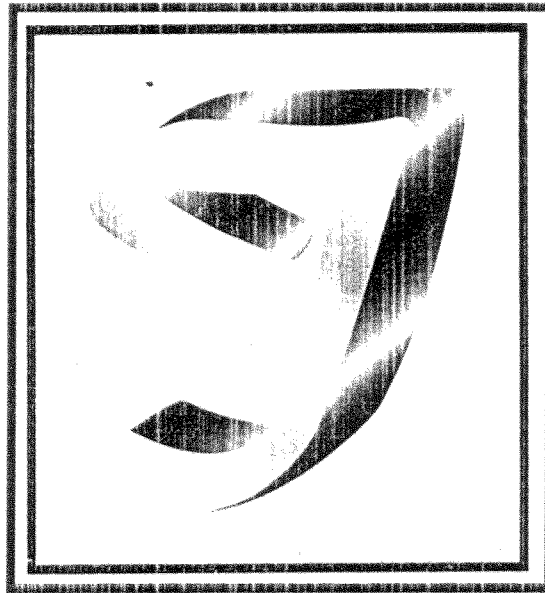


TOWELLERS LIMITED

ANNUAL REPORT
FOR THE YEAR ENDED
JUNE 30, 2013



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. Surraiya Junaid

CHIEF EXECUTIVE OFFICER

Ms. Mehreen Obaid Agha

DIRECTORS

Ms. Mahjabeen Obaid

Ms. Sana Bilal

Mr. Javed Ashfaq

Mr. Zeeshan K. Sattar

Mr. Abdul Jalil Shariff

COMPANY SECRETARY

Mr. M. Farhan Adil

CHIEF FINANCIAL OFFICER

Mr. M. Farzan Ijtiba

BANKERS

Standard Chartered Bank Ltd.

Askari Bank Limited

Soneri Bank Limited

Habib Metropolitan Bank Limited

KASB Bank Ltd.

Allied Bank Limited

Muslim Commercial Bank Limited

HSBC & Middle East Bank Ltd.

Habib Bank Limited

United Bank Limited

NIB Bank

Summit Bank Ltd.

Al Baraka Bank Pakistan Ltd.

Silk Bank Ltd.

J.S. Bank Limited

Meezan Bank Limited

AUDITORS

Mushtaq & Company

Chartered Accountants

407-Commerce Centre,

Hasrat Mohani Road, Karachi.

SHARE REGISTRAR

THK Associates (Pvt) Limited.

Ground Floor, State Life Building, No. 3,

Dr. Ziaduddin Ahmed Road, Karachi-75530, P.o. Box No. 8533.

AUDIT COMMITTEE

Ms. Swaleha Alam

(Chairman)

Mr. Javed Ashfaq

(Member)

Ms. Sana Bilal

(Member)

REGISTERED OFFICE

WSA-30 & 31, Block-1,

Federal "B" Area, Karachi-75950

Web Site : www.towellers.com

E-mail : towellers@cyber.net.pk

MILLS

Plots No. 14, 15/1, 15/2, 15/A, 16/2, 17/1, 17/2, 17/3.

Sector 12-D, N.K.I.A., Karachi.

Post Office Towellers Village, Nooriabad.

TOWELLERS LIMITED

TOWELLERS HOUSE W.S.A. 30-31, BLOCK-1
FEDERAL "B" AREA, KARACHI-75950

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 40th Annual General Meeting of M/s Towellers Limited will be held on Monday, October 28, 2013 at 3:30 p.m. at W.S.A. 30-31, Block-1, Federal B Area, Karachi, to transact the following business:

1. To confirm the minutes of the last Annual General Meeting held on Tuesday, October 23, 2012
2. To receive, consider and adopt Audited Accounts together with the Directors and Auditors Report for the period ended June 30, 2013
3. To appoint Auditors for the year 2013-2014 and fix their remuneration. The present auditors, M/s. Mushtaq & Company Chartered Accounts, retired and are eligible to offer themselves for re-appointment
4. To transact any other business with the permission of the Chair

By order of the Board
M. Farhan Adil
Company Secretary

Karachi October 02, 2013

NOTES:

1. The Share Transfer Books of the Company will remain closed From October 21, 2013 to October 28, 2013 (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 registered office of the Company at W.S.A. 30-31, Block-1 Federal B Area, Karachi, duly stamped, signed and witnessed not later than 48 hours before the meeting.
3. Shareholders whose shares are deposited with Central Depository Company (CDC) are requested to bring their Computerized National Identity 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 Securities and Exchange Commission of Pakistan.
5. Shareholder are requested to submit copies of their CNICs and notify any change in their addresses immediately to the Share Registrar M/s. THK Associates Pvt Ltd.

TOWELLERS LIMITED

DIRECTOR REPORT TO THE MEMBERS

The Directors have the pleasure in submitting their report to the members alongwith audited accounts for the year ended June 30th 2013.

OPERATING RESULTS

By the grace of God the company managed to make a profit of Rs. 41,256(m) after meeting all operational, administrative, financial and other expenses even though the:

1. Cotton Yarn prices in the period went up.
2. The shipping companies increased their freight rates for this period by over 20%
3. The fuel, gas and electricity charges were increased.
4. The prices of dyes & chemicals also went up.
5. Selling prices stayed at the some level due to international market competition.
6. Floods, Utilities breakdown have further effect our production.

The period under review was a very tough year keeping in view the above mentioned facts and also keeping in mind that the orders were booked in June 2012 for the next 12 months and had to be honored at the booked prices. The textile industry in general also faced tough competition from other exporting countries like Bangladesh, India and China etc.

The Financial Result of the company are reproduced as under:-

(Rupees in thousand)

1. Sales - net	2,682,072
2. Cost of sales	(2,380,107)
3. Gross profit/(loss)	301,966
4. Distribution cost	(122,197)
5. Administrative expenses	(123,530)
6. Other operating expenses	(7,378)
7. Finance cost	(44,519)
8. Profit/(loss) from operations	4,342
9. Other income	69,739
10. Profit/(loss) before taxation	74,080
11. Provision for taxation	(32,824)
12. Profit/(loss) for the year	41,256
13. Add: Unappropriated loss B/F	(281,413)
14. Add: Incremental depreciation	21,092
15. Balance carried to balancesheet	(219,065)

FUTURE PLANS:

The management has advised that they are going to do their best to overcome the current situation by cutting out all those items that are non profitable.

ACKNOWLEDGMENTS

We would like to take this opportunity to thank our Customers, Suppliers and Bankers 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 workers for the hard work put in towards the Company's performance for the year. We expect continued efforts from our employees to achieve better results next year and last but not the least, the management is grateful to the board for its support, cooperation and guidance in setting a course for the Company that will Insha Allah prove to be highly rewarding to all its Share holders.

TOWELLERS LIMITED

STATEMENT ON 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 operating and financial data for the last six years in summarized form is annexed.
- i) The earning per share is Rs. 2.43

CHANGES IN THE COMPOSITION OF BOARD OF DIRECTORS:

There has been no change in the composition of Board of directors during the period under review.

During the period under consideration four Board meetings were held and attendance by each Director was as follow:

NAME OF DIRECTOR	NO. OF MEETING ATTENDED
Mehreen Obaid Agha	3
Mahjabeen Obaid	3
Sana Bilal	3
Zeeshan K. Sattar	3
Abdul Jalil Shariff	4
Javed Ashfaque	3

HUMAN RESOURCE AND REMUNERATION COMMITTEE:

The Board in accordance with the Code of Corporate Governance has constituted Human Resource and Remuneration Committee comprising of the following directors.

Zeeshan K. Sattar
Mahjabeen Obaid
Abdul Jalil Shariff

As the Committee was constituted close to the accounting year end the Committee has yet to hold its meeting.

AUDIT COMMITTEE:

The Board has also set up an Audit Committee comprising of the following directors. During the period under consideration four Audit Committee meetings were held and attendance by each member is indicated against each.

NAME OF DIRECTOR	NO. OF MEETING ATTENDED
Swaleba Alam	4
Javed Ashfaque	3
Sana Bilal	3

Term of Reference of the Audit Committee has also been determined by the Board in accordance with the guide lines provided in the Listing Regulations of the Stock Exchange.

APPOINTMENT OF AUDITORS:

Messrs Mushtaq & Company Chartered Account s, a reputable Chartered Accounts 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 2013 including the information under the Code of Corporate of Governance is annexed.

OnBehalf of the Board of Directors
Towellers Limited
MEHREEN OBAID AGHA
Chief Executive Officer

Karachi, October 02, 2013

TOWELLERS LIMITED

SIX YEARS COMPARATIVE KEY OPERATING AND FINANCIAL RESULTS FROM 2008 TO 2013 RUPEES IN THOUSANDS

PARTICULARS	2013	2012	2011	2010	2009	2008
Turn over-Net	2,682,072	2,098,927	3,506,880	4,003,561	3,419,616	3,613,096
Cost of sales	2,380,107	2,260,575	3,263,388	3,373,145	2,700,003	3,071,057
Gross profit	301,966	(161,648)	243,492	630,416	719,613	542,040
Profit/(loss) from operation	4,342	(437,095)	(86,364)	283,959	322,268	226,699
Finance cost	44,519	137,003	249,880	269,789	257,189	168,446
Profit/(loss) before taxation	74,080	(574,098)	(336,322)	14,170	65,080	58,254
Profit / (loss) after taxation	41,256	(603,349)	(377,076)	(26,722)	28,437	21,961
Dividend	-	-	-	1,119	-	-
FINANCIAL DATA						
Fixed assets-w.d.v	1,658,506	1,325,684	1,335,987	1,456,418	1,515,015	1,520,412
Long term loans	14,738	15,427	16,535	16,609	20,997	13,595
Current assets	1,153,493	1,013,868	1,491,842	2,340,945	2,070,924	1,974,900
Total	2,826,737	2,354,979	2,844,364	3,813,972	3,606,936	3,508,907
EQUITY & LIABILITIES						
Equity	(219,065)	(281,413)	303,677	660,381	665,240	618,333
Non current liabilities	781,004	559,395	91,476	213,140	295,595	393,901
Current liabilities	1,512,407	1,666,991	2,022,325	2,493,193	2,215,502	2,129,878
Total	2,074,345	1,944,973	2,417,478	3,366,714	3,176,337	3,142,112
KEY RATIOS%						
Gross margine%	11.26	(7.70)	6.94	15.75	21.04	15.00
Net profit (loss)%	1.54	(28.75)	(10.75)	(0.67)	0.83	0.61
Quick acid ratio%	0.34	0.28	0.28	0.31	0.35	0.32
EBIT margine%	161.88	(20.82)	(2.46)	7.09	9.42	6.27
Current ratio%	0.76	0.61	0.74	0.94	0.93	0.93
Earning/(loss) per share Rs	2.43	(5.68)	(22.18)	(1.57)	1.67	1.29
Cash dividend Rs.	-	-	-	1,119	-	-
Debt equity ratio%	-	(5.68)	5.15	3.05	3.04	3.21

TOWELLERS LIMITED

PATTERN OF SHARE HOLDINGS CDC AND PHYSICAL AS ON 30/06/2013

NO. OF SHARE HOLDERS		SHARE HOLDINGS		TOTAL SHARES HELD
293	1	100	2027	0.0119
334	101	500	163043	9.9591
15	501	1000	14005	0.0824
39	1001	5000	151127	0.8890
4	5001	10000	34000	0.2000
1	10001	15000	15000	0.0882
1	15001	20000	15800	0.0929
1	35001	40000	35953	0.2115
1	60001	65000	62186	0.3658
1	315001	320000	315759	1.8574
1	525001	530000	526000	3.0941
1	995001	1000000	999947	5.8820
3	1945001	1950000	5849247	34.4073
2	2465001	2470000	4933088	29.0182
1	3880001	3885000	3882818	22.8401
698		<i>Company Total</i>	17000000	100.0000

COMBINED PATTERN OF CDC & PHYSICAL SHARE HOLDINGS AS AT 30-JUNE-2013

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		682	4792353	28.19
2	INVESTMENT COMPANIES		0	0	0
3	JOINT STOCK COMPANIES		0	0	0
4	DIRECTORS AND THEIR SPOUSE AND MINOR CHILDREN		8	10314141	60.67
	SURRAIYA JUNAID	62186			
	MEHREEN OBAID AGHA	1949748			
	MAHJBEEN OBAID	2466540			
	SANA BILAL	1947748			
	ZEESHAN K. SATTAR	100			
	ABDUL JALIL SHARIFF	5000			
	JAVED ASHFAQ	1			
	SHAIKH MUHAMMAD HUMZA OBAID	3882818			
5	EXECUTIVES				
6	ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES		4	50800	0.29
	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	0.02
8	BANKS DFIs, NBFIs, INSURANCE COMPANIES, TAKAFUL, MODARABAS & PENSION FUNDS		3	1841706	10.83
	NATIONAL INSURANCE COMPANY LIMITED	526000			
	STATE LIFE INSURANCE CORP. OF PAKISTAN	999947			
	PAKISTAN REINSURANCE COMPANY LIMITED	315759			
	OTHERS		698	17000000	100
	TOTAL		698	17000000	100

TOWELLERS LIMITED

STATEMENT OF COMPLIANCE WITH THE BEST PRACTICE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED 30TH JUNE, 2013

This statement is being presented to comply with the code of corporate governance contained in listing regulation of the Karachi Stock Exchange, Lahore Stock Exchange for purpose of establishing a framework of good corporate governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The company applies contained in the Code in the following manner.

- 1 The Company encourages representation of independent non-executive director and directors representing minority interest on its Board of Directors. The Board of directors of the Company has always supported implementation of the highest standards of Corporate Governance at all times.
- 2 The directors have confirmed that none of the directors of the company are serving as a director in more than seven listed companies including this Company.
- 3 The Company has prepared a "Code of Conduct", which has been signed by all the directors, non workmen employees and has been communicated formally to workmen employees of the Company.
- 4 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.
- 5 There was no casual vacancy occurred during the year.
- 6 There is no change in position of Chief Financial Officer, Head of Internal Audit and Company Secretary during the year ended 30th June 2013.
- 7 The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met once in every quarter. During the year four meetings of Board of Directors was held. 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.
- 8 All the directors of the company are registered as taxpayers and none of them has defaulted in payments of any loan to a banking company, a DFI or an NBFIs. No director in the board is a member of any Stock Exchange in Pakistan.
- 9 The company arranged briefing for its directors to apprise them of their duties and responsibilities. A director also acquired certification by the Pakistan Institute of Corporate Governors (PICG)
- 10 The CEO and CFO duly endorsed the financial statements of the company before approval of the Board.
- 11 The director's report has been prepared in compliance with the requirements of the code and fully describes the salient matters required to be disclosed.
- 12 The meetings of the audit committee were held once every quarter prior to approval of interim and final results of the Company and as required by the code. The terms of reference of the committee have been formed and advised to the committee for compliance.
- 13 The Board has formed an audit committee. It comprises three members, of whom two are non-executive directors.
- 14 The Board has formed Human Resource and Remuneration Committee.
- 15 All the powers of the Board have been duly exercised and the Board has taken decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer and other executive directors have been taken by the Board.
- 16 The Company has complied with all the corporate and financial reporting requirements of the Code.
- 17 All material information as described in clause (Xiii) of the Code of Corporate Governance is disseminated to the Stock Exchange and Securities and Exchange Commission of Pakistan in time.
- 18 The director, CEO and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.
- 19 The Board has set-up an effective internal audit function with suitable qualified and experienced personnel, which are involved in the internal audit function on full time basis.
- 20 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 are not aware of any instances where shares of the company are held by any of the partners of the firm, their spouses and minor children and that the firm and all its partners are compliant with International Federation of Accountants (IFAC) guidelines on Code of Ethics as adopted by Institute of Chartered Accountants of Pakistan (ICAP).
- 21 The "Closed Period", prior to the announcement of interim and 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 exchanges.
- 22 All transactions with related parties have been carried out on arm's length basis. Transactions with related parties have been placed before the audit committee and board of director's meeting for their consideration and formal approval.
- 23 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.
- 24 We confirm that all other material principles contained in the Code have been complied with.

On Behalf of the Board of Directors
Towellers Limited

MEHREEN OBAID AGHA
Chief Executive Officer

Karachi, October 02, 2013

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 statement of compliance with the best practices contained in the Code of Corporate Governance for the year ended June 30, 2013 prepared by the Board of Directors of **Towellers Limited** to comply with the Listing Regulations No. 35 of the Karachi Stock Exchange Limited and Lahore Stock Exchange Limited, where the company is listed.

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. 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 the financial statements we are required to obtain an understanding of the accounting and internal control system 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 controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

Further, Sub-Regulation (x) of Listing Regulation No. 35 of Karachi Stock Exchange Limited and Lahore Stock Exchange Limited require the Company to place before the Board of Directors for their consideration and approval, 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 recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the Audit Committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before 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, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the company's compliance, in all material respect, with the best practices contained in the Code of Corporate Governance as applicable to the company for the year ended June 30, 2013.

MUSHTAQ & COMPANY
Chartered Accountants
Engagement Partner:
Mushtaq Ahmed Vohra
F.C.A

Karachi, October 02, 2013

TOWELLERS LIMITED

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed Balance Sheet of **Towellers Limited** as at June 30, 2013 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, 2013 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
F.C.A

Karachi, October 02, 2013

TOWELLERS LIMITED

Balance Sheet As at June 30, 2013

	Note	2013 Rupees	2012 Rupees
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	4	1,659,397,235	1,325,684,205
Long term loans and advances	5	14,738,037	15,426,972
Long term deposits	6	5,405,436	3,845,816
		1,679,540,708	1,344,956,993
CURRENT ASSETS			
Stores, spare parts and loose tools	7	21,520,650	13,314,073
Stock in trade	8	453,195,755	394,191,838
Trade debts	9	346,645,913	277,048,760
Loans and advances	10	15,631,858	16,494,567
Trade deposits and short term prepayments	11	4,128,507	221,000
Other receivables	12	74,123,264	71,921,948
Income tax and sales tax refundable	13	71,529,018	51,982,228
Cash and bank balances	14	166,718,156	188,693,676
		1,153,493,121	1,013,868,090
		2,833,033,829	2,358,825,083
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital			
25,000,000 (June 30, 2012: 25,000,000) ordinary shares of Rs. 10 each		250,000,000	250,000,000
Issued, subscribed and paid up capital	15	170,000,000	170,000,000
Reserves		(389,065,069)	(451,413,027)
		(219,065,069)	(281,413,027)
Surplus on revaluation of property, plant & equipment	16	758,688,532	413,852,212
LIABILITIES			
NON CURRENT LIABILITIES			
Long term financings	17	761,521,549	540,883,360
Deferred liabilities			
Staff retirement benefits - gratuity	18	19,482,168	18,511,561
		781,003,717	559,394,921
CURRENT LIABILITIES			
Trade and other payables	19	669,076,273	609,408,103
Accrued mark up and interest	20	81,003,001	85,328,590
Short term borrowings	21	663,825,783	872,935,242
Current portion of			
Long term financings	17	93,143,629	99,319,042
Provision for taxation		5,357,963	-
		1,512,406,649	1,666,990,977
CONTINGENCIES AND COMMITMENTS	22		
		2,833,033,829	2,358,825,083

The annexed notes from 1 to 42 form an integral part of these financial statements.

Chief Executive

Director

Karachi, October 02, 2013

TOWELLERS LIMITED

Profit and Loss Account For the year ended June 30, 2013

	Note	2013 Rupees	2012 Rupees
Sales - net	23	2,682,072,489	2,098,926,990
Cost of sales	24	(2,380,106,729)	(2,260,574,974)
Gross profit/(loss)		301,965,760	(161,647,984)
Distribution cost	25	(122,197,471)	(77,579,853)
Administrative expenses	26	(123,530,148)	(247,963,265)
Other operating expenses	27	(7,377,897)	(1,076,450)
Finance cost	28	(44,518,631)	(137,003,027)
		(297,624,147)	(463,622,595)
Profit/(loss) from operations		4,341,613	(625,270,579)
Other income	29	69,738,643	51,172,778
Profit/(loss) before taxation		74,080,256	(574,097,801)
Provision for taxation	30	(32,824,049)	(29,250,957)
Profit/(loss) for the year		41,256,207	(603,348,758)
Profit/(loss) per share - basic and diluted	31	2.43	(35.49)

The annexed notes from 1 to 42 form an integral part of these financial statements.


 Chief Executive


 Director

Karachi, October 02, 2013

TOWELLERS LIMITED

Statement of Comprehensive Income For the year ended June 30, 2013

	Note	2013 Rupees	2012 Rupees
Profit/(loss) for the year		41,256,207	(603,348,758)
<i>Other comprehensive income for the year</i>		-	-
Total comprehensive income/(loss) for the year		<u>41,256,207</u>	<u>(603,348,758)</u>

The annexed notes from 1 to 42 form an integral part of these financial statements.


Chief Executive


Director

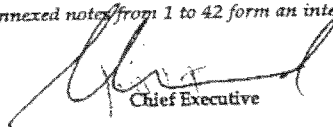
Karachi, October 02, 2013

TOWELLERS LIMITED

Cash Flow Statements For the year ended June 30, 2013

	Note	2013 Rupees	2012 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) before taxation		74,080,256	(574,097,801)
Adjustments for:			
Depreciation		120,717,899	124,935,499
Impairment loss on revaluation of fixed assets		6,607,588	-
Staff retirement benefits - gratuity		15,368,971	16,266,549
Finance cost		44,518,631	137,003,027
Workers' profit participation fund		4,005,487	-
Workers' welfare fund		2,024,010	-
(Gain) on disposal of property, plant and equipment		(250,966)	(2,394,359)
		192,991,620	275,810,716
Profit before working capital changes		267,071,876	(298,287,085)
(Increase) / decrease in current assets			
Stores, spare parts and loose tools		(8,206,577)	7,494,459
Stock in trade		(59,003,917)	287,172,335
Trade debts		(69,597,153)	138,574,151
Loans and advances		662,709	30,729,398
Trade deposits and short term prepayments		(3,907,507)	-
Other receivables		(2,201,316)	58,373,777
		(142,053,761)	522,344,120
(Decrease) / increase in current liabilities			
Trade and other payables		115,585,580	47,359,473
Cash generated from operations		240,603,695	271,416,508
Finance cost paid		(48,844,220)	(161,142,758)
Taxes paid		(47,012,876)	(26,803,518)
Workers' profit participation fund paid		-	(53,286)
Long term loan to employees		688,935	1,107,872
Long term deposits		(1,559,620)	1,379,215
Staff retirement benefits - gratuity paid		(14,398,364)	(8,236,864)
Net cash generated from operating activities		129,477,550	77,667,169
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		950,500	4,883,000
Fixed capital expenditure		(95,809,979)	(117,149,377)
Net cash used in investing activities		(94,859,479)	(112,266,377)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds/(repayment) of long term financings		152,515,868	509,853,864
(Repayment) of liabilities against assets subject to finance lease		-	(240,106)
Short term borrowings		(209,109,459)	(428,196,901)
Net cash used in financing activities		(56,593,591)	81,416,857
Net increase in cash and cash equivalents		(21,975,570)	46,817,649
Cash and cash equivalents at the beginning of the year		188,693,676	141,876,027
Cash and cash equivalents at the end of the year	14	166,718,156	188,693,676

The annexed notes from 1 to 42 form an integral part of these financial statements.


 Chief Executive


 Director

Karachi, October 02, 2013

TOWELLERS LIMITED

Statement of Changes in Equity For the year ended June 30, 2013

	Reserves				Total
	Share capital	Capital	Revenue	Sub total	
		Share premium	Unappropriated profit/(loss)		
Rupees					
Balance as at June 30, 2011	170,000,000	63,000,000	70,677,432	133,677,432	303,677,432
Total comprehensive (loss) for the year - 2012	-	-	(603,348,758)	(603,348,758)	(603,348,758)
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - 2012	-	-	18,258,299	18,258,299	18,258,299
Balance as at June 30, 2012	170,000,000	63,000,000	(514,413,027)	(451,413,027)	(281,413,027)
Total comprehensive income for the year - 2013	-	-	41,256,207	41,256,207	41,256,207
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - 2013	-	-	21,091,751	21,091,751	21,091,751
Balance as at June 30, 2013	170,000,000	63,000,000	(452,065,069)	(389,065,069)	(219,065,069)

The annexed notes from 1 to 42 form an integral part of these financial statements.


Chief Executive


Director

Karachi, October 02, 2013

TOWELLERS LIMITED

Notes to and Forming Part of The Financial Statements For the year ended June 30, 2013

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 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 the requirements of The Companies Ordinance, 1984 (the Ordinance) and the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under The Companies Ordinance, 1984, provisions of and directives issued under The Companies Ordinance, 1984. Wherever the requirements of The Companies Ordinance, 1984 or directives issued by Securities and Exchange Commission of Pakistan differ with the requirements of IFRS or IFAS, the requirements of The Companies Ordinance, 1984 or the requirements of the said directives 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 Pakistani Rupees which is also the company's functional currency. All financial information presented in Pakistani Rupees has been rounded to the nearest Rupee.

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

Standards, interpretations and amendments

Amendments to IAS 1 - Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income

Description

The amendments to IAS 1 change the grouping of items presented in other comprehensive income (OCI). Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, net gains on hedges of net investments, exchange differences on translation of foreign operations, net movements on cash flow hedges and net losses or gains on available-for-sale financial assets) would be presented separately from items that will never be reclassified (for example, actuarial gains and losses on defined benefit plans). Income tax on items of other comprehensive income is required to be allocated on the same basis i.e. the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments require retrospective application. The amendment is effective for annual periods beginning on or after July 01, 2012.

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

The following standards, interpretations and amendments are in issue which are not effective as at the reporting date.

Standards, interpretations and amendments

Amendments to IAS 16 - Property, Plant and Equipment
– Classification of servicing equipment

Description

This improvement clarifies that major spare parts and servicing equipment that meet the definition of property, plant and equipment are not inventory. The standard is effective for annual periods beginning on or after January 01, 2013.

Amendments to IAS 19 - Employee Benefits

The amendments eliminate the corridor approach and therefore require an entity to recognize changes in defined benefit plans obligations and plan assets when they occur. All actuarial gains or losses arising during the year are recognized immediately through other comprehensive income. The amendments also require additional disclosures and retrospective application with certain exceptions. The application of the amendments to IAS 19 would result in the recognition of cumulative unrecognized actuarial loss in other comprehensive income in the period of initial application. The standard is effective for annual periods beginning on or after January 01, 2013.

Amendments to IAS 32 Financial Instruments:
Presentation - Tax effects of distributions to holders of an equity instrument, and transaction costs of an equity transaction

This improvement clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with IAS 12 Income Taxes. The standard is effective for annual periods beginning on or after January 01, 2013.

Amendments to IAS 32 Financial Instruments:
Presentation - Offsetting financial assets and financial liabilities

These amendments clarify the meaning of "currently has a legally enforceable right to set-off". It will be necessary to assess the impact to the entity by reviewing settlement procedures and legal documentation to ensure that offsetting is still possible in cases where it has been achieved in the past. In certain cases, offsetting may no longer be achieved. In other cases, contracts may have to be renegotiated. The requirement that the right of set-off be available for all counterparties to the netting agreement may prove to be a challenge for contracts where only one party has the right to offset in the event of default. The standard is effective for annual periods beginning on or after January 01, 2014.

TOWELLERS LIMITED

Standards, interpretations and amendments

Amendments to IAS 34 - Interim Financial Reporting - Interim reporting of segment information for total assets and total liabilities

Amendments to IFRS 7 Financial Instruments: Disclosures - Offsetting financial assets and financial liabilities

IFRIC 20 - Stripping Costs in the Production Phase of a Surface Mine

Description

The amendment aligns the disclosure requirements for total segment assets with total segment liabilities in interim financial statements. This clarification also ensures that interim disclosures are aligned with annual disclosures. The standard is effective for annual periods beginning on or after January 01, 2013.

These amendments require an entity to disclose information about rights to set-off and related arrangements (e.g., collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognised financial instruments that are set off in accordance with IAS 32 Financial Instruments: Presentation. The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set off in accordance with IAS 32. The amendment is effective for annual periods beginning on or after January 01, 2013.

This interpretation applies to waste removal (stripping) costs incurred in surface mining activity, during the production phase of the mine. The interpretation addresses the accounting for the benefit from the stripping activity. The amendment is effective for annual periods beginning on or after January 01, 2013.

2.5.3 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

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, 2013 has not required any adjustment, as its impact is considered insignificant.

The company continually assesses at each statement of financial position date whether there is any indication that property, plant and equipment may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in profit and loss account for the year. The recoverable amount is the higher of an assets' fair value less costs to sell and value in use. Where an impairment loss is recognized, the depreciation charge is adjusted in the future periods to allocate the assets' revised carrying amount over its estimated useful life.

TOWELLERS LIMITED

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.

TOWELLERS LIMITED

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 Employees' retirement benefits

Employee Benefits

Compensated absences

The company accounts for all accumulated compensated absences in the period in which absences accrue.

Post retirement Benefits

Defined benefits plans

The company operates an unfunded gratuity scheme for its permanent employees as per terms of employment who have completed minimum qualifying period of service as defined under the scheme.

The cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at each statement of financial position date. Actuarial gains and losses which exceed 10 percent of the greater of the present value of the company's obligation are amortized over the expected average remaining working lives of the eligible employees. Past service cost is recognized immediately to the extent that the benefits are already vested. For non-vested benefits past service cost is amortized on a straight line basis over the average period until the amended benefits become vested.

Amounts recognized in the statement of financial position represent the present value of the defined benefit obligation as adjusted for unrecognized actuarial gains and losses and unrecognized past service cost.

3.11 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.

TOWELLERS LIMITED

3.12 Taxation

3.12.1 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.

3.12.2 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.

3.13 Dividend

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

3.14 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.

3.15 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.

3.16 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.

3.17 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.

3.18 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.

TOWELLERS LIMITED

3.19 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.

3.20 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.

3.21 Financial instruments

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

3.22 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.

3.23 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, 2013

4 PROPERTY, PLANT AND EQUIPMENT

	Note	2013 Rupees	2012 Rupees
Operating fixed assets	4.1	1,658,505,612	1,325,684,205
Capital work in progress - at cost	4.6	891,623	-
		<u>1,659,397,235</u>	<u>1,325,684,205</u>

4.1 Operating fixed assets

	2013										
	Cost as at July 01, 2012	Additions / (deletions)	Revaluation	Transfers / (adjustments)	Cost as at June 30, 2013	Accumulated depreciation as at July 01, 2012	Depreciation charge / (deletion) for the year	Transfers / (adjustments)	Accumulated depreciation as at June 30, 2013	Book value as at June 30, 2013	Annual depreciation rate %
Rupees											
Owned Assets											
Freehold land	39,807,344	-	89,622,656	-	129,430,000	-	-	-	-	129,430,000	-
Leasehold land	185,866,690	-	678,540	(10,395,975)	176,149,255	8,906,410	1,786,112	(10,395,975)	296,547	175,652,708	99 years
Building on freehold land	428,078,424	25,682,129	289,076,676	(175,511,928)	567,225,301	151,785,779	33,181,571	(175,511,928)	9,455,422	557,869,879	10%
Building on leasehold land	146,129,666	-	47,538,441	(50,715,482)	142,952,625	42,041,465	11,036,560	(50,715,482)	2,382,543	140,570,081	10%
Plant and machinery	1,057,957,207	62,830,911	(65,012,700)	(485,631,344)	570,144,075	432,009,487	63,088,561	(485,631,344)	9,466,704	560,677,370	10%
Electric installation	50,542,799	-	-	-	50,542,799	24,972,598	2,557,020	-	27,529,618	23,013,181	10%
Gas installation	5,420,149	-	-	-	5,420,149	2,739,475	268,067	-	3,007,542	2,412,607	10%
Furniture and fixture	12,356,320	847,685	-	-	13,204,005	7,740,288	492,855	-	8,233,143	4,970,862	10%
Office equipment	67,138,564	1,637,506	-	-	67,646,780	33,697,530	3,444,708	-	35,875,102	31,771,678	10%
		(1,129,290)	-	-			(667,136)	-			
Bicycles	29,875	-	-	-	22,375	17,325	1,587	-	17,718	4,657	10%
		(7,500)	-	-			(1,194)	-			
Vehicles	37,239,716	3,920,125	-	-	40,457,655	28,841,084	2,074,569	-	30,444,541	10,013,114	20%
		(702,186)	-	-			(471,112)	-			
Expired leased assets											
Plant and machinery	42,854,248	-	(2,583,130)	(19,175,558)	21,095,560	17,022,950	2,504,201	(19,175,558)	351,593	20,743,967	10%
Office equipment	425,000	-	-	-	425,000	170,680	25,432	-	196,112	228,888	10%
Vehicles	4,573,000	-	-	-	4,573,000	3,389,726	236,655	-	3,626,381	946,619	20%
Total - 30.06.2013	2,078,419,002	94,918,356	359,320,484	(741,430,287)	1,789,388,579	752,734,797	120,717,899	(741,430,287)	130,882,967	1,658,505,612	
		(1,838,976)	-	-			(1,139,442)	-			

	2012										
	Cost as at July 01, 2011	Additions / (deletions)	Revaluation	Transfers / (adjustments)	Cost as at June 30, 2012	Accumulated depreciation as at July 01, 2011	Depreciation charge / (deletion) for the year	Transfers / (adjustments)	Accumulated depreciation as at June 30, 2012	Book value as at June 30, 2012	Annual depreciation rate %
Rupees											
Owned Assets											
Freehold land	39,807,344	-	-	-	39,807,344	-	-	-	-	39,807,344	-
Leasehold land	185,866,690	-	-	-	185,866,690	6,162,838	2,743,572	-	8,906,410	176,960,280	99 years
Building on freehold land	359,317,348	68,761,076	-	-	428,078,424	127,165,003	24,620,776	-	151,785,779	276,292,645	10%
Building on leasehold land	146,129,666	-	-	-	146,129,666	30,476,109	11,565,356	-	42,041,465	104,088,201	10%
Plant and machinery	1,023,502,520	39,757,020	-	-	1,057,957,207	369,333,978	66,650,339	-	432,009,487	625,947,720	10%
		(5,302,333)	-	-			(3,974,830)	-			
Electric installation	50,542,799	-	-	-	50,542,799	22,131,464	2,841,133	-	24,972,597	25,570,202	10%
Gas installation	5,420,149	-	-	-	5,420,149	2,441,622	297,832	-	2,739,474	2,680,675	10%
Furniture and fixture	12,082,496	273,824	-	-	12,356,320	7,250,655	489,633	-	7,740,288	4,616,032	10%
Office equipment	65,377,694	1,760,870	-	-	67,138,564	29,428,914	3,668,616	-	33,097,530	34,041,034	10%
Bicycles	29,875	-	-	-	29,875	15,930	1,395	-	17,325	12,530	10%
Vehicles	35,993,929	6,596,587	-	-	37,239,716	24,473,800	8,554,946	-	28,841,084	8,398,632	20%
		(5,350,800)	-	-			(4,189,662)	-			
Expired leased assets											
Plant and machinery	42,854,248	-	-	-	42,854,248	14,121,408	2,873,284	-	17,022,949	25,831,299	10%
Office equipment	425,000	-	-	-	425,000	142,422	28,238	-	170,680	254,320	10%
Vehicles	2,875,000	-	-	1,698,000	4,573,000	2,069,219	500,756	819,754	3,389,729	1,183,271	20%
Leased Assets											
Vehicles	1,698,000	-	-	(1,698,000)	-	722,171	97,583	(819,754)	-	-	20%
Total - 30.06.2012	1,971,922,758	117,149,377	-	1,698,000	2,078,419,002	635,935,533	124,935,499	819,754	752,734,797	1,325,684,205	
		(10,653,133)	-	(1,698,000)			(8,164,492)	(819,754)			

4.2 Depreciation for the period has been allocated as under:

	Note	2013 Rupees	2012 Rupees
Cost of sales	24.1	114,442,093	111,592,312
Administrative expenses	26	6,275,806	13,343,187
		<u>120,717,899</u>	<u>124,935,499</u>

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS For the year ended June 30, 2013

4.3 Disposal of property, plant and equipment

Particulars	Particulars of buyer	Cost	Accumulated depreciation	Written down value	Sale proceeds	Gain/(Loss)	Mode of disposal
Rupees							
Equipment							
Generator	Ms. Rahila Rani, Karachi	1,129,290	667,136	462,154	560,000	97,846	Negotiation
Vehicles							
Honda KCT-4662	Mr. Khalil Ur Rehman, Karachi	40,500	30,060	10,440	15,000	4,560	Negotiation
Toyota JAA-002	Mr. Haji Sher Wali, Karachi	500,000	418,298	81,702	216,000	134,298	Negotiation
Dhoom KEX-0241	M/s. P.I.C.I.C Insurance Co. Ltd., Karachi	48,300	15,928	32,372	39,000	6,628	Theft Claim
Unique KGA-8690	M/s. P.I.C.I.C Insurance Co. Ltd., Karachi	43,990	2,200	41,790	38,000	(3,790)	Theft Claim
Honda KGD-5993	M/s. P.I.C.I.C Insurance Co. Ltd., Karachi	69,396	4,626	64,770	75,000	10,230	Theft Claim
Bicycle							
Sohrab Cycle	Mr. Muhammad Nazir, Karachi	7,500	1,194	6,306	7,500	1,194	Negotiation
		1,838,976	1,139,442	699,534	950,500	250,966	

	Note	2013 Rupees	2012 Rupees
4.4 Gain on disposal of property, plant and equipment			
Cost		1,838,976	10,653,133
Less : Accumulated depreciation		(1,139,442)	(8,164,492)
		699,534	2,488,641
Sale proceeds		(950,500)	(4,883,000)
(Gain) on disposal of property, plant and equipment	29	(250,966)	(2,394,359)

4.5 Had there been no revaluation the related figures of land, building and plant and machinery at June 30, 2013 would have been as follows:

	Cost as on June 30, 2013	Accumulated depreciation	Book value June 30, 2013	Cost as on June 30, 2012	Accumulated depreciation	Book value June 30, 2012
Freehold land	15,000,000	-	15,000,000	15,000,000	-	15,000,000
Leasehold land	19,327,159	11,649,982	7,677,177	19,327,159	8,906,410	10,420,749
Building on free/leasehold land	453,391,223	174,549,418	278,841,805	427,709,094	142,149,252	285,559,842
Plant and machinery	1,151,501,085	652,286,013	499,215,072	1,088,670,174	590,406,787	498,263,387
	1,639,219,467	838,485,413	800,734,055	1,550,706,427	741,462,449	809,243,978

4.6 Capital work in progress - at cost

	2013 Rupees	2012 Rupees
Building - civil works	891,623	-
Machinery	-	-
	891,623	-

The movement in Capital work in progress is as follows:

Balance at the beginning of the year		
Addition during the year:		
Building - civil works	26,573,752	68,761,076
Plant and machinery	62,830,911	-
	89,404,663	68,761,076
Transfer to operating fixed assets:		
Building - civil works	25,682,129	68,761,076
Plant and machinery	62,830,911	-
	88,513,040	68,761,076
Balance at the end of the year	891,623	-

TOWELLERS LIMITED

NOTES TO AND FORMING PART OF THE THE FINANCIAL STATEMENTS
For the year ended June 30, 2013

	Note	2013 Rupees	2012 Rupees
5 LONG TERM LOANS AND ADVANCES			
Loan to employees - unsecured (considered good)			
Executives	5.1	8,750,522	6,172,522
Other employees		8,132,827	10,968,558
		16,883,349	17,141,080
Current portion of loans shown under current assets			
Executives	10	636,000	617,252
Other employees	10	1,509,312	1,096,856
		2,145,312	1,714,108
		<u>14,738,037</u>	<u>15,426,972</u>
5.1 Movement in loans to executives			
Balance at the beginning of the Year		6,172,522	5,440,260
Amount disbursed during the year		4,337,600	6,035,476
		10,510,122	11,475,736
Amount recovered during the Year		(1,759,600)	(5,303,214)
Balance at the end of the Year		<u>8,750,522</u>	<u>6,172,522</u>
6.1.1 All the loans are granted to the employees, free of interest in accordance with their terms of employment.			
6.1.2 Maximum amount due from executives during the year, calculated by reference to month-end balances, was Rs. 7,041,111 (June 30, 2012: Rs. 4,541,111).			
	Note	2013 Rupees	2012 Rupees
6 LONG TERM DEPOSITS			
Security deposits		<u>5,405,436</u>	<u>3,845,816</u>
7 STORES, SPARE PARTS AND LOOSE TOOLS			
Stores		12,393,321	10,018,829
Spare parts and loose tools		9,127,329	3,295,244
		<u>21,520,650</u>	<u>13,314,073</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		139,546,511	98,804,568
Work in process		156,929,776	106,123,390
Finished goods		156,719,468	189,263,880
		<u>453,195,755</u>	<u>394,191,838</u>
8.1 Stock in trade has been valued at lower of cost and net realizable value as required by IAS 2.			
9.2 No items of stock in trade is pledged as security as at reporting date.			

TOWELLERS LIMITED

	Note	2013 Rupees	2012 Rupees
9 TRADE DEBTS			
Secured - considered good		261,929,044	211,851,641
Foreign debts			
Unsecured - considered good		71,384,903	153,498,620
Foreign debts		31,547,175	14,883,824
Domestic debts		102,932,078	168,382,444
		<u>364,861,122</u>	<u>380,234,085</u>
Provision for doubtful debts	9.1	(18,215,209)	(103,185,325)
		<u>346,645,913</u>	<u>277,048,760</u>
9.1 The movement in provision during the year is as follows:			
Balance at the beginning of the Year		103,185,325	20,539,670
Add: Provision during the year		-	82,645,655
		<u>103,185,325</u>	<u>103,185,325</u>
Bad debts written off during the year		(34,176,352)	-
Bad debts recovered during the year		(50,793,764)	-
Balance at the end of the Year		<u>18,215,209</u>	<u>103,185,325</u>
10 LOANS AND ADVANCES			
Considered good			
Loan to employees	5	636,000	617,252
Executive - unsecured	5	1,509,312	1,096,856
Others - unsecured		2,145,312	1,714,108
Advances:		4,334,444	11,937,033
to suppliers		6,929,643	2,208,640
to contractors		2,222,459	634,786
to others		13,486,546	14,780,459
		<u>15,631,858</u>	<u>16,494,567</u>
11 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS			
Security deposits		242,000	221,000
Prepayments		3,886,507	-
		<u>4,128,507</u>	<u>221,000</u>
12 OTHER RECEIVABLES			
Considered good		65,481,264	63,279,948
Export rebate		8,642,000	8,642,000
Receivable - U.S.A office		74,123,264	71,921,948
		<u>148,246,528</u>	<u>143,843,896</u>

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	Note	2013 Rupees	2012 Rupees
13 INCOME TAX AND SALES TAX REFUNDABLE			
Income Tax		2,546,270	7,876,760
Balance at the beginning of the Year		27,348,579	23,920,467
Advance income tax paid		(27,466,086)	(29,250,957)
Provision for taxation adjusted against advance tax		2,428,763	2,546,270
Balance at the end of the Year		69,100,255	49,435,958
Sales tax		2,116,730	2,116,730
Federal excise duty		(2,116,730)	(2,116,730)
Provision for non refundable		-	-
		<u>71,529,018</u>	<u>51,982,228</u>

14 CASH AND BANK BALANCES			
Cash in hand		311,767	5,046,399
Cash with banks:			
In current accounts	14.1	48,813,701	44,051,663
In saving accounts		117,592,688	139,595,614
		166,406,389	183,647,277
		<u>166,718,156</u>	<u>188,693,676</u>

14.1 It carries mark up at the rate of 6% to 8% (June 30, 2012 : 5% to 11.75%) per annum.

2013		2012		2013 Rupees	2012 Rupees
Number of shares					
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
<u>17,000,000</u>	<u>17,000,000</u>			<u>170,000,000</u>	<u>170,000,000</u>

15.1 The shareholders' are entitled to receive all distributions to them including dividend and other entitlements in the form of bonus and right shares as and when declared by the Company. All shares carry "one vote" per share without restriction.

TOWELLERS LIMITED

	Note	2013 Rupees	2012 Rupees
16 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT			
Balance at the beginning of the Year		413,852,212	432,110,511
Surplus on revaluation of land, building & plant and machinery		426,916,312	-
Deficit on revaluation of plant and machinery		(60,988,241)	-
		779,780,283	432,110,511
Transfer to unappropriated profit in equity on account of incremental depreciation charged in profit and loss account		(21,091,751)	(18,258,299)
Balance at the end of the Year		758,688,532	413,852,212

16.1 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.

	Note	2013 Rupees	2012 Rupees
17 LONG TERM FINANCINGS			
Loans from banking companies - secured			
Askari Bank Limited - LTF-EOP	17.1	-	35,525,583
Askari Bank Limited - TF II	17.2	-	79,332,666
Askari Bank Limited - NIDF	17.3	327,666,000	-
KASB Bank Limited - NIDF	17.4	327,129,376	354,360,395
Habib Bank Limited - LTF-EOP	17.5	4,053,338	6,079,156
Silk Bank Limited - NIDF	17.6	125,476,463	144,510,180
United Bank Limited - NIDF	17.7	76,068,670	88,070,000
		860,393,848	707,877,980
Overdue installments shown under trade and other payables		(5,728,670)	(67,675,578)
Current portion shown under current liabilities		(93,143,629)	(99,319,042)
		(98,872,299)	(166,994,620)
		761,521,549	540,883,360

17.1 This facility of Rs. 47.50 million for plant machinery is secured against first pari passu charge over fixed assets of the Company to the extent of Rs. 500 million and are repayable in 2.5 years by 05.11.2010. Mark-up is SBP rate plus 2% payable quarterly.

17.2 This facility of Rs. 94.666 million is secured against first pari passu charge over all present and future fixed assets of the Company to the extent of Rs. 500 million including for other facilities and are repayable in 5 years by 15.11.2013. It carries mark-up at 6 months kibar plus 1.85% payable quarterly.

17.3 FAPC-II, FAFB DA/DP ERF, FAFB O/S, OAPs, TF and LTF-EOP re-structured to NIDF loan of Rs. 339.690 million and repayable in 84 installments commencing from December 2012 and the last installment shall be due on October 2019. This is secured by first pari passu charge of Rs. 643.33 million over Company's present & future current assets of the company and joint Pari Passu charge of Rs. 584 million over fixed assets of the Company. Mark-up waived in re-structured facility during the remaining tenor of the loan, which is repayable within the next seven years.

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- 17.4 DF, running finance, export re-finance, matured acceptance and mark-up were re-structured to NIDF loan of Rs. 384.797 million and repayable in 84 installments commencing from July 2011 and the last installment shall be due on June 2018. This is secured by first pari passu charge of Rs. 228 million over Company's present & future current assets of the company and joint Pari Passu charge of Rs. 240 million over fixed assets of the Company. Mark-up waived in re-structured facility during the remaining tenor of the loan, which is repayable within the next seven years.
- 17.5 This LTF-EOP facility of Rs. 12.158 million is secured by joint pari passu charge on fixed assets to the extent of Rs. 17.5 million. Repayments are in 12 equal installments of Rs. 1.013 million semi annually. Mark-up is SBP rate plus 2% payable quarterly.
- 17.6 LTF-EOP and ERF loans were re-structured to NIDF loan of Rs. 146.028 million and repayable in 84 installments commencing from 31st May 2012 and the last installment shall be due on 30th April 2019. This is secured by first pari passu charge of Rs. 133.330 million with 25% margin over all current assets of the Company as a part of overall lenders consortium thereby creating joint Pari Passu charge of Rs. 2,152.660 million. It carries mark-up at the rate 0% till May 2013 and for the balance tenor to be negotiated based on the financial performance of the Company.
- 17.7 The re-structure of overdue fund was based on principal outstanding (ERF, FAPE and FPAD's) to NIDF loan of Rs. 93.920 million and monthly (step up payments) principal installments: 60 installments spared over five years as per repayment schedule commencing from 31st December 2011 and the last installment shall be due on 30th November 2016. This is secured by supplemental to joint pari passu charge over fixed assets including land, building and plant & machinery amounting to Rs. 1,441 million (with UBL share of Rs. 167 million) registered through joint MOTD and LOH dated 13th September 2008 and registered on 18th September 2008. Mark-up waived for re-structured facility during the entire tenor of the loan with in the next five years.

	Note	2013 Rupees	2012 Rupees		
18 STAFF RETIREMENT BENEFITS - GRATUITY					
18.1 Movement in the net liability recognized in the balance sheet					
Opening net liability		18,511,561	10,481,876		
Expense for the year	18.2	15,368,971	16,266,549		
		<u>33,880,532</u>	<u>26,748,425</u>		
Benefits paid during the year		(14,398,364)	(8,236,864)		
Closing net liability		<u>19,482,168</u>	<u>18,511,561</u>		
18.2 Expense recognized in the profit and loss account					
Current service cost		8,610,287	9,268,591		
Interest cost		3,963,112	4,283,898		
Actuarial (gain)/loss recognized		2,795,572	2,714,060		
		<u>15,368,971</u>	<u>16,266,549</u>		
18.3 Movement in the present value of defined benefit obligation					
Present value of defined benefit obligation		46,505,550	32,831,319		
Current service cost		8,610,287	9,268,591		
Interest cost		3,963,112	4,283,898		
Actuarial (loss) / gain		5,636,737	8,358,606		
Benefits paid		(14,398,364)	(8,236,864)		
		<u>50,317,322</u>	<u>46,505,550</u>		
18.4 Historical information					
	2013	2012	2011	2010	2009
Present value of defined benefit	<u>50,317,322</u>	<u>46,505,550</u>	<u>32,831,319</u>	<u>42,018,419</u>	<u>29,146,532</u>
Experience adjustments on plan	<u>(5,636,737)</u>	<u>(8,358,606)</u>	<u>(8,514,471)</u>	<u>(14,241,955)</u>	<u>1,608,342</u>

TOWELLERS LIMITED

	2013 Rupees	2012 Rupees
18.5 Reconciliation		
Present value of defined benefit obligation	50,317,322	46,505,550
Unrecognized actuarial (losses)	(30,835,154)	(27,993,989)
	19,482,168	18,511,561

18.6 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.

	2013	2012
18.7 Principal actuarial assumption		
Following are a few important actuarial assumption used in the valuation.		
	%	%
Discount rate	10.50%	13%
Expected rate of increase in salary	10%	10%
18.8 Expected gratuity expense for the year ending June 30, 2014 works out to Rs. 16,270,988/-.		

	Note	2013 Rupees	2012 Rupees
19 TRADE AND OTHER PAYABLES			
Trade Creditors		533,985,310	359,831,298
Local letter of credit payable - banks	19.1	67,366,912	135,724,383
Accrued liabilities		33,011,976	15,126,900
Advances from customers		11,935,216	20,707,175
Overdue bank installments		5,728,670	67,675,578
Workers' profit participation fund	19.2	4,005,487	-
Workers' welfare fund		12,157,775	10,133,765
Unclaimed dividend		209,004	209,004
Sales tax payable		675,923	-
		669,076,273	609,408,103

19.1 It represents overdue acceptance of letter of credit which is not converted into long term financings by the banks at the date of maturity, the above balance lying in the overdue acceptance till the time it is paid through Company's own sources.

	2013 Rupees	2012 Rupees
19.2 Workers' profit participation fund		
Balance at the beginning of the Year	-	53,286
Interest on fund utilized in company's business	-	-
	-	53,286
Paid during the year	-	(53,286)
	-	-
Allocation for the year	74,080,256	4,005,487
Balance at the end of the Year	4,005,487	-

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	Note	2013 Rupees	2012 Rupees
20 ACCRUED MARK UP AND INTEREST			
Mark up / interest accrued on secured loans:			
Long term financings		70,739	15,531,862
Short term borrowings		80,932,262	69,796,728
		<u>81,003,001</u>	<u>85,328,590</u>
21 SHORT TERM BORROWINGS			
Secured - from banking companies			
Finance under mark up arrangements	21.1	634,483,887	706,300,000
Unsecured			
Book overdraft	21.2	29,341,896	166,635,242
		<u>663,825,783</u>	<u>872,935,242</u>
21.1	Total credit limits available for short term bank borrowings are Rs. 650 million (June 30, 2012: Rs. 1,542.5 million). These borrowings were secured against pari passu hypothecation and floating charge over company's' stocks, book debts, receivables, lien on export / import documents and all present & future fixed assets of the company. Mark up is payable on quarterly basis and mark up ranges from 5% to 14.94% (June 30, 2012: 7% to 14.94%) per annum.		
21.2	This represents cheques issued in excess of bank balance. Since there was no banking facility, this has been grouped under Book overdraft.		
22 CONTINGENCIES AND COMMITMENTS			
22.1	The Honorable High Court of Sindh, Karachi has given verdict for additional compensation u/s 67 of sales tax act. 1990 in favour of of the company amounting to Rs. 2,457,903/- (June 30, 2012: Rs. 2,457,903/-). The management is confident that the amount will be received in due course.		
		2013 Rupees	2012 Rupees
22.2	Contingencies		
	Bank guarantees issued in the ordinary course of business		
		<u>43,039,000</u>	<u>39,960,000</u>
22.3	Commitments		
	There were no capital commitments as on balance sheet date.		
		2013 Rupees	2012 Rupees
23 SALES - NET			
	23.1	2,497,975,963	2,049,462,775
Export		210,424,861	51,113,246
Local		6,171,398	23,919,095
Waste		<u>2,714,572,222</u>	<u>2,124,495,116</u>
		22,857,190	9,470,400
Rebate		(55,356,923)	(35,038,526)
Commission and discount		<u>2,682,072,489</u>	<u>2,098,926,990</u>
23.1	Exchange gain due to currency rate fluctuations relating to export sales amounting to Rs. 11.005 million (June 30, 2012: Rs. 23.700 million) has been included in export sales.		

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		2013	2012
	Note	Rupees	Rupees
24	COST OF SALES		
	Cost of goods manufactured	24.1	1,952,126,692
	Finished goods		
	Opening stock		189,263,880
	Purchases		395,435,624
	Closing stock		(156,719,468)
	Cost of sales	2,380,106,729	2,260,574,974
24.1	Cost of goods manufactured		
	Raw material consumed	24.1.1	751,760,404
	Purchase (semi finished goods)		212,260,191
	Stores and spares consumed	24.1.2	299,617,122
	Other manufacturing expenses	24.1.3	190,233,679
	Salaries, wages and other benefits	24.1.4	213,410,279
	Communication expenses		1,357,444
	Traveling and conveyance		4,087,250
	Utilities		165,687,317
	Insurance		8,293,594
	Repairs and maintenance		12,596,574
	Oil and lubricants		1,425,060
	Printing and stationery		1,326,047
	Rent, rates and taxes		1,839,780
	Entertainment expenses		3,981,802
	Vehicle running and maintenance		10,883,345
	Depreciation	4.2	114,442,093
	Impairment loss on revaluation of fixed assets		6,607,588
	Other expenses		3,123,510
		2,002,933,078	1,732,002,592
	Work in process		
	Opening stock		106,123,390
	Closing stock		(156,929,776)
			(50,806,386)
		1,952,126,692	1,807,772,186
24.1.1	Raw material consumed		
	Opening stock		98,804,568
	Purchases - net		784,386,214
	Cartage-in		8,116,133
		891,306,915	743,087,680
	Closing stock		(139,546,511)
		751,760,404	644,283,112
24.1.2	Stores and spares consumed		
	Opening stock		13,314,073
	Purchases - net		307,823,699
		321,137,772	199,556,418
	Closing stock		(21,520,650)
		299,617,122	186,242,345

TOWELLERS LIMITED

	Note	2013 Rupees	2012 Rupees
24.1.3			
Other manufacturing expenses			
Fabric dyeing and processing charges		110,676,349	114,337,395
Stitching charges		79,557,330	70,269,527
		<u>190,233,679</u>	<u>184,606,922</u>
24.1.4			
Salaries, wages and other benefits includes Rs. 8,061,928/- (June 30, 2012: Rs. 9,937,861/-) in respect of staff retirement benefits (gratuity).			
	Note	2013 Rupees	2012 Rupees
25			
DISTRIBUTION COST			
Export development surcharge		6,179,280	5,276,559
Export freight		83,963,648	44,457,672
Clearing and forwarding		21,350,150	14,746,064
Marine insurance		4,169,802	8,708,450
Fair & exhibition		5,704,573	3,849,727
Other expenses		830,018	541,381
		<u>122,197,471</u>	<u>77,579,853</u>
26			
ADMINISTRATIVE EXPENSES			
Directors' remuneration		21,370,275	19,167,206
Staff salaries and other benefits	26.1	48,453,435	85,003,214
Traveling and conveyance		12,321,297	11,814,311
Vehicle running and maintenance		6,311,448	7,560,639
Rent, rates and taxes		6,134,458	7,870,096
Utilities		4,170,077	5,527,498
Printing and stationery		1,540,789	1,085,206
Legal and professional charges		1,323,825	658,614
Repairs and maintenance		4,596,274	3,526,756
Communication expenses		5,018,628	4,284,188
Entertainment		2,181,246	2,394,254
Office expenses		285,485	1,034,875
Insurance		3,374,355	1,859,016
Advertisement	9.1	172,750	188,550
Provision for doubtful debts	4.2	6,275,806	82,645,655
Depreciation			13,343,186
		<u>123,530,148</u>	<u>247,963,265</u>
26.1			
Staff salaries and other benefits includes Rs. 7,307,043/- (June 30, 2012: Rs. 6,328,688/-) in respect of staff retirement benefits (gratuity).			
	Note	2013 Rupees	2012 Rupees
27			
OTHER OPERATING EXPENSES			
Workers' profit participation fund	19.2	- 4,005,487	-
Workers' welfare fund		2,024,010	-
Auditors' remuneration	27.1	954,400	936,000
Donation	27.2	394,000	140,450
		<u>7,377,897</u>	<u>1,076,450</u>

TOWELLERS LIMITED

	Note	2013 Rupees	2012 Rupees
27.1 Auditors' remuneration			
Annual audit fee		550,000	500,000
Half yearly review fee		96,800	88,000
Code of corporate governance review		50,000	50,000
Tax/other services		257,600	298,000
		954,400	936,000
27.2 None of the directors or their spouses had any interest in donee fund.			
28 FINANCE COST			
Mark up / interest on			
Long term financing		336,172	2,811,037
Liabilities against assets subject to finance lease		-	23,096
Short term borrowings		22,625,539	17,099,146
Workers' profit participation fund	19.2	-	-
Realized loss on settlement of derivative financial instruments	28.1	-	98,833,565
Bank charges and commission		21,556,920	18,236,183
		44,518,631	137,003,027
28.1 This represents the loss at settlement dates of Cross Currency Interest Rate Swap agreements, the Company has entered into with Standard Chartered Bank ("SCB") at the notional amount of Rs. 620 million (equivalent to USD 10.181 million) of four agreements. Under the terms of swap agreement, at each reset date, the company is entitled to receive in interest ranging 6 months KIBOR to 7% and 10% on notional amounts and is required to pay in interest ranging from 6 months LIBOR plus 1.5% to 4.05% and 6% on USD notional amount. In addition to this the company is required to pay exchange difference arising due to fluctuation in USD/PKR rates between reset and the settlement dates. These transactions have been settled on various dates resulted in a gain/loss net of Rs. Nil (June 30, 2012: Rs. 14.475 million) and unwind these derivative cross currency interest rate swap agreements and realised loss amounting of Rs. Nil (June 30, 2012: Rs. 84.358 million) charged to profit and loss account.			
29 OTHER INCOME			
From financial assets			
Profit on savings account		15,057,502	18,506,199
Bad debt recovered		54,430,174	28,938,886
Rent income		-	1,333,334
From other than financial assets			
Gain on sale of property, plant and equipment	4.4	250,966	2,394,359
		69,738,643	51,172,778

TOWELLERS LIMITED

	Note	2013 Rupees	2012 Rupees
30 TAXATION			
Provision / reversal for taxation		32,824,049	29,250,957
Current year		<u>32,824,049</u>	<u>29,250,957</u>

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

30.2 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.

		2013	2012
31 PROFIT/(LOSS) PER SHARE			
Basic earning/(loss) per share			
Profit/(loss) for the year	Rupees	<u>41,256,207</u>	<u>(603,348,758)</u>
Weighted average number of ordinary shares outstanding during the year	Numbers	<u>17,000,000</u>	<u>17,000,000</u>
Profit/(loss) per share - basic	Rupees	<u>2.43</u>	<u>(35.49)</u>

Diluted earnings per share
There were no convertible dilutive potential ordinary shares in issue as at June 30, 2013 and June 30, 2012.

32 REMUNERATION TO CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	2013			2012		
	CEO	Directors	Executives	CEO	Directors	Executives
	Rupees					
Managerial remuneration	3,720,000	17,650,275	21,836,608	3,540,000	15,627,206	16,423,452
Bonus	155,000	704,800	756,633	155,000	729,800	1,430,002
Utilities	-	1,530,964	935,851	372,830	869,304	1,787,503
Medical expenses	40,023	172,915	515,880	-	432,126	1,276,788
Others	-	-	-	9,860	129,232	612,858
	<u>3,915,023</u>	<u>20,058,954</u>	<u>24,044,972</u>	<u>4,077,690</u>	<u>17,787,668</u>	<u>21,530,602</u>
Number of persons	1	5	17	1	5	13

32.1 The chief executive and directors are provided with free use of Company's maintained car, reimbursement of utility bills at their residence.

33 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:

	Note	2013 Rupees	2012 Rupees
Nature of transaction	Relationship		
Salaries and other benefits	Key management personnel	23,973,977	21,865,358

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.

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NOTES TO AND FORMING PART OF THE THE FINANCIAL STATEMENTS

For the year ended June 30, 2013

34 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

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

- 34.1 Credit risk
- 34.2 Liquidity risk
- 34.3 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.

34.1 Credit risk

34.1.1 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. 623.505 million (June 30, 2012: Rs. 573.653 million), financial assets which are subject to credit risk aggregate to Rs. 623.193 million (June 30, 2012: Rs. 568.606 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.

	2013 Rupees	2012 Rupees
Long term loans and advances	16,883,349	17,141,080
Long term deposits	5,405,436	3,845,816
Trade debts	346,645,913	277,048,760
Loans and advances	13,486,546	14,780,459
Trade deposits and short term prepayments	242,000	221,000
Other receivables	74,123,264	71,921,948
Cash and bank balances	166,718,156	188,693,676
	623,504,664	573,652,739

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

	2013 Rupees	2012 Rupees
Domestic	31,547,175	6,485,917
Export	315,098,737	270,562,843
	346,645,912	277,048,760

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

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

	Gross debtors	
	2013	2012
	Rupees	
Not past due	300,310,955	49,463,320
Past due 0 - 30 days	8,086,043	210,932,056
Past due 31 - 90 days	2,664,053	1,706,477
Past due 91 days - 1 year	839,812	-
More than one year	52,960,260	118,132,232
	364,861,123	380,234,085
Impairment	(18,215,209)	(103,185,325)
	34,645,914	277,048,760

34.1.4 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.

34.2 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.

TOWELLERS LIMITED

2013

Carrying Amount	Contractual Cash flows	Six months or less	Six to twelve months	Two to five years	More than five years
-----------------	------------------------	--------------------	----------------------	-------------------	----------------------

Rupees

Non - derivative
Financial liabilities

Long term financings
Trade and other payables
Accrued mark up and interest
Short term loans

860,393,848	860,500,232	51,668,400	47,066,599	622,142,247	139,622,986
669,076,273	669,076,273	669,076,273	-	-	-
81,003,001	81,003,001	81,003,001	-	-	-
634,483,887	697,741,931	697,741,931	-	-	-
2,244,957,009	2,308,321,437	1,499,489,605	47,066,599	622,142,247	139,622,986

2012

Carrying Amount	Contractual Cash flows	Six months or less	Six to twelve months	Two to five years	More than five years
-----------------	------------------------	--------------------	----------------------	-------------------	----------------------

Rupees

Non - derivative
Financial liabilities

Long term financings
Trade and other payables
Accrued mark up and interest
Short term loans

403,369,785	412,343,671	133,141,305	45,065,727	171,508,523	62,628,116
540,594,629	540,594,629	540,594,629	-	-	-
110,631,913	110,631,913	110,631,913	-	-	-
976,300,000	1,083,400,110	1,083,400,110	-	-	-
2,030,896,327	2,146,970,323	1,867,767,957	45,065,727	171,508,523	62,628,116

34.2.1 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.

34.3 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.

34.3.1 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:

Trade debts 2013

Trade debts 2012

The following significant exchange rates applied during the year.

US Dollar to Rupee

Euro to Rupee

Sensitivity analysis

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

US Dollar	Euro	Others	Rupees
3,383,707	-	-	315,098,737
3,591,037	-	-	270,562,843

Average rates		Reporting date rates	
2013*	2012	2013	2012
96.30	89.93	98.60	94.00
123.55	121.43	128.85	118.25

TOWELLERS LIMITED

	2013 Rupees	2012 Rupees
US Dollar	(16,681,676)	(16,877,874)

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

34.3.2 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.

	2013 Rupees	2012 Rupees
Fixed rate instruments		
Financial assets	860,393,848	403,369,785
Financial liabilities		
Variable rate instruments		
Financial assets	117,592,688	139,595,614
Financial liabilities	634,483,887	976,300,000

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, 2012.

	Profit and loss		Equity	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
	Rupees			
Cash flow sensitivity - variable rate instruments 2013	6,344,839	(6,344,839)	-	-
Cash flow sensitivity - variable rate instruments 2012	9,763,000	(9,763,000)	-	-

34.4 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.

	2013 Rupees	2012 Rupees
34.5 Off balance sheet items		
Bank guarantees issued in ordinary course of business	43,039,000	39,960,000

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

35 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.

		2013	2012
Borrowings	Rupees	1,524,219,631	1,546,305,027
Total equity	Rupees	(219,065,069)	(281,413,027)
Total capital employed	Rupees	1,305,154,562	1,264,892,000
Gearing ratio	Percentage	116.78	122.25

TOWELLERS LIMITED

36 CAPACITY AND PRODUCTION

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

37 ACCOUNTING ESTIMATES AND JUDGMENTS

37.1 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.

37.2 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 equipments with a corresponding affect on the depreciation charge and impairment.

37.3 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.

37.4 Interest rate and cross currency swap

The Company has entered into various interest rates and cross currency swap over the last year. The calculation involves use of estimates with regard to interest and foreign currency rates which fluctuate with the market forces.

38 RECLASSIFICATION

Corresponding figures have been rearranged and reclassified to reflect more appropriate presentation of events and transactions of the purposes of comparison. Significant reclassifications made the as following:

From	To	Amount
Salaries, wages and other benefits	Vehicle running and maintenance	4,194,085
Salaries, wages and other benefits	Traveling and conveyance	6,122,349
Repairs and maintenance	Vehicle running and maintenance	1,515,298

39 EVENTS AFTER THE BALANCE SHEET DATE

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

40 NUMBER OF EMPLOYEES

Number of employees

2013	2012
966	900

41 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on October 02, 2013 by the board of directors of the company.

42 GENERAL

Figures have been rounded off to the nearest Rupee.

Chief Executive

Director

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 40th Annual General Meeting of
the Company to be held on October 28, 2013
and/or any adjournment thereof.

Signed _____ day of October, 2013

Witnesses: _____

1. Signature: _____

Name: _____

Address: _____

CNIC No: _____

2. Signature: _____

Name: _____

Address: _____

CNIC No: _____

Signature on
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.