

EXIDE PAKISTAN LIMITED

CHAIRMAN'S REVIEW

I am pleased to present on behalf of the Board of Directors, Un-Audited Financial Statements of the Company for the 3rd Quarter ended December 31, 2014.

The Economy

Pakistan trade deficit widened by 34 percent to US\$ 12.13 billion during the first six months of the current fiscal year as compared with US\$ 9.05 billion in corresponding period of the last fiscal year. Export decreased by 4.31 percent during the period under review while imports witnessed an increase of 11.68 percent over the corresponding period of last year. Foreign direct investment improved by 19 percent to US\$ 423 million in first half of the fiscal year 2014-15. Remittance stood at US\$ 8.98 billion up by 15.26 percent over US\$ 7.79 billion for the same period of last year. Inflation has declined to 6.1 percent in the first six months as against 8.9 percent for the same period of last fiscal year. Country's foreign exchange reserves improved to US\$ 15 billion. Improvement in foreign exchange reserves are attributed to inflow of US\$1 billion from Sukuk Bonds issue and IMF tranche of US\$1.05 billion. Country's GDP growth is expected to decelerate in FY-15 as a result of simmering political tensions, persistent energy shortages and a troubled security situation.

The Industry

Growth of automotive sector in the preceding few years was instrumental in better capacity utilization of the battery industry's installed capacity. Sale of locally produced cars improved by 11 percent to 58,727 units in July-December, 2014 as compared to 52,871 units sold during corresponding period of the last year. Trucks and busses sales improved by 45 percent. Farm tractors sales witnessed a robust growth of 9 percent to 20,857 units sold in July-December 2014 against 19,057 units sold in the same period a year ago. Prices of refined and recycled lead decreased during the quarter under review. Increase in energy charges had an impact on cost of goods sold.

Production

Production activities were effectively planned and adjusted to cater to the market demand, both in terms of quantity and quality. Stress on quality control at all stages of production processes was implemented with great vigour for further strengthening quality standards of the products of your company.

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CONDENSED INTERIM BALANCE SHEET

AS AT DECEMBER 31, 2014

	Note	(Unaudited) December 31, 2014	(Audited) March 31, 2014
		Rupees '000	
Sales			
Net sales revenue of the Company for the quarter under review was Rs.2,353 billion was down by 16 percent as compared with Rs.2,795 billion during the same period of last year. Cumulative sale for the nine months improved from Rs.8.11 billion to Rs.9,738 billion up by 20 percent as compared to corresponding period of the last year.			
Profitability			
Gross profit during the quarter under review improved from Rs.298.2 million to Rs.365.9 million up by 23 percent due to improved margins.			
Property, plant and equipment		1,274,672	1,249,709
Long-term investments		224	224
Long-term loans and advances - unsecured		1,050	1,165
Long-term deposits		33,074	25,520
Current assets			
Spares		112,254	93,039
Stock-in-trade		4,006,383	2,355,195
Trade debts		1,119,573	602,809
Loans and advances		44,545	25,969
Short-term prepayments, deposits and other receivables		46,130	48,969
Taxation recoverable		601,225	400,259
Cash and bank balances		861,090	1,266,552
		6,791,200	4,792,792
Current liabilities			
Trade and other payables		1,371,514	1,193,062
Mark-up accrued		70,857	29,094
Short-term borrowings		3,626,817	2,080,257
		5,069,188	3,302,413
Net current assets		1,722,012	1,490,379
Deferred taxation		59,008	65,579
		<u>2,972,024</u>	<u>2,701,418</u>
Future Prospects			
It is anticipated that indigenous organized battery industry will perform satisfactorily; however, the cost pressures will continue to exist due to rising cost of utilities and energy shortages. Your management is determined to avail full benefits of opportunities by continued focus on quality, productivity, after sales service and cost control to improve its competitiveness.			
Financed by:			
Share Capital and Reserves			
Authorised capital		180,000	180,000
18,000,000 ordinary shares of Rs 10 each			
Issued, subscribed and paid-up capital		77,686	77,686
Capital reserves		259	259
Revenue reserves		2,079,991	1,714,991
Reserves arising on amalgamation - net		25,823	25,823
Unappropriated profit		373,312	462,711
		<u>2,557,071</u>	<u>2,281,470</u>
Surplus on revaluation of fixed assets - net of tax		414,953	419,948
		<u>2,972,024</u>	<u>2,701,418</u>


Arif Hashwani
Chairman

ARIF HASHWANI

Chairman
Karachi - January 30, 2015

The annexed notes form an integral part of these financial statements.

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CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)

FOR THE NINE MONTHS ENDED DECEMBER 31, 2014

	Note	2014	2013
		Rupees '000	
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from operations		(1,284,014)	37,565
Financial charges paid		(127,958)	(32,096)
Taxes paid		(356,854)	(357,544)
Decrease / (Increase) in long-term loans		115	401
Decrease / (Increase) in long-term deposits		(7,554)	(2,929)
Net cash used in operating activities		(1,776,265)	(354,603)

CASH FLOW FROM INVESTING ACTIVITIES

Payment for capital expenditure	(122,321)	(246,102)
Proceeds from sale of fixed assets	3,174	527
Net cash used in investing activities	(119,147)	(245,575)

CASH FLOW FROM FINANCING ACTIVITIES

Dividends paid	(56,610)	(42,339)
Net cash used in financing activities	(56,610)	(42,339)
Net Increase / (decrease) in cash and cash equivalents	(1,952,022)	(642,517)
Cash and cash equivalents at the beginning of the period	(813,705)	131,014
Cash and cash equivalents at end of the period	<u>(2,765,727)</u>	<u>(511,503)</u>

The annexed notes form an integral part of these financial statements.


Hussain Hashwani
Director

HUSSAIN HASHWANI
Director


Arshad Shehzada
Chief Executive

ARSHAD SHEHZADA
Chief Executive


Hussain Hashwani
Director

HUSSAIN HASHWANI
Director


Arshad Shehzada
Chief Executive

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Chief Executive

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**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE NINE MONTHS ENDED DECEMBER 31, 2014**

	Issued	subscribed Capital and paid-up reserves capital	Revenue reserves	Shares to be issued	Reserve arising on revaluation - net	Unappropriated profit	Total
Balance at March 31, 2013 - Restated	70,624	259	1,269,991	-	25,823	543,303	1,910,200
Final dividend for the year ended March 31, 2013	-	-	-	-	-	(42,314)	(42,314)
Transfer to reserve reserves for the year ended March 31, 2013	-	-	445,000	-	-	(445,000)	-
Transfer to reserve for issuance of bonus shares for the year ended March 31, 2013	-	-	-	7,062	-	(7,062)	-
Issue of Bonus Shares	7,062	-	-	(7,062)	-	-	-
Profit after taxation for the nine months ended December 31, 2013	-	-	-	-	-	213,754	213,754
Transferred from surplus or revaluation of property, plant and equipment - net of tax	-	-	-	-	-	4,995	4,995
Balance at December 31, 2013	77,686	259	1,714,991	-	25,823	267,816	2,086,575
Balance at March 31, 2014	77,686	259	1,714,991	-	25,823	462,711	2,281,470
Final dividend for the year ended March 31, 2014	-	-	-	-	-	(58,265)	(58,265)
Transfer to reserve reserves for the year ended March 31, 2014	-	-	365,000	-	-	(365,000)	-
Profit after taxation for the nine months ended December 31, 2014	-	-	-	-	-	338,871	338,871
Transferred from surplus or revaluation of property, plant and equipment - net of tax	-	-	-	-	-	4,995	4,995
Balance at December 31, 2014	77,686	259	2,079,991	-	25,823	373,312	2,557,071

The annexed notes form an integral part of these financial statements.

Hussain Hashwani
HUSSAIN HASHWANI
Director

Arshad Shehzada
ARSHAD SHEHZADA
Chief Executive

EXIDE PAKISTAN LIMITED

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE NINE MONTHS ENDED DECEMBER 31, 2014**

- These financial statements are unaudited and are being submitted to shareholders in accordance with the requirements of section 245 of The Companies Ordinance, 1984
 - These financial statements have been prepared in accordance with the requirements of International Accounting Standard 34 (IAS-34) "Interim Financial Reporting".
 - The accounting policies adopted in preparation of these financial statements are the same as those applied in the preparation of the preceding annual published financial statements of the Company.
 - PROPERTY, PLANT AND EQUIPMENT**
Following is the cost of operating property, plant and equipment that have been added / disposed off during the nine months ended December 31, 2014
- | | Cost of additions/(deletions) | |
|-----------------------|-------------------------------|---------------|
| | December 2014 | December 2013 |
| | (Rupees '000) | |
| Building | 1,032 | - |
| Plant and machinery | 111,424 | 150,960 |
| Furniture and fixture | 1,933 | 248 |
| Office equipment | 2,058 | 592 |
| Vehicles | 20,418 | 12,652 |
| Vehicles - deletion | (7,514) | (1,515) |
| | 129,351 | 162,917 |
- CAPITAL WORK-IN-PROGRESS**
- | | December 31, 2014 | March 31, 2014 |
|-----------------------------------|-------------------|----------------|
| Building | - | 1,100 |
| Plant and machinery | 95,671 | 97,242 |
| Advances to suppliers/contractors | 26,900 | 40,663 |
| | 122,571 | 139,005 |
- TRANSACTIONS WITH RELATED PARTIES**
The related parties and associated undertakings comprise of local associated companies, staff retirement funds, directors and key management personnel. Transactions with related parties and associated undertakings other than remuneration and benefits to key management personnel, which are under the terms of their employment, are as follows:
- | | December 2014 | December 2013 |
|--|---------------|---------------|
| | (Rupees '000) | |
| Expenses charged to associated undertakings | 6 | 10 |
| Rent expense | 29,145 | 29,415 |
| Expenses charged in respect of staff retirement benefits | 3,527 | 3,350 |
| Payment made to the employee defined benefit plan | 3,087 | 3,087 |
- Key management personnel received an amount of Rs. 16,295 thousands (2013: Rs.15,698 thousands) out of which Rs. 1,081 thousands (2013: 1,057 thousands) relates to post employment benefits.
- FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES**
The carrying value of all financial assets and liabilities reflected in the financial statements approximate their fair values.
- ESTIMATES**
Judgments and estimates made by the management in the preparation of these interim financial statements were the same as those that were applied to the financial statements for the year ended March 31, 2014.
- GENERAL**
Amounts have been rounded off to the nearest thousands of Rupees unless otherwise stated.
- DATE OF AUTHORIZATION FOR ISSUE**
These financial statements were authorized for issue on January 30, 2015 by the Board of Directors of the Company.

Hussain Hashwani
HUSSAIN HASHWANI
Director

Arshad Shehzada
ARSHAD SHEHZADA
Chief Executive

BOOK POST

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EXIDE PAKISTAN LTD.

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**THIRD QUARTERLY REPORT
DECEMBER 31, 2014**

CORPORATE PROFILE

BOARD OF DIRECTORS

- Chairman - Arif Hashwani
- Director - Altaf Hashwani
- Director - Hussain Hashwani
- Director - Ayub Hameed
- Director - Muhammad Kamran Shehzad
- Director - S Haider Mehdi
- Director - S M Faig

CHIEF EXECUTIVE

Ashad Shehzada

CHIEF FINANCIAL OFFICER & COMPANY SECRETARY

S. Haider Mehdi

AUDIT COMMITTEE

- Chairman - Mr. Ayub Hameed
- Member - Mr. Altaf Hashwani
- Member - Mr. S M Faig
- Secretary - Salim Abdul Ali

HUMAN RESOURCES AND REMUNERATION COMMITTEE

- Chairman - Arif Hashwani
- Member - Altaf Hashwani
- Member - Ayub Hameed

BANKERS

- Allied Bank Ltd.
- Bankislami Pakistan Ltd.
- Bank Al-Falah Limited
- Barclays Bank PLC Pakistan
- Habib Bank Ltd.
- Habib Metropolitan Bank Limited
- HSBC Bank Middle East Ltd.
- JS Bank Ltd.
- MCB Bank Ltd.
- Mezzan Bank Ltd.
- NIB Bank Ltd.
- Standard Chartered Bank (Pakistan) Ltd.
- United Bank Ltd.

AUDITORS

A. F. Ferguson & Co.

SOLICITORS

Orr Dignam & Co.

REGISTERED OFFICE

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