

**First Quarter Accounts  
for the Period Ended  
September 30, 2013**

**D.S. INDUSTRIES LIMITED**

# CONTENTS

Company Information	2
Directors' Report	3
Condensed Interim Balance Sheet	4
Condensed Interim Profit & Loss Account	5
Condensed Interim Statement of Comprehensive Income	6
Condensed Interim Cash Flow Statement	7
Condensed Interim Statement of Changes in Equity	8
Notes to the Condensed Interim Financial Information	9

# 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 Al Baraka Bank (Pakistan) Limited National Bank of Pakistan Dubai Islamic Bank Pakistan Limited Silk 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	<a href="http://www.dsil.com.pk">www.dsil.com.pk</a>	

## **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 first quarter ended September 30, 2013,.

### **Financial Results of the Company**

During the quarter ended September 30, 2013, Company earned gross profit of Rs. 18.95 million on sale of Rs. 283.44 million as compared to gross profit of Rs. 15.80 million on sale of Rs. 227.40 million for the corresponding period of last year. During the quarter ended September 30, 2013, Company incurred net loss of Rs. 15.08 million as compared to net loss of Rs. 1.31 million during the corresponding period of last year.

Due to increase in electricity prices and day to day fluctuation in prices of cotton and yarn have effected the profit margin. Furthermore, increased electricity shutdowns in this quarter made production losses. The Company is in loss mainly due to valuation of investments in associated undertakings.

Continuous and uninterrupted supply of electricity is one of the vital factor for company profits. The management is committed to run the affairs of the Company in profitable manner by installing energy saving devices, devising alternate energy resources and production capacity enhancement.

### **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  
October 29, 2013

Pervez Ahmed  
Chief Executive

**D.S. INDUSTRIES LIMITED**  
**CONDENSED INTERIM BALANCE SHEET**  
**AS AT SEPTEMBER 30, 2013**

	September 30, 2013	June 30, 2013
	Note (Un-audited) Rupees	(Audited) Rupees
<b>CAPITAL AND LIABILITIES</b>		
<b>Share Capital and Reserves</b>		
Authorized capital: 100,000,000 (June 30, 2013: 100,000,000) ordinary shares of Rs. 10 each	<u>1,000,000,000</u>	<u>1,000,000,000</u>
Issued, subscribed and paid up capital	600,000,000	600,000,000
Accumulated loss	<u>(962,967,513)</u>	<u>(949,916,994)</u>
	(362,967,513)	(349,916,994)
<b>Surplus on Revaluation of Property, Plant and Equipment</b>	97,793,871	99,821,719
<b>Non Current Liabilities</b>		
Long term financing	4 533,880,887	592,438,557
Staff retirement benefits	14,219,518	13,002,962
Deferred tax liability	<u>32,343,784</u>	<u>34,155,927</u>
	580,444,189	639,597,446
<b>Current Liabilities</b>		
Trade and other payables	318,125,553	294,790,830
Accrued mark up	555,356	706,817
Current portion of long term financing	4 123,334,421	86,501,004
Provision for taxation	<u>8,261,974</u>	<u>5,427,537</u>
	450,277,304	387,426,188
<b>Contingencies and Commitments</b>	5 -	-
	<u>765,547,851</u>	<u>776,928,359</u>
<b>ASSETS</b>		
<b>Non Current Assets</b>		
Property, plant and equipment	6 446,594,536	456,599,201
Long term investments	118,770,541	140,354,382
Long term deposits	<u>19,072,394</u>	<u>19,072,394</u>
	584,437,471	616,025,977
<b>Current Assets</b>		
Stores and spares	2,873,452	1,413,376
Stock in trade	36,507,601	37,454,353
Trade debts	49,956,945	49,445,960
Advances, prepayments and other receivables	7,415,344	4,545,957
Short term investment	503,100	455,620
Tax refunds due from Government	7,940,950	7,814,832
Cash and bank balances	<u>75,912,988</u>	<u>59,772,284</u>
	181,110,380	160,902,382
	<u>765,547,851</u>	<u>776,928,359</u>

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

**CHIEF EXECUTIVE**

**DIRECTOR**

**D.S. INDUSTRIES LIMITED**

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2013**

		<b>Quarter Ended September 30, 2013</b>	<b>Quarter Ended September 30, 2012</b>
	Note	<b>(Un-Audited) Rupees</b>	<b>(Un-Audited) Rupees</b>
Sales		283,443,744	227,397,701
Cost of sales	7	<u>(264,494,803)</u>	<u>(211,599,980)</u>
<b>Gross Profit</b>		18,948,941	15,797,721
Operating expenses			
- Distribution cost		(548,368)	(4,588,601)
- Administrative expenses		(10,171,303)	(6,744,007)
		<u>(10,719,671)</u>	<u>(11,332,608)</u>
<b>Operating Profit</b>		8,229,270	4,465,113
Finance cost		(649,934)	(7,565,605)
Other operating expenses		(374,014)	-
Other operating income		322,446	803,784
(Impairment loss) / reversal of impairment on investment		(6,930,728)	1,996,114
Share of (loss) / profit of associated companies - net		<u>(14,653,113)</u>	<u>124,750</u>
<b>Loss before Taxation</b>		(14,056,073)	(175,844)
Taxation		(1,022,294)	(1,136,989)
<b>Loss after Taxation</b>		<u>(15,078,367)</u>	<u>(1,312,833)</u>
<b>Loss per Share - Basic</b>		<u>(0.25)</u>	<u>(0.02)</u>

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  
FOR THE QUARTER ENDED SEPTEMBER 30, 2013**

	<b>Quarter Ended September 30, 2013</b>	<b>Quarter Ended September 30, 2012</b>
	<b>(Un-Audited)</b>	<b>(Un-Audited)</b>
	Rupees	Rupees
<b>Loss after Taxation</b>	(15,078,367)	(1,312,833)
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	2,027,848	2,219,114
<b>Total Comprehensive (Loss) / Profit for the Period</b>	<u>(13,050,519)</u>	<u>906,281</u>

**CHIEF EXECUTIVE**

**DIRECTOR**

**D.S. INDUSTRIES LIMITED**  
**CONDENSED INTERIM CASH FLOW STATEMENT**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2013**

	<b>Quarter Ended September 30, 2013</b>	<b>Quarter Ended September 30, 2012</b>
	<b>(Un-audited)</b>	<b>(Un-audited)</b>
	Rupees	Rupees
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Loss before taxation	(14,056,073)	(175,844)
<b>Adjustments for:</b>		
- Depreciation	10,489,700	11,492,055
- Gain on remeasurement of investment at fair value through profit or loss	(47,480)	(31,893)
- Impairment loss / (reversal of impairment) on investment in associates	6,930,728	(1,996,114)
- Excess mark-up written back	-	(661,999)
- Provision for gratuity	1,757,571	2,146,045
- Share of loss / (profit) of associated undertakings	14,653,113	(124,750)
- Finance cost	649,934	7,565,605
- Provision for workers' (profit) participation fund	374,014	-
	<u>34,807,580</u>	<u>18,388,949</u>
<b>Operating profit before working capital changes</b>	20,751,507	18,213,105
(Increase) / decrease in current assets:		
- Stores and spares	(1,460,076)	(1,352,022)
- Stock in trade	946,752	(12,355,508)
- Trade debts	(510,985)	2,794,056
- Advances, deposits, prepayments and other receivables	(2,869,387)	(2,226,687)
- Tax refunds due from Government	172,404	2,307,352
Increase / (decrease) in current liabilities:		
- Trade and other payables	24,294,709	22,028,020
<b>Cash generated from Operations</b>	20,573,417	11,195,211
Income tax paid	(298,522)	(128,481)
Finance cost paid	(801,395)	(74,692)
Gratuity paid	(541,015)	(991,586)
Workers' (profit) participation fund paid	(1,334,000)	(114,194)
<b>Net Cash Generated from Operating Activities</b>	38,349,992	28,099,363
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Capital work in progress	(485,035)	-
<b>Net Cash Used in Investing Activities</b>	(485,035)	-
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Long term finance	(21,724,253)	(27,198,143)
Short term borrowings	-	(1,540,000)
<b>Net Cash Used in Financing Activities</b>	(21,724,253)	(28,738,143)
<b>Net Increase / (Decrease) in Cash and Cash Equivalents</b>	16,140,704	(638,780)
Cash and cash equivalents at the beginning of the period	59,772,284	15,722,896
<b>Cash and Cash Equivalents at the End of the Period</b>	<u>75,912,988</u>	<u>15,084,116</u>



**D.S. INDUSTRIES LIMITED**

**CONDENSED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2013**

	<b>Share Capital</b>	<b>Accumulated Loss</b>	<b>Total</b>
	----- Rupees	(Un-audited) Rupees	----- Rupees
<b>Balance as at June 30, 2012</b>	600,000,000	(1,100,957,741)	(500,957,741)
Total comprehensive income for the quarter ended September 30, 2012	-	906,281	906,281
<b>Balance as at September 30, 2012</b>	<u>600,000,000</u>	<u>(1,100,051,460)</u>	<u>(500,051,460)</u>
<b>Balance as at June 30, 2013</b>	600,000,000	(949,916,994)	(349,916,994)
Total comprehensive loss for the quarter ended September 30, 2013	-	(13,050,519)	(13,050,519)
<b>Balance as at September 30, 2013</b>	<u>600,000,000</u>	<u>(962,967,513)</u>	<u>(362,967,513)</u>

**CHIEF EXECUTIVE**

**DIRECTOR**

**D.S. INDUSTRIES LIMITED**  
**NOTES TO THE CONDENSED INTERIM**  
**UNAUDITED FINANCIAL INFORMATION**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2013**

Note 1

**The Company and its Operations**

- 1.1** The Company was incorporated in Pakistan on September 09, 1980 as a Private Limited Company under the repealed Companies Act, 1913 (now the Companies Ordinance, 1984) and was subsequently converted into a Public Company on February 21, 2005. The Company is listed on Karachi and Lahore Stock Exchanges. The Company has its registered office at 20-K, Gulberg-II Lahore, Pakistan. The principal activity of the Company is manufacturing and selling of yarn.

Note 2

**Basis of Preparation**

- 2.1** This condensed interim financial information of the Company for the quarter ended on September 30, 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, 2013. Comparative balance sheet is extracted from annual audited financial statements for the year ended June 30, 2013 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 quarter ended on September 30, 2012.
- 2.3** This condensed interim financial information is unaudited.

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, 2013.

Note 4

**Long Term Financing**

	<b>September 30, 2013</b>	<b>June 30, 2013</b>
	<b>(Un-audited)</b>	<b>(Audited)</b>
	Rupees	Rupees
<b>Loan from financial institutions - Secured</b>	657,215,308	678,939,561
Less: Current portion	<u>(123,334,421)</u>	<u>(86,501,004)</u>
	<u><u>533,880,887</u></u>	<u><u>592,438,557</u></u>

Note 5

**Contingencies and Commitments**

Contingencies

- 5.1** KASB Bank Limited filed a suit against the Company for the recovery of its outstanding liabilities amounting to Rs. 236.238 million along with cost of funds. The Company has agreed on a settlement plan with the bank and is in the process of withdrawal of suit from the court.
- 5.2** Askari Bank Limited filed a suit against the Company for the recovery of its outstanding liabilities amounting to Rs. 37.003 million along with profit and liquidated damages. The Company has agreed on a settlement plan with the bank and is in the process of withdrawal of suit from the court.

Commitments

There are no commitments outstanding as at the balance sheet date (June 30, 2013: Nil).

Note 6

**Property, Plant and Equipment**

	<b>September 30, 2013</b>	<b>June 30, 2013</b>
	<b>(Un-audited)</b>	<b>(Audited)</b>
	Rupees	Rupees
Opening written down value	437,429,417	480,092,648
Additions during the period / year (at cost)	-	3,361,000
	<u>437,429,417</u>	<u>483,453,648</u>
Depreciation charge for the period / year	(10,489,700)	(46,024,231)
Capital work in progress	19,654,819	19,169,784
	<u>446,594,536</u>	<u>456,599,201</u>

Note 7

**Cost of Sales**

	<b>Quarter Ended September 30, 2013</b>	<b>Quarter Ended September 30, 2012</b>
	<b>(Un-audited)</b>	<b>(Un-audited)</b>
	Rupees	Rupees
Raw materials consumed	161,548,832	136,702,491
Stores and spares consumed	5,189,662	5,098,077
Salaries, wages and benefits	24,272,514	22,223,564
Fuel and power	58,177,596	38,081,699
Traveling and conveyance	109,421	143,345
Repairs and maintenance	175,464	262,472
Insurance	413,348	353,479
Entertainment	298,353	624,225
Miscellaneous	62,582	86,704
Depreciation	10,159,122	11,287,914
	<u>260,406,894</u>	<u>214,863,970</u>
Work in process:		
- Opening stock	9,426,862	7,033,162
- Closing stock	(7,239,984)	(7,975,740)
	<u>2,186,878</u>	<u>(942,578)</u>
	262,593,772	213,921,392
Finished goods:		
- Opening stock	6,882,408	2,489,809
- Closing stock	(4,981,377)	(4,811,221)
	1,901,031	(2,321,412)
	<u>264,494,803</u>	<u>211,599,980</u>

Note 8

**Transactions with Related Parties**

Related parties and associated undertaking 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:

	<b>Quarter Ended September 30, 2013</b>	<b>Quarter Ended September 30, 2012</b>
	<b>(Un-audited)</b>	<b>(Un-audited)</b>
	Rupees in "million"	Rupees in "million"
Services provided / material sold	1.506	2.596

Note 9  
**General**

---

- 9.1 This condensed interim financial information is authorized for issue on October 29, 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**

**Registered Office:** | 20-K Gulberg II, Lahore.

| Ph: (042) 3575 9621, 3575 9464, 3571 4810

| Fax: (042) 3571 0312