,960
Clearing and forwarding		26,308,571	26,164,881
Marine insurance		4,392,220	4,692,472
Fair & exhibition		7,642,005	8,219,320
Other expenses		169,105	399,221
		110,061,602	119,578,069
28 ADMINISTRATIVE EXPENSES			
Directors' remuneration		20,106,441	19,241,360
Staff salaries and other benefits	28.1	89,146,584	72,570,566
Traveling and conveyance		21,421,192	14,508,442
Vehicle running and maintenance		4,940,986	5,508,778
Rent, rates and taxes		6,404,963	10,059,514
Utilities		5,744,495	4,972,410
Printing and stationery		710,902	1,101,290
Legal and professional charges		2,721,186	4,831,710
Repairs and maintenance		1,285,263	1,310,880
Communication expenses		4,578,633	5,120,102
Entertainment		3,664,662	3,028,286
Office expenses		1,525,104	2,354,631
Insurance		6,291,572	3,498,187
Advertisement		1,272,554	43,559
Bad debt expense		-	5,591,203
Depreciation	4.1	6,348,268	6,087,098
		176,162,805	159,828,016
28.1 Staff salaries and other benefits includes Rs.12,229,892/- (June 30, 2015: Rs. 10,209,428/-) in respect of staff retirement benefits (gratuity).			
29 OTHER OPERATING EXPENSES			
Workers' profit participation fund	21.1	8,881,281	7,145,060
Workers' welfare fund		2,241,118	2,154,465
Auditors' remuneration	29.1	1,107,616	942,378
Donation	29.2	100,000	25,000
Sales tax		-	19,568
		12,330,015	10,286,471
29.1 Auditors' remuneration			
Annual audit fee		698,775	635,250
Half yearly review fee		128,841	117,128
Code of corporate governance review		55,000	50,000
Tax services		125,000	135,000
Other services		100,000	5,000
		1,107,616	942,378

TOWELLERS LIMITED

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

30 OTHER INCOME

From financial assets

Profit on savings account	6,038,551	10,552,424
Bad debt recovered	8,203,093	4,964,855

From other than financial assets

Gain (Loss) on sale of property, plant and equipment	4.3	1,024,588	3,903,125
		15,266,232	19,420,404

31 FINANCE COST

Mark up / interest on

Workers' profit participation fund	21.1	571,605	-
Bank charges and commission		9,659,145	10,487,485
Sbp mark-up subsidy	31.1	(3,273,287)	(3,567,418)
		6,957,463	6,920,067

31.1 Government of Pakistan had announced 'Export Finance Mark-up Rate Facility' of 2.5% to the exporters of Textile Industry on outstanding loans availed by the industry from commercial banks for export of eligible commodities under SBP's Export Finance Scheme (EFS) vide Ministry of Textile Industry's Notification No.3 (2) TID/09-P-1 dated 1st September, 2009.

32 TAXATION

(Restated)

Provision / reversal for taxation

Current year	23,911,589	26,090,567
	23,911,589	26,090,567

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

32.2 No provision in these accounts has been made for deferred tax. A technical release i.e. TR-27 issued by the Institute of Chartered Accountants of Pakistan prescribed that deferred tax accounting does not apply to those companies whose entire sales are covered under section 143B now 154 of the Income Tax Ordinance, 1979 now section 169 of the Income Tax Ordinance, 2001, as there will be no timing differences.

33 Earnings per share

(Restated)

Basic earnings per share

Profit for the year	Rupees	144,832,741	109,085,550
Weighted average number of ordinary shares outstanding during the year	Numbers	17,000,000	17,000,000
Profit per share - basic	Rupees	8.52	6.42

Diluted earnings per share

There were no convertible dilutive potential ordinary shares in issue as at June 30, 2016 and June 30, 2015.

34 REMUNERATION TO CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	2016			2015		
	CEO	Directors	Executives	CEO	Directors	Executives
	Rupees			Rupees		
Managerial remuneration	3,870,040	16,236,401	25,367,829	3,720,000	15,521,360	23,826,192
Bonus	353,058	1,684,262	2,651,927	-	43,890	463,214
Utilities	-	-	759,727	-	1,162,278	726,976
Medical expenses	-	-	513,569	-	1,006,282	205,764
Others	-	-	797,734	18,675	1,489,231	240,682
	4,233,098	17,920,663	30,090,786	3,738,675	19,223,041	25,462,827
Number of persons	1	5	20	1	5	14

TOWELLERS LIMITED

34.1 During the year CEO and directors have voluntarily decided not to avail any other benefits other than remuneration and bonus.

35 TRANSACTIONS WITH RELATED PARTIES

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

Nature of transaction	Relationship		
Salaries and other benefits	Key management personnel	22,153,761	22,961,716

The company continues to have a policy whereby all transactions with related parties are entered at arm's length price using admissible valuation method and expenses are charged on actual basis.

TOWELLERS LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended June 30, 2016

	Note	2016 Rupees	2015 Rupees
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36 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

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

- 36.1 Credit risk
- 36.2 Liquidity risk
- 36.3 Market risk

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

36.1 Credit risk

36.1.1 Exposure to credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the long term loans & advances, long term deposits, trade debts, loans and advances, trade deposits and short term prepayments, other receivables and cash and bank balances. Out of total financial assets of Rs. million 457.04 (June 30, 2015: Rs. 457.04 million), financial assets which are subject to credit risk aggregate to Rs. million (June 30, 2015: Rs. 457.04 million). The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows.

Long term loans and advances	14,152,740	14,884,904
Long term deposits	7,429,820	6,529,820
Trade debts	219,960,403	260,828,695
Loans and advances	12,825,058	19,822,009
Trade deposits and short term prepayments	200,000	156,667
Other receivables	115,459,217	121,450,468
Cash and bank balances	80,703,444	87,473,086
	450,730,681	511,145,649

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

	#REF! Rupees	#REF! Rupees
Domestic	1,318,189	69,085
Export	218,642,214	260,759,610
	219,960,403	260,828,695

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

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

	Gross debtors	
	#REF!	#REF!
	Rupees	
Not past due	202,009,993	225,615,791
Past due 0 - 30 days	8,656,947	21,475,574
Past due 31 - 90 days	7,975,273	-
Past due 91 days - 1 year	-	-
More than one year	-	21,871,338
	218,642,213	268,962,703
Impairment	-	(8,203,093)
	218,642,213	260,759,610

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

TOWELLERS LIMITED

36.2 Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damages to the company's reputation. The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements.

	#REF!					
	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	159,887,195	173,995,267	9,622,700	19,245,400	96,227,000	48,900,166
Trade and other payables	500,302,176	500,302,176	500,302,176	-	-	-
Accrued mark up and interest	134,214,818	134,214,818	134,214,818	-	-	-
Short term loans	-	-	-	-	-	-
	794,404,189	808,512,262	644,139,695	19,245,400	96,227,000	48,900,166

	#REF!					
	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	50,533,753	173,995,267	9,622,700	19,245,400	96,227,000	48,900,166
Trade and other payables	605,854,907	605,854,907	605,854,907	-	-	-
Accrued mark up and interest	134,214,818	134,214,818	134,214,818	-	-	-
Short term loans	175,603,998	193,111,717	193,111,717	-	-	-
	966,207,476	1,107,176,708	942,804,142	19,245,400	96,227,000	48,900,166

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

36.3 Market risk

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

36.3.1 Currency risk

Exposure to currency risk

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

	US Dollar	Euro	Others	Rupees
Trade debts 2016	1,968,421	-	92,365	218,642,214
Trade debts 2015	2,376,143	-	173,666	260,759,610

The following significant exchange rates applied during the year.

	Average rates		Reporting date rates	
	#REF!	#REF!	#REF!	#REF!
US Dollar to Rupee	103.10	100.20	104.50	101.70
BPS to Rupee	149.86	163.69	140.12	159.59

Sensitivity analysis

5% strengthening of Pak Rupee against the following currencies at June 30, would have increased / (decreased) equity and profit and loss by the amount shown below. The analysis assumes that all other variables, in particular interest rates, remain constant. 5% weakening of Pak Rupee against the above currencies at periods ends would have had the equal but opposites effect on the above currencies to the amount shown below, on the basis that all other variables remain constant.

	#REF! Rupees	#REF! Rupees
US Dollar	(10,285,001)	(12,082,687)

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

TOWELLERS LIMITED

36.3.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate exposures arises from short and long term borrowings from bank and term deposits and deposits in PLS saving accounts with banks. At the balance sheet date the interest rate profile of the company's interest bearing financial instrument is as follows.

Fixed rate instruments

Financial assets	-	-
Financial liabilities	159,887,195	50,533,753

Variable rate instruments

Financial assets	53,497,559	70,040,425
Financial liabilities	-	175,603,998

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, 2015.

	Profit and loss		Equity	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
	Rupees			
Cash flow sensitivity - variable rate instruments 2016	-	-	-	-
Cash flow sensitivity - variable rate instruments 2015	1,756,040	(1,756,040)	-	-

36.4 Fair value of financial assets and liabilities

The carrying value of all financial instruments reflected in the financial statements approximate to their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

36.5 Off balance sheet items

Bank guarantees issued in ordinary course of business	3,090,000	2,280,000
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36.6 The effective rate of interest / mark up for the monetary financial assets and liabilities are mentioned in respective notes to the financial statements.

37 CAPITAL RISK MANAGEMENT

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

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

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

		#REF!	#REF!
Borrowings	Rupees	159,887,195	250,529,057
Total equity	Rupees	360,538,434	221,586,473
Total capital employed	Rupees	520,425,628	472,115,530
Gearing ratio	Percentage	30.72	53.07

38 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 categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

There were no transfers between different levels of fair values mentioned above. The respective basis of valuation at fair values are disclosed in notes to the account wherever applicable. The following table provides fair value measurement of non-recurring measurements at fair value.

	Level 1	Level 2	Level 3
30 June 2016			
Revalued Land & Building	-	-	962,360,448
30 June 2015			
Revalued Land, Building & Plant & Machinery	-	-	688,652,244

39 CAPACITY AND PRODUCTION

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

40 ACCOUNTING ESTIMATES AND JUDGMENTS

40.1 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.

40.2 Investment stated at fair value

Management has determined fair value of certain investments by using quotations from active market conditions and information about the financial instruments. These estimates are subjective in nature and involve some uncertainties and matters of judgment (e.g. valuation, interest rate, etc.) and therefore, cannot be determined with precision.

40.2 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.

40.3 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.

41 EVENTS AFTER THE BALANCE SHEET DATE

There are no subsequent events occurring after the balance sheet date.

TOWELLERS LIMITED

NOTES TO AND FORMING PART OF THE THE FINANCIAL STATEMENTS

For the year ended June 30, 2016

42 NUMBER OF EMPLOYEES

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

	2016	2015
	Numbers	Numbers
Total number of employees as at June 30	809	690
Average number of employees during the year	750	699

43 CORRESPONDING FIGURES

Note	Reclassification		Nature	Rupees
	From	To		
30	Other income - Profit before taxation	Other income - Profit from operations	Better Presentation	19,420,404
31	Finance cost - profit from operations	Finance cost - profit before taxation	Better Presentation	6,920,067

Note	Description	Nature	Restatement	Effects on 2016	Effects on 2015
				Rupees	Rupees
13	Advance Income Tax Increase by	Error		-	1,942,323
13	Balance at the beginning (2016)/ end (2015) of the year increase by	Error		1,942,323	1,942,323
32	Provision for the tax year has been reduced due to tax credit of Sec. 65-B by	Error		-	1,942,323
33	Profit per share - basic has increased by	Error		-	0.12

Profit for the year ended June 30, 2015 and total comprehensive income for the year ended June 30, 2015 has been increased by an amount of Rupees 1,942,323 however the restatement has no impact on the balances prior to June 30, 2015. Therefore the figures of year ended June 30, 2014 has not been restated.

44 GENERAL

Figures have been rounded off to the nearest Rupee.

45 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on September 29th 2016. by the board of directors of the company.

TOWELLERS LIMITED

PROXY FORM

I/We _____ in the district of _____
_____ being a
Member(s) of TOWELLERS LIMITED holding _____ Ordinary shares as
per Share Register Folio No. _____ and/or CDC Participant I.D. NO. _____
and Sub Account No. _____ hereby appoint _____
of _____ or failing him/her _____ of _____
also a member as my / our proxy in my/our absence to attend and vote for me/us at the 43rd Annual General Meeting of
the Company to be held on October 26, 2016.
and/or any adjournment thereof.

Signed _____ day of October, 2016

Witnesses: _____

1. Signature: _____

Name: _____

Address: _____

CNIC No: _____

2. Signature: _____

Name: _____

Address: _____

CNIC No: _____

Please Affix
Rs. 5/-
Revenue Stamp

NOTE:

If a Member is unable to attend the meeting, he may sign this form and send it to Secretary TOWELLERS LIMITED, Karachi. So as to reach him not less than 48 hours before the time of holding the Meeting. A proxy need to be a member of the company.