1st Quarter Accounts for the Period Ended September 30, 2019

D S INDUSTRIES LIMITED

CONTENTS

Company Information

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

2

Company Information

Board of Directors Mr. Pervez Ahmed

Mr. Ali Pervez Ahmed Mr. Suleman Ahmed Chief Executive

Chairman

Mr. Atta ur Rehman

Mr. Khawar Mahmud Mr. Mazhar Pervaiz Malik

Mrs. Rukhsana Khalid

Audit Committee Mr. Atta ur Rehman

Mr. Khawar Mahmud Mrs. Rukhsana Khalid

Chief Financial Officer Mr. M. Naeem Akhtar

Company Secretary Mr. Salman Faroog

Auditors M/s Rahman Sarfaraz Rahim Igbal Rafig

Chartered Accountants

Legal Advisor Cornelius, Lane & Mufti

Advocates & Solicitors

Banks Al Baraka Bank (Pakistan) Limited

Bank AlFalah Limited
Bank AlHabib Limited

Dubai Islamic Bank Pakistan Limited

MCB Bank Limited
Meezan Bank Limited

Registered Office 20-K, Gulberg II, Lahore.

Share Registrars THK Associates (Pvt.) Limited

First Floor, 40-C, Block - 6

P.E.C.H.S. Karachi - 75400

Website www.dsil.com.pk

DIRECTORS' REPORT

The Board of Directors of D S Industries Limited is pleased to present the Company's un-audited financial statements for the first quarter ended September 30, 2019.

Financial Results of the Company

During the 1st quarter prices of textile products globally remained under pressure due to weak global demand. In addition to this the government has imposed 17% sales tax with effect from July 1, 2019. This tax has caused a weakness in demand due to cash flow constraints being faced by our customers. The economy of the country is also under pressure due to high inflation, high interest rates and higher rate of sales tax. Hence, this has resulted in losses for the quarter ended September 30, 2019

Gross profit of the Company for the quarter ended September 30, 2019 recorded at Rs. 6 million compare to 19.82 million for the same period of last year. However net loss for the quarter recorded at Rs. 9.8 million compare to profit of Rs. 0.43 million for the corresponding period of last year mainly due to increase in rate of sales tax and increase in cost of factory overheads due to high inflation.

Industry Review

On the international front there are various uncertainties on numerous fronts like the USA and China trade war, imposition of tariffs by USA on European products and announcement by the UK to grant Pakistan the same duty free and quota free market access etc. etc. due to which volatility may remain in the months to come. However the Pakistan is now picking up stability as a result of collective measures put in place by the government and with the improvement of Ease of Doing Business index and it is expected that global financial flow demand may increase which would assist Pakistan in returning to growth.

Future Outlook

Instability and uncertainty is prevailing in the local businesses backed by adverse economic circumstances, such as raising inflation, high oil prices, high interest rates and a weaker rupee. However Government is making efforts to take financial assistance from friendly countries to cover-up the gap of balance of payments and to control the rupee devolution which will help the local industry in reviving businesses.

Acknowledgement

The Board is thankful to its valued shareholders for their confidence in the Company, its customers, the Securities & Exchange Commission of Pakistan and to the management of Pakistan Stock Exchange Limited for their valuable support, assistance and guidance. The Board also appreciates the employees of the Company for their dedication and hard work.

For & on behalf of the Board

Pervez Ahmed Chief Executive

Lahore November 29, 2019

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT SEPTEMBER 30, 2019

EQUITY AND LIABILITIES	Note	Sep. 30,2019 (Un-Audited)	June 30,2019 (Audited)
SHARE CAPITAL AND RESERVES		Rupees	Rupees
Authorized Capital 100,000,000 (2019:100,000,000) ordinary shares of Rs. 10 e	ach	1,000,000,000	1,000,000,000
Issued, subscribed and paid up capital Discount on issue of shares Surplus on revaluation of property, plant and equipment Accumulated losses		836,856,310 (82,899,709) 248,821,289 (796,129,114)	836,856,310 (82,899,709) 248,821,289 (786,324,295)
Deferred Taxation		206,648,776	216,453,595
Non Current Liabilities Employees retirement benefits		1,203,779	5,246,306
Current Liabilities Trade and other payables		82,628,674	89,335,593
Unclaimed dividend		337,563	337,563
Accrued interest / mark up		8,709,345	8,314,087
Short term borrowings		179,424,960	186,939,940
Provision for taxation		7,676,197	7,221,685
		278,776,739	292,148,868
Contingencies and Commitments	4	-	-
		486,629,294	513,848,769
ASSETS			
Non-Current Assets	_		
Property, plant & equipments	5	345,855,788	371,830,271
Long term investments		69,562,062	72,078,491
Long term deposits Deferred taxation		19,072,394 13,923,373	19,072,394
Deferred taxation		448,413,617	13,923,373 476,904,529
Current Assets			
Stores, spares & loose tools		1,396,757	1,915,756
Stock in trade		15,781,533	9,316,183
Trade debts		10,869,981	12,942,394
Advances, prepayments & other receivables		1,638,717	6,887,388
Advance income tax		4,589,975	4,077,502
Bank balances		3,938,714	1,805,017
		38,215,677	36,944,240
		486,629,294	513,848,769

The annexed notes form an integral part of these condensed financial information

CHIEF EXECUTIVE

CONDENSED INTERIM PROFIT OR LOSS ACCOUNT FOR THE QUARTER ENDED SEPTEMBER 30, 2019

		July 1 to September 30 2019	July 1 to September 30 2018
	Note	(Un-Audited)	(Un-Audited)
		Rupees	Rupees
Sales - net		30,300,789	257,583,547
Cost of sales	6	(24,292,161)	(237,761,546)
Gross profit		6,008,628	19,822,001
Selling and distribution expenses		(3,995,805)	(693,166)
Administrative and general expenses		(5,994,391)	(9,967,124)
Other expenses		(1,055,005)	(2,844,868)
		(11,045,201)	(13,505,158)
		(5,036,573)	6,316,843
Other income		2,385,917	15,104
Operating (loss) / profit		(2,650,656)	6,331,947
Finance charges		(4,183,222)	(3,881,233)
Share of loss of associates		(2,516,429)	(129,931)
(Loss) / profit before taxation		(9,350,307)	2,320,783
Taxation		(454,512)	(1,889,298)
(Loss) / profit after taxation		(9,804,819)	431,485
(Loss) / earning per share - basic and diluted		(0.12)	0.01

The annexed notes form an integral part of these condensed financial information

CHIEF EXECUTIVE

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE **INCOME**

FOR THE QUARTER ENDED SEPTEMBER 30, 2019

	July 1 to September 30 2019 (Un-Audited) Rupees	July 1 to September 30 2018 (Un-Audited) Rupees
(Loss) / profit after taxation	(9,804,819)	431,485
Deferred tax adjustment on surplus on revaluation of property, plant and equipment attributable to change in tax rates	-	- 2,277,205
Total comprehensive (loss) / income for the quarter	(9,804,819)	2,708,690

The annexed notes form an integral part of these condensed financial information

CHIEF FINANCIAL OFFICER

06 D.S. INDUSTRIES LIMITED

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER ENDED SEPTEMBER 30, 2019

	Share	Discount on	Surplus on Revaluation of Property, Plant &	Un-Appropriated	Total
	Capital	Issue of Shares	Equipments	(Loss)	Equity
	Rupees (Un-Audited)	Rupees (Un-Audited)	Rupees (Un-Audited)	Rupees (Un-Audited)	Rupees (Un-Audited)
Balance as at July 1, 2018	836,856,310	(82,899,709)	203,909,733	(760,317,860)	197,548,474
Profit for the period	-	-	-	431,485	431,485
Other comprehensive income	-	-	2,277,205	-	2,277,205
Incremental depreciation	-		(2,923,322)	2,923,322	-
Balance as at September 30, 2018	836,856,310	(82,899,709)	203,263,616	(756,963,053)	200,257,164
Balance as at July 1, 2019	836,856,310	(82,899,709)	248,821,289	(786,324,295)	216,453,595
Loss for the period	-	-	-	(9,804,819)	(9,804,819)
Balance as at September 30, 2019	836,856,310	(82,899,709)	248,821,289	(796,129,114)	206,648,776

The annexed notes form an integral part of these condensed financial information

CHIEF EXECUTIVE

CONDENSED INTERIM CASH FLOW STATEMENT FOR THE QUARTER ENDED SEPTEMBER 30, 2019

	July 1 to	July 1 to
	September 30	September 30
	2019	2018
	(Un-Audited)	(Un-Audited)
	Rupees	Rupees
CASH FLOW FROM OPERATING ACTIVITIES	(0.350.307)	2 220 702
(Loss) / profit before taxation	(9,350,307)	2,320,783
Adjustments for:		
- Interest/markup on borrowings	4,149,258	3,417,691
- Share of loss of associate	2,516,429	129,931
 Provision for employee retirement benefits 	- 1	944,015
 Loss on disposal of property, plant & equipments 	972,305	-
- Depreciation for the period	3,235,013	7,341,402
	10,873,005	11,833,039
Operating profit before working capital changes	1,522,698	14,153,822
(Increase) / decrease in current assets		
- Stores, spares and loose tools	518,999	(3,032,527)
- Stock in trade	(6,465,350)	26,398,455
- Trade debts	2,072,413	(42,135,065)
- Advances, prepayments and other receivables	4,736,198	(3,265,124)
- Trade & other payable	(6,706,919)	14,310,858
	(5,844,659)	(7,723,403)
Cash Flow From Operating Activities	(4,321,961)	6,430,419
Payments for:		
- Employees retirement benefits	(4,042,527)	(550,542)
- Interest/Markup	(3,754,000)	(2,956,000)
- Income tax	-	(1,326,403)
	(7,796,527)	(4,832,945)
Net Cash used in Operating Activities	(12,118,488)	1,597,474
Cash Flow From Investing Activities		
- Capital expenditure	(1,500,000)	-
- Proceed from disposal of propert, plant & equipments	23,267,165	-
Net Cash Generated from Investing Activities	21,767,165	-
Cash Flow From Financing Activities		
- Repayment of long term financing	-	(4,000,000)
 Net (payment) receipt in short term borrowings 	(7,514,980)	1,611,217
Net Cash Generated from Financing Activities	(7,514,980)	(2,388,783)
Net Increase / (decrease) in Cash & Cash Equivalents	2,133,697	(791,309)
Cash and cash equivalents at the beginning of the period	1,805,017	2,339,408
Cash and Cash Equivalents at the End of the period	3,938,714	1,548,099

The annexed notes form an integral part of these condensed financial information

CHIEF EXECUTIVE



NOTES TO THE CONDENSED INTERM FINANCIAL INFORMATION (UN-AUDITED)

FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2019

Note 1

The Company and its Operations

LEGAL STATUS AND OPERATIONS

D.S. Industries Limited ['the Company'] is incorporated in Pakistan as a Private Limited Companyunder the repealed CompaniesAct, 1913 (now the CompaniesAct, 2017) and was subsequently converted into a Public Limited Company. The Company is listed on Pakistan Stock Exchange Limited. The Company is engaged in manufacturing & sale of textile goods. The registered office of the Company is situated at 20-K, Gulberg II, Lahore. The manufacturing facility is located at 11 KM, Sheikhupura Faisalabad Road, Sheikhupura, in the Province of Punjab.

Note 2

Basis of Preparation

These accounts have been prepared in accordance with the requirements of the CompaniesAct, 2017 and International accounting Standard, IAS 34 "Interim Financial Reporting."

This condensed interim financial information should be read in conjunction with annual audited financial statements for the year ended June 30, 2019. Comprehensive balance sheet is extracted from annual audited financial statements for the year ended June 30, 2019 whereas comparative profit or loss account, statement of comprehensive income, statement of changes in equity and cash flow statement are stated from unaudited interim financial information for the quarter ended on September 30, 2018.

Note 3

Accounting Policies

The accounting policies and methods of computation followed in the preparation of these financial statements are the same as those of the published in the annual financial statements of the Company for the year ended June 30,2019.

Note 4

Contingencies and Commitments

Contingencies

Gas Infrastructure DevelopmentCess ['GIDC']has been levied with effect from December 15, 2011 on industrial gas customers firstly through OGRA notification and subsequently via GIDCess Ordinance 2014 and GIDCess Act 2015. The Company, along with other industrial concerns, has filed a writ petition in the Honorable High Court of Sindh challenging the imposition of GIDC. On October 26, 2016, the Honorable High Court of Sindh held that enactment of GIDC Act 2015 is ultra-vires to the constitution of Pakistan. The Company has not recognised any provision relating to GIDC aggregating to Rs. 18.8 million.

Commitments

There are no known commitments as at the reporting date.

Note 5

Property, plant & equipments	September 30,	September 30,
	2019	2018
	(Un-Audited)	(Un-Audited)
	Rupees	Rupees
Opening written down value	371,830,271	478,921,989
Additions during the period/year	1,500,000	1,000,000
	373,330,271	479,921,989
Adjustments	(24,239,470)	(80,849,371)
Depreciation charge for the period/year	(3,235,013)	(27,242,347)
	345,855,788	371,830,271

Note 6 Cost of Sales	Quarter Ended September 30,	Quarter Ended September 30,
	2019	2018
	(Un-Audited)	(Un-Audited)
	Rupees	Rupees
Raw material consumed	12,713,864	129,282,991
Cost of cotton sold	-	47,182,721
Stores & spares consumed	2,216,422	2,897,295
Salaries, wages & benefits	10,316,978	23,064,130
Fuel & power	2,110,994	32,701,058
Travelling & conveyance	-	363,785
Repair & maintenance	158,660	440,164
Insurance	42,866	214,540
Rent, rates & taxes	750,000	-
Entertainment	-	138,442
Depreciation	3,100,039	7,185,915
Others	15,854	248,735
Mada ta assessment	31,425,677	243,719,776
Work-in-process	2,790,100	9,999,900
At the beginning of the period	(6,923,556)	(14,684,700)
At the end of the period	(4,133,456)	(4,684,800)
Finished goods	(4,100,400)	(4,004,000)
At the beginning of the period	1,965,933	3,859,024
At the end of the period	(4,965,993)	(5,132,454)
At the one of the period	(3,000,060)	(1,273,430)
	24,292,161	237,761,546
Note 7		

Transactions with Related Parties

The related parties comprises related group companies, associated companies, directors and key management personnel. Transactions with related parties other than remuneration and benefits to key management personnel under the terms of their employment. July 1 to July 1 to

	July 1 to	July 1 to
	September 30,	September 30,
	2019	2018
	(Un-Audited)	(Un-Audited)
	Rupees	Rupees
Purchase of goods & services	-	1,018,494
Loan (repaid) to directors & associates - Net	(7,664,685)	
Sale of goods & services	-	37,543,705

Note 8

Authorization of Financial Statements

These interim financial information have been authorized for issue on November 29, 2019 by the Board of Directors of the Company.

Note 9

General

Figures have been rounded off to the nearest rupees.

Figures of the corresponding period have been re-arranged , wherever necessary, to facilitate comparison. No material rearrangement has been made during the period.

CHIEF EXECUTIVE

 Registered Office:
 20-K Gulberg II, Lahore.

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

 Fax: (042) 3571 0312