



**3rd Quarter &
Nine Months Accounts**
for the Period ended
31st March, 2013

D.S INDUSTRIES LIMITED

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COMPANY INFORMATION

Board of Directors	Mr. Pervez Ahmed Mr. Ali Pervez Ahmed Mr. Hassan Ibrahim Ahmed Mr. Suleman Ahmed Mr. Atta ur Rehman Mr. Muhammad Yousuf Mr. Muntazir Mehdi	Chief Executive
Audit Committee	Mr. Atta ur Rehman Mr. Muhammad Yousuf Mr. Muntazir Mehdi	Chairman
Chief Financial Officer	Mr. Qamar ul Zaman	
Company Secretary	Mr. Salman Farooq	
Auditors	M/s Horwath Hussain Chaudhury & Co. Chartered Accountants	
Legal Advisor	Cornelius, Lane & Mufti Advocates & Solicitors	
Banks	Burj Bank Limited MCB Bank Limited Habib Bank Limited Askari Bank Limited KASB Bank Limited Meezan Bank Limited Bank Al-Falah Limited Bank Al-Habib Limited NIB Bank Limited	
Registered Office	20-K, Gulberg II, Lahore.	
Share Registrars	THK Associates (Pvt.) Limited Ground Floor, State Life Building No 3, Dr. Ziauddin Ahmed Road, Karachi - 75530	
Mill	11-km Sheikhpura Faisalabad Road, Sheikhpura	
Website	www.dsil.com.pk	

DIRECTORS' REPORT

On behalf of the Board of Directors of D.S. Industries Limited, it is my pleasure to present the unaudited financial information of the Company, for the third quarter and nine months ended March 31, 2013.

Financial Results of the Company

During the nine months ended March 31, 2013, Company earned gross profit of Rs. 130.314 million on sale of Rs. 801.065 million as compared to gross loss of Rs. 6.086 million on sale of Rs. 677.146 million for the corresponding period of last year. During the nine months ended March 31, 2013 Company earned net profit of Rs. 82.775 million as compared to net loss of Rs. 68.284 million during the corresponding period of last year.

The cost of production has been increased due to increase in energy cost and other factory overheads as a result of inflation and devaluation of Rupee. The Company is in profit due to increase in yarn price, profitable and quality cotton mix used for yarn production and over all increase in management controls.

Further, profitability of the Company is mainly dependent on the continuous and uninterrupted supply of fuel and power. However the management is committed to run the affairs of the Company in profitable manner by devising new production mix, provided that economic condition remain favorable.

Acknowledgement

The Board of directors would like to place on record their appreciation to the valued shareholders, bankers, the Securities & Exchange Commission and to the management of Karachi & Lahore Stock Exchanges for their valuable support, assistance and guidance. The Board also express its appreciation to the staff and workers of the Company for their services, loyalty and efforts being continuously rendered

For & on behalf of the Board

Lahore
April 25, 2013

Pervez Ahmed
Chief Executive

D.S. INDUSTRIES LIMITED
CONDENSED INTERIM BALANCE SHEET (UNAUDITED)
AS AT MARCH 31, 2013

		March, 31 2013	June, 30 2012
	Note	(Un-audited) Rupees	(Audited) Rupees
CAPITAL AND LIABILITIES			
Share Capital and Reserves			
Authorized capital:			
100,000,000 (June 30, 2012: 100,000,000)			
ordinary shares of Rs. 10 each		1,000,000,000	1,000,000,000
Issued, subscribed and paid up capital		600,000,000	600,000,000
Accumulated loss		(1,011,525,418)	(1,100,957,741)
		(411,525,418)	(500,957,741)
Surplus on Revaluation of Property, Plant and Equipment		100,815,045	107,472,387
Non Current Liabilities			
Long term financing	4	296,557,999	340,951,167
Deferred liabilities		57,537,810	64,220,775
		354,095,809	405,171,942
Current Liabilities			
Trade and other payables		274,206,212	246,544,515
Accrued mark up		130,719,025	112,998,228
Short term borrowings		207,475,526	220,175,526
Current portion of long term financing	4	58,674,996	74,391,312
Provision for taxation		2,516,375	9,434,127
		673,592,134	663,543,708
Contingencies and Commitments	5	-	-
		716,977,570	675,230,296
<hr/>			
		March, 31 2013	June, 30 2012
ASSETS			
Non Current Assets			
Property, plant and equipment	6	445,616,487	480,092,648
Long term investments		98,708,744	90,903,731
Long term deposits		19,072,394	19,072,394
		563,397,625	590,068,773
Current Assets			
Stores and spares		2,681,206	464,981
Stock in trade		70,931,352	26,823,270
Trade debts		20,130,178	23,808,901
Advances, prepayments and other receivables		26,224,639	3,912,191
Short term investment		449,625	219,417
Tax refunds due from Government		5,227,734	14,209,867
Cash and bank balances		27,935,211	15,722,896
		153,579,945	85,161,523
		716,977,570	675,230,296

The annexed notes form an integral part of this condensed interim financial information (un-audited).

D.S. INDUSTRIES LIMITED

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2013**

	Note	Nine Months Ended March, 31		Quarter Ended March, 31	
		2013	2012	2013	2012
----- (Un-audited) -----					
		Rupees	Rupees	Rupees	Rupees
Sales		801,065,433	677,145,989	305,787,270	209,705,612
Cost of sales	7	(670,751,911)	(683,232,366)	(236,853,069)	(210,925,660)
Gross Profit / (Loss)		130,313,522	(6,086,377)	68,934,201	(1,220,048)
Operating expenses					
- Distribution cost		(5,463,227)	(1,256,762)	(663,237)	(707,476)
- Administrative expenses		(25,521,942)	(15,229,103)	(10,368,624)	(3,141,487)
		(30,985,169)	(16,485,865)	(11,031,861)	(3,848,963)
Operating Profit / (Loss)		99,328,353	(22,572,242)	57,902,340	(5,069,011)
Finance cost		(26,425,658)	(54,484,292)	(8,163,595)	(15,689,068)
Other operating expenses		(3,537,867)	(11,102,598)	(2,080,669)	3,299,135
Other operating income		7,374,601	16,145,463	(3,053,437)	15,910,406
Share of profit / (loss) of associated companies - net		1,702,966	(1,877,247)	83,265	623,982
Profit / (Loss) before Taxation		78,442,395	(73,890,916)	44,687,904	(924,557)
Taxation		4,332,586	5,606,563	1,269,346	705,575
Profit / (Loss) after Taxation		82,774,981	(68,284,353)	45,957,250	(218,982)
Earnings / (Loss) per Share - Basic		1.38	(1.14)	0.77	(0.00)

The annexed notes form an integral part of this condensed interim financial information (un-audited).

CHIEF EXECUTIVE

DIRECTOR

D.S. INDUSTRIES LIMITED**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2013**

	Nine Months Ended March, 31		Quarter Ended March, 31	
	2013	2012	2013	2012
	Rupees	Rupees	Rupees	Rupees
	----- (Un-audited) -----			
Profit / (Loss) after Taxation	82,774,981	(68,284,353)	45,957,250	(218,982)
Other comprehensive income				
Transfer from surplus on revaluation of property, plant and equipment net of deferred tax in respect of incremental depreciation charged in current period	6,657,342	7,514,981	2,219,114	2,504,994
Total Comprehensive Profit / (Loss) for the Period	89,432,323	(60,769,372)	48,176,364	2,286,012

CHIEF EXECUTIVE**DIRECTOR**

D.S. INDUSTRIES LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2013

	Nine Months Ended March, 31	
	2013	2012
	----(Un-audited)----	
	Rupees	Rupees
CASH FLOW FROM OPERATING ACTIVITIES		
Profit / (loss) before taxation	78,442,395	(73,890,916)
Adjustments for:		
- Depreciation	34,476,161	38,235,267
- Gain on disposal of property, plant and equipment	-	7,287,591
- Reversal of impairment on investment in associates - net	(6,102,047)	(12,062,608)
- Gain on remeasurement of investment at fair value through profit or loss	(230,208)	(26,618)
- Provision for gratuity	3,714,311	3,714,309
- Excess mark-up written back	(661,999)	-
- Share of (profit) / loss of associated undertakings	(1,702,966)	1,877,247
- Finance cost	26,303,575	54,484,292
- Provision for workers' (profit) participation fund	3,517,867	-
	59,314,694	93,509,481
Operating profit before working capital changes	137,757,089	19,618,565
(Increase) / decrease in current assets:		
- Stores and spares	(2,216,225)	(49,863)
- Stock in trade	(44,108,082)	32,135,123
- Trade debts	3,678,723	22,691,715
- Advances, deposits, prepayments and other receivables	(22,312,448)	1,689,161
- Tax refunds due from Government	(282,744)	543,888
Increase / (decrease) in current liabilities:		
- Trade and other payables	24,258,024	(10,077,337)
Cash generated from Operations	(40,982,752)	46,932,687
Income tax paid	(1,658,202)	(443,412)
Finance cost paid	(617,857)	(3,816,057)
Gratuity paid	(2,059,363)	(2,343,323)
Workers' (profit) participation fund paid	(114,194)	(1,384,000)
Net Cash Generated from Operating Activities	92,324,721	58,564,460
CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	-	3,000,000
Property, plant and equipment purchased	-	(1,932,100)
Net Cash from Investing Activities	-	1,067,900
CASH FLOW FROM FINANCING ACTIVITIES		
Long term finance	(67,412,406)	(29,678,100)
Short term borrowings	(12,700,000)	(37,258,387)
Net Cash Used in Financing Activities	(80,112,406)	(66,936,487)
Net Increase / (Decrease) in Cash and Cash Equivalents	12,212,315	(7,304,127)
Cash and cash equivalents at the beginning of the period	15,722,896	12,767,262
Cash and Cash Equivalents at the End of the Period	27,935,211	5,463,135

D.S. INDUSTRIES LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
(UNAUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2013

	Share Capital	Accumulated Loss	Total
	----- Rupees	----- (Un-audited) Rupees	----- Rupees
Balance as at June 30, 2011	600,000,000	(1,090,532,193)	(490,532,193)
Total comprehensive loss for the nine months ended March 31, 2012	-	(60,769,372)	(60,769,372)
Balance as at March 31, 2012	<u>600,000,000</u>	<u>(1,151,301,565)</u>	<u>(551,301,565)</u>
Balance as at June 30, 2012	600,000,000	(1,100,957,741)	(500,957,741)
Total comprehensive income for the nine months ended March 31, 2013	-	89,432,323	89,432,323
Balance as at March 31, 2013	<u>600,000,000</u>	<u>(1,011,525,418)</u>	<u>(411,525,418)</u>

CHIEF EXECUTIVE

DIRECTOR

D.S. INDUSTRIES LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2013

Note 1

The Company and its Operations

- 1.1** D.S. Industries Limited is a Public Limited Company incorporated in Pakistan under the Companies Act, 1913 (now the Companies Ordinance, 1984). Its shares are quoted on Karachi and Lahore Stock Exchanges. The Company manufactures and deals in all types of yarn. The registered office of the Company is situated at 20-K, Gulberg - II, Lahore.
- 1.2** **Going concern assumption**

The Company has accumulated loss of Rs. 1,011.525 million (June 30, 2012: Rs. 1,100.958 million) as at the condensed interim balance sheet date. Current liabilities of the Company exceed its current assets by Rs. 520.012 million (June 30, 2012: Rs. 578.382 million) and its total liabilities exceed its total assets by Rs. 310.710 million (June 30, 2012: Rs. 393.485 million) as at the condensed interim balance sheet date. As further explained in Note 5 to this interim financial information, financial institution has filed suit against the Company for recovery of its outstanding liabilities. These factors raise doubts about the Company being a going concern and therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of its business.

However, any adjustments relating to the recoverability of recorded assets and liabilities have not been incorporated in this interim financial information as the Company has earned net profit from operations during the period and the management is confident to obtain continuous support from its sponsoring directors and favorable negotiation with lenders. The management has successfully rescheduled one of its long term financing during the year ended June 30, 2012 and is focused to reschedule financing from other lenders. Keeping in view all these factors, the going concern assumption is considered appropriate and, therefore, this interim financial information has been prepared on going concern basis.

Note 2

Basis of Preparation

- 2.1** This condensed interim financial information of the Company for the nine months period ended on March 31, 2013 has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.
- 2.2** This condensed interim financial information should be read in conjunction with annual audited financial statements for the year ended June 30, 2012. Comparative balance sheet is extracted from annual audited financial statements for the year ended June 30, 2012 whereas comparative profit and loss account, comparative statement of comprehensive income, comparative statement of changes in equity and comparative cash flows statement are stated from unaudited interim financial information for the nine months ended on March 31, 2012.
- 2.3** This condensed interim financial information is unaudited, however, a limited scope review has been performed by the external auditors as required by the Code of Corporate Governance.

Note 3

Significant Accounting Policies

The accounting policies and methods of computation of this interim financial information are the same as those followed in the preparation of annual financial statements for the preceding financial year ended on June 30, 2012.

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Note 4

Long Term Financing

	March, 31 2013	June 30, 2012
	(Un-audited)	(Audited)
	Rupees	Rupees
Loan from financial institutions - Secured	355,232,995	400,342,479
Less: Current portion	<u>(58,674,996)</u>	<u>(74,391,312)</u>
	296,557,999	325,951,167
Loan from related parties		
Loan from Director	-	15,000,000
	<u>296,557,999</u>	<u>340,951,167</u>

Note 5

Contingencies and Commitments

Contingencies

- 5.1** Askari Bank Limited filed a suit against the Company during the year ended June 30, 2012 for the recovery of its outstanding liabilities amounting to Rs. 37.003 million along with profit and liquidated damages. The Company is in the process of agreeing on a settlement plan with the bank which is expected to be finalized subsequent to the interim financial information date.

Commitments

There are no commitments outstanding as at the balance sheet date (June 30, 2012: Nil).

Note 6

Property, Plant and Equipment

	March, 31 2013	June 30, 2012
	(Un-audited)	(Audited)
	Rupees	Rupees
Opening written down value	480,092,648	538,857,398
Additions during the period / year (at cost)	-	1,932,100
Disposals during the period / year (at WDV)	-	(9,810,599)
	<u>480,092,648</u>	<u>530,978,899</u>
Depreciation charge for the period / year	<u>(34,476,161)</u>	<u>(50,886,251)</u>
	<u>445,616,487</u>	<u>480,092,648</u>

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Note 7

Cost of Sales

	Nine Months Ended March, 31		Quarter Ended March, 31	
	2013	2012	2013	2012
	----- (Un-audited) -----			
	Rupees	Rupees	Rupees	Rupees
Raw materials consumed	420,548,728	467,742,919	150,607,583	136,565,465
Stores and spares consumed	19,285,156	13,473,404	7,140,701	4,654,907
Salaries, wages and benefits	75,271,935	54,634,802	27,682,402	19,357,213
Fuel and power	126,543,601	101,063,867	44,873,719	36,562,682
Processing charges	-	5,033,536	-	3,116,172
Traveling and conveyance	513,445	363,639	159,001	174,343
Repairs and maintenance	956,044	778,869	353,663	400,802
Insurance	1,490,145	870,173	782,614	273,226
Entertainment	571,425	118,593	126,190	71,210
Depreciation	33,863,740	37,669,342	11,287,913	12,373,502
Miscellaneous	260,485	227,568	102,227	81,946
	<u>679,304,704</u>	<u>681,976,712</u>	<u>243,116,013</u>	<u>213,631,468</u>
Work in process:				
- Opening stock	7,033,162	11,266,085	8,670,117	7,548,072
- Closing stock	<u>(11,945,960)</u>	<u>(7,612,459)</u>	<u>(11,945,960)</u>	<u>(7,612,459)</u>
	<u>(4,912,798)</u>	<u>3,653,626</u>	<u>(3,275,843)</u>	<u>(64,387)</u>
	674,391,906	685,630,338	239,840,170	213,567,081
Finished goods:				
- Opening stock	2,489,809	3,103,461	3,142,703	2,860,012
- Closing stock	<u>(6,129,804)</u>	<u>(5,501,433)</u>	<u>(6,129,804)</u>	<u>(5,501,433)</u>
	<u>(3,639,995)</u>	<u>(2,397,972)</u>	<u>(2,987,101)</u>	<u>(2,641,421)</u>
	<u>670,751,911</u>	<u>683,232,366</u>	<u>236,853,069</u>	<u>210,925,660</u>

Note 8

Transactions with Related Parties

Related parties and associated undertakings comprise related group companies, associated companies, directors and key management personnel. Transactions with related parties and associated undertakings, other than remuneration and benefits to key management personnel under the term of their employment are as follows:

	Nine Months Ended March, 31	
	2013	2012
	---- (Un-audited) ----	
	Rupees in "million"	Rupees in "million"
Material purchased / services received	-	5.005
Material sold / services provided	73.100	-
Funds repaid to Director	<u>(15.000)</u>	<u>-</u>

Note 9

General

- 9.1 This condensed interim financial information is authorized for issue on April 25, 2013 by the Board of Directors of the Company.
- 9.2 Figures have been rounded off to the nearest rupee, unless stated otherwise; and
- 9.3 Corresponding figures have been re-arranged wherever necessary to facilitate comparison. No material rearrangement has been made during the period.

CHIEF EXECUTIVE

DIRECTOR

