

PAKISTAN **EXIDE**[®]
MOVES ON



HALF YEARLY REPORT
SEPTEMBER 30, 2017

BOOK POST

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CORPORATE PROFILE

BOARD OF DIRECTORS

Arif Hashwani	- Chairman
Arshad Shehzada	- MD/CEO
Altaf Hashwani	- Director
Hussain Hashwani	- Director
Muhammad Kamran Shehzad	- Director
Ayub Hameed	- Director
S Haider Mehdi	- Director
S M Faiq	- Director

CHIEF FINANCIAL OFFICER & COMPANY SECRETARY

S. Haider Mehdi

AUDIT COMMITTEE

Ayub Hameed	- Chairman
Altaf Hashwani	- Member
S M Faiq	- Member
Salim Abdul Ali	- Secretary

HUMAN RESOURCES AND REMUNERATION COMMITTEE

Arif Hashwani	- Chairman
Altaf Hashwani	- Member
Ayub Hameed	- Member
Syed Zulquarnain Shah	- Secretary

BANKERS

Allied Bank Limited
Bank Al-Falah Limited
BankIslami Pakistan Limited
Bank of Tokyo Mitsubishi UFJ, Limited
Dubai Islamic Bank Pakistan Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
JS Bank Limited
MCB Bank Limited
Meezan Bank Limited
NIB Bank Limited
Standard Chartered Bank (Pakistan) Limited
United Bank Limited

AUDITORS

A. F. Ferguson & Co.

SOLICITORS

Orr Dignam & Co.

REGISTERED OFFICE

A/44, Hill Street, Off: Manghopir Road,
S.I.T.E., Karachi-75700
Website : www.exide.com.pk
E-mail : exidepk@exide.com.pk

CHAIRMAN'S REVIEW

I am pleased to present on behalf of the Board of Director, un-audited condensed interim financial of your company duly reviewed for the half year ended September 30, 2017.

The Economy

Pakistan's macroeconomic indicators continue to improve positioning the economy for a sustained upward growth trajectory. It is expected to achieve a higher GDP growth of 6 percent for Financial year 2017-18 compared to 5.3 percent in the year 2016-17. The economic growth has been aided by CPEC based economic activity, low inflation, stable currency and low interest rates. However, Pakistan Stock Exchange has dropped more than 20 percent in last six months owing to political uncertainty. Average inflation stood at 3.5 percent in July-October, 2017 as against 3.95 percent in the same period last year.

Pakistan's trade deficit increased by 31 percent, to a whopping US\$12.1 billion during first four months of current fiscal year compared to the last year. Pakistan's export after a growth of 10 percent increased to US\$7.1 billion in the first four months of current fiscal year from US\$6.4 billion for the same period of last year while imports after a 23 percent growth increased to US\$19.2 billion from US\$15.7 billion. The current account deficit crossed US\$5 billion compared to US\$1.8 billion in the corresponding period last year. The same is due to high Trade deficit and slow growth in home remittances. Current account deficit is assuming threatening proportions and could lead to a further loss of foreign exchange reserves, devaluation of rupee and higher inflation. Foreign remittances showed a slight increase of 1.5 percent to US\$6.44 billion in the first four months of current fiscal year compared to US\$6.3 billion in the same period last year. Foreign Direct Investment surged 74 percent in the first four months of this fiscal year with Chinese inflows remaining dominant. Country received US\$939.7 million FDI during July-October period of 2017 compared to US\$538.7 million in the same period last year.

The industry

Growth of automotive sector in the preceding years was instrumental to better capacity utilization for the battery industry. Sales of locally produced cars increased by 25 percent to 70,040 units in July-October, 2017 as compared to 55,859 sold during corresponding period of last year. Truck and buses sales improved by 23 percent from 2580 to 3176 units. Farm tractors improved by 73 percent to 21,757 units against 12,587 units sold in the same period a year ago. Sales of motorcycles and three wheelers improved by 26 percent from 504,779 units to 636,756 units.

Sale

In order to meet severe market competition, your company had allowed extra discount to trade. As a result of which Net Sales Revenue during the half year ended 30th September, 2017 decreased by 9.6 percent from Rs.7.337 billion to Rs.6.636 billion.

Profitability

As against 9.6 percent decrease in Net Sales Revenue, cost of sales increased by 3.9 percent on account of increase in prices of virgin and recycled lead. Consequently, Gross Profit reduced from Rs.1.618 billion to Rs.0.692 billion. Operating profit reduced by 72 percent to Rs.191.8 million from Rs.696.6 million. Financial charges increased from Rs.22.4 million to Rs.64.2 million. Profit before tax for the half year under review was Rs.127.5 million as compared to Rs.674.2 million recorded during the same period last year. Earning per share for the period under report decreased to Rs.12.07 from Rs.57.64 recorded in the corresponding period of last year.

Future Prospects

It is anticipated that indigenous organized battery industry will face tough competition due to capacity expansion of existing battery plants, new entrants, inflow of imported batteries and changing market dynamics. Profitability during the remaining period of the current year will also be adversely impacted owing to increase in prices of basic raw materials. Nevertheless, your management us determined to avail full benefits of the opportunities by continued focus on quality, productivity, cost control and after sales service to improve its competitiveness.

**ARIF HASHWANI**

Chairman

Karachi November 29, 2017

**AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF INTERIM FINANCIAL INFORMATION*****Introduction***

We have reviewed the accompanying condensed interim balance sheet of **Exide Pakistan Limited** (the Company) as at September 30, 2017 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the accounts for the half year then ended (here-in-after referred to as the "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review. The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarters ended September 30, 2017 and 2016 have not been reviewed, as we are required to review only the cumulative figures for the half year ended September 30, 2017.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information as at and for the half year ended September 30, 2017 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

A handwritten signature in black ink that reads "A.F. Ferguson & Co." in a cursive style.

Chartered Accountants

Engagement Partner: **Noman Abbas Sheikh**

Dated: November 29, 2017

Karachi

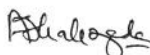
EXIDE PAKISTAN LIMITED
CONDENSED INTERIM BALANCE SHEET
AS AT SEPTEMBER 30, 2017

	Note	(Unaudited) September 30, 2017	(Audited) March 31, 2017
----- Rupees '000 -----			
ASSETS			
Non-current assets			
Property, plant and equipment	5	1,524,007	1,442,525
Long-term investments		224	224
Long-term loans		720	844
Long-term deposits		37,491	34,738
Deferred tax asset - net		46,127	-
		<u>1,608,569</u>	<u>1,478,331</u>
Current assets			
Spares		111,580	106,962
Stock-in-trade	6	3,274,154	3,866,881
Trade debts	7	1,817,018	2,331,845
Loans and advances		24,771	30,678
Trade deposits, short-term prepayments and other receivables		57,351	44,312
Taxation recoverable		727,761	498,644
Cash and bank balances		291,967	1,017,896
		<u>6,304,602</u>	<u>7,897,218</u>
TOTAL ASSETS		<u>7,913,171</u>	<u>9,375,549</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital			
18,000,000 ordinary shares of Rs 10 each		<u>180,000</u>	<u>180,000</u>
Issued, subscribed and paid-up share capital		77,686	77,686
Capital reserve		259	259
Revenue reserves		3,329,991	2,729,991
Reserve arising on amalgamation - net		25,823	25,823
Unappropriated profit		296,570	893,562
		<u>3,730,329</u>	<u>3,727,321</u>
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - net of tax		496,889	503,232
LIABILITIES			
Non-current liabilities			
Deferred tax liability - net		-	3,097
Current liabilities			
Trade and other payables		1,050,897	1,991,805
Accrued mark-up		33,574	32,638
Short-term borrowings		2,601,482	3,117,456
		<u>3,685,953</u>	<u>5,141,899</u>
TOTAL LIABILITIES		<u>3,685,953</u>	<u>5,144,996</u>
TOTAL EQUITY AND LIABILITIES		<u>7,913,171</u>	<u>9,375,549</u>
CONTINGENCIES AND COMMITMENTS			
	8		

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.



ARIF HASHWANI
Chairman



ARSHAD SHAHZADA
Chief Executive Officer



S. HAIDER MEHDI
Chief Financial Officer

EXIDE PAKISTAN LIMITED

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED) FOR THE QUARTER AND HALF YEAR ENDED SEPTEMBER 30, 2017

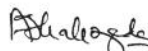
Note	Batteries				Chemicals				Total			
	Quarter ended September 30, 2017	Half year ended September 30, 2017	Quarter ended September 30, 2016	Half year ended September 30, 2016	Quarter ended September 30, 2017	Half year ended September 30, 2017	Quarter ended September 30, 2016	Half year ended September 30, 2016	Quarter ended September 30, 2017	Half year ended September 30, 2017	Quarter ended September 30, 2016	Half year ended September 30, 2016
	(Rupees '000)											
Net sales	2,113,049	6,488,948	2,911,105	7,188,410	76,945	147,559	66,792	148,733	2,189,994	6,636,507	2,977,897	7,337,143
Cost of sales	9 1,971,555	5,816,831	2,121,974	5,593,374	68,544	127,044	53,349	125,385	2,040,099	5,943,875	2,175,323	5,718,759
Gross profit	141,494	672,117	789,131	1,595,036	8,401	20,515	13,443	23,348	149,895	692,632	802,574	1,618,384
Selling and distribution expenses	54,275	425,141	478,397	800,856	1,247	2,477	950	2,909	55,522	427,618	479,347	803,765
Administrative and general expenses	24,090	49,896	21,256	53,023	1,135	1,135	1,097	1,097	25,225	51,031	22,353	54,120
	78,365	475,037	499,653	853,879	2,382	3,612	2,047	4,006	80,747	478,649	501,700	857,885
Other operating income	63,129	197,080	289,478	741,157	6,019	16,903	11,396	19,342	69,148	213,983	300,874	760,499
									4,400	5,064	3,038	3,430
Workers' profit participation fund									73,548	219,047	303,912	763,929
Workers' welfare fund									4,398	6,863	14,400	36,206
Other operating charges									1,853	2,892	5,037	13,759
Operating profit									11,235	17,534	13,027	17,368
Finance cost									56,062	191,758	271,448	696,596
Profit before taxation									33,641	64,253	1,934	22,443
Taxation - net									22,421	127,505	269,514	674,153
Profit after taxation									10 (1,995)	33,732	96,866	226,350
									24,416	93,773	172,648	447,803
									Rupees			
Earnings per share (basic and diluted)									3.14	12.07	22.22	57.64

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The annexed notes 1 to 18 form an integral part of this condensed interim financial information.



ARIF HASHWANI
Chairman



ARSHAD SHEHZADA
Chief Executive



S. HAIDER MEHDI
Chief Financial Officer

EXIDE PAKISTAN LIMITED**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE QUARTER AND HALF YEAR ENDED SEPTEMBER 30, 2017**

	Quarter ended September 30, 2017	Half year ended September 30, 2017	Quarter ended September 30, 2016	Half year ended September 30, 2016
	----- (Rupees '000) -----			
Profit for the period	24,416	93,773	172,648	447,803
Other comprehensive Income	-	-	-	-
Total comprehensive income for the period	<u>24,416</u>	<u>93,773</u>	<u>172,648</u>	<u>447,803</u>

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.


ARIF HASHWANI
Chairman


ARSHAD SHEHZADA
Chief Executive


S. HAIDER MEHDI
Chief Financial Officer

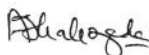
EXIDE PAKISTAN LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)
FOR THE HALF YEAR ENDED SEPTEMBER 30, 2017

	Note	Half year ended September 30,	
		2017	2016
		----- (Rupees '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	11	420,044	2,416,972
Financial charges paid		(63,317)	(52,835)
Gratuity paid		(100)	(394)
Income taxes paid		(312,073)	(209,684)
Increase in long-term deposits		(2,753)	4,066
Decrease in long-term loans		124	(110)
Net cash flows generated from operating activities		41,925	2,158,015
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capital expenditure		(161,865)	(30,938)
Proceeds from disposal of property, plant and equipment		7,124	997
Net cash flows used in investing activities		(154,741)	(29,941)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(97,139)	(65,957)
Net cash flows used in financing activities		(97,139)	(65,957)
Net (decrease) / increase in cash and cash equivalents during the period		(209,955)	2,062,117
Cash and cash equivalents at the beginning of the period		(2,099,560)	(2,169,775)
Cash and cash equivalents at the end of the period	12	(2,309,515)	(107,658)

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.



ARIF HASHWANI
Chairman



ARSHAD SHAHZADA
Chief Executive Officer



S. HAIDER MEHD
Chief Financial Office

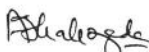
EXIDE PAKISTAN LIMITED**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE HALF YEAR ENDED SEPTEMBER 30, 2017**

	Issued, subscribed and paid-up capital	Capital reserve	Revenue reserves	Reserve arising on amalgamation net	Unappropriate d profit	Total
(Rupees '000)						
Balance as at March 31, 2016	77,686	259	2,379,991	25,823	577,310	3,061,069
Final dividend for the year ended March 31, 2016 declared subsequent to year end	-	-	-	-	(77,686)	(77,686)
Transfer to revenue reserves made subsequent to the year ended March 31, 2016	-	-	350,000	-	(350,000)	-
Total comprehensive income for the half year ended September 30, 2016	-	-	-	-	447,803	447,803
Transferred from surplus on revaluation of property, plant and equipment - net of tax	-	-	-	-	6,344	6,344
Balance as at September 30, 2016	77,686	259	2,729,991	25,823	603,771	3,437,530
Balance as at March 31, 2017	77,686	259	2,729,991	25,823	893,562	3,727,321
Final dividend for the year ended March 31, 2017 declared subsequent to year end	-	-	-	-	(97,108)	(97,108)
Transfer to revenue reserves made subsequent to the year ended March 31, 2017	-	-	600,000	-	(600,000)	-
Total comprehensive income for the half year ended September 30, 2017	-	-	-	-	93,773	93,773
Transferred from surplus on revaluation of property, plant and equipment - net of tax	-	-	-	-	6,343	6,343
Balance as at September 30, 2017	77,686	259	3,329,991	25,823	296,570	3,730,329

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.



ARIF HASHWANI
Chairman



ARSHAD SHEHZADA
Chief Executive



S. HAIDER MEHDI
Chief Financial Officer

1 THE COMPANY AND ITS OPERATIONS

Exide Pakistan Limited (the Company) is a limited liability company and is incorporated in Pakistan. The address of its registered office is A-44, Hill Street, Manghopir Road, S.I.T.E, Karachi, Pakistan. The Company is listed on the Pakistan Stock Exchange. The Company is engaged in the manufacturing and sale of batteries, chemicals and acid. Manufacturing facilities for batteries are located at S.I.T.E Karachi while facilities for chemicals and acid are located at S.I.T.E and Bin Qasim Karachi.

2 BASIS OF PREPARATION
2.1 Statement of compliance

This condensed interim financial information of the Company for the period ended September 30, 2017 has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 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.

The Companies Ordinance, 1984 has been repealed after the enactment of the Companies Act, 2017. However, as allowed by the SECP vide its circular no. 23 / 2017 dated October 4, 2017 and as clarified by the Institute of Chartered Accountants of Pakistan through its circular no. 17 / 2017 dated October 6, 2017, this condensed interim financial information has been prepared in accordance with the provisions of the repealed Companies Ordinance, 1984.

This condensed interim financial information is being presented and submitted to the shareholders as required by Listing Regulations of Pakistan Stock Exchange and under Section 245 of the Companies Ordinance, 1984.

This condensed interim financial information does not include all information and disclosures required in the financial statements and should be read in conjunction with the financial statements of the Company for the year ended March 31, 2017.

2.2 Accounting convention

This condensed interim financial information has been prepared on the historical cost basis, except for properties which are stated at revalued amounts and obligation in respect of staff retirement benefits which is carried at present value of defined benefit obligation less fair value of plan assets.

2.3 Standards, Interpretations and amendments to published approved accounting standards that are effective in the current year

There are certain new and amended standards and interpretations that are mandatory for the Company's accounting period beginning on or after April 1, 2017 but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not disclosed in these financial statements.

2.4 Standards, Interpretations and amendments to published approved accounting standards that are not yet effective
2.4.1 There are certain new and amended standards and interpretations that are mandatory for the accounting period beginning on or after April 1, 2018 but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not disclosed in these financial statements.

2.4.2 Further, the following standards, amendments and interpretations with respect to approved accounting standards would be effective from the date mentioned below against the respective standards, amendments or interpretations:

Standards, Interpretations or Amendments	Effective date (accounting period beginning on or after)
- IFRS-9 Financial Instruments	July 1, 2018
- IFRS-15 Revenue from contracts with customers	July 1, 2018
- IFRS-16 Leases	January 1, 2019

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the financial statements for the year ended March 31, 2017.

4 ACCOUNTING ESTIMATES AND JUDGEMENTS AND FINANCIAL RISK MANAGEMENT
4.1 The preparation of this condensed interim financial information in conformity with approved Accounting Standards requires the management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, income and expenses. It also requires the management to exercise judgment in application of its accounting policies. The estimates, judgments and associated assumptions are based on the management's experience and various other factors that are believed to be reasonable under the circumstances. These estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods. The significant judgments made by the management in applying the company's accounting policies and the key resources of estimation and uncertainty were the same as those applied to the financial statements for the year ended March 31, 2017.

4.2 The financial risk management objectives and policies are consistent with those disclosed in the financial statements of the Company for the year ended March 31, 2017.

5 PROPERTY, PLANT AND EQUIPMENT

	Note	(Unaudited) September 30, 2017	(Audited) March 31, 2017
Operating fixed assets	5.1 & 5.2	1,388,118	1,258,825
Capital work-in-progress	5.3	135,889	183,700
		<u>1,524,007</u>	<u>1,442,525</u>

5.1 The following additions have been made to operating fixed assets during the half year ended September 30, 2017:

	Leasehold land	Buildings on leasehold land	Plant and machinery	Furniture and fixtures	Office equipment and appliances	Vehicles	Total Mar - Sep 2017	Total Mar - Sep 2016
Additions	118,383	13,154	64,864	1,271	2,464	9,540	209,676	14,741

5.2 The net book value of operating fixed assets disposed of during the half year ended September 30, 2017 amounted to Rs. 3.774 million (September 30, 2016: Rs. 0.606 million).

5.3 Capital work-in-progress

	(Unaudited) September 30, 2017	(Audited) March 31, 2017
Plant and machinery	113,896	31,506
Advances to suppliers / contractors	21,993	21,993
Advance against purchase of land	130,201	130,201
	<u>135,889</u>	<u>183,700</u>

5.3.1 The following additions have been made to capital work-in-progress during the half year ended September 30, 2017:

	For the half year ended September 30, 2017	
	(Unaudited) 2017	(Audited) 2016
	<u>(Rupees '000)</u>	
Buildings on leasehold land	1,336	-
Plant and machinery	147,254	21,978
Furniture and fixtures	1,271	1,489
Office equipment and appliances	2,464	1,239
Vehicles	9,540	6,232
	<u>161,865</u>	<u>30,938</u>

5.3.2 The following transfers have been made from capital work-in-progress during the half year ended September 30, 2017:

Buildings on leasehold land	131,537	5,781
Plant and machinery	64,864	1,489
Furniture and fixtures	1,271	1,239
Office equipment and appliances	2,464	1,239
Vehicles	9,540	6,232
	<u>209,676</u>	<u>14,741</u>

	Note	(Unaudited) September 30, 2017	(Audited) March 31, 2017
		----- (Rupees '000) -----	
6 STOCK-IN-TRADE			
Raw and packing materials and components [including goods-in-transit of Rs 47.5 million (March 31, 2017: Rs 626 million)]		1,542,733	1,551,855
Work-in-process		454,094	513,418
Finished goods		1,306,447	1,828,928
		3,303,274	3,894,201
Less: Provision for slow moving and obsolete stock-in-trade		(29,120)	(27,320)
		<u>3,274,154</u>	<u>3,866,881</u>
7 TRADE DEBTS - unsecured			
Considered			
- good		1,817,018	2,331,845
- doubtful		39,002	38,407
		1,856,020	2,370,252
Less: Provision for impairment in trade debts	7.1	(39,002)	(38,407)
		<u>1,817,018</u>	<u>2,331,845</u>
7.1 Provision for impairment in trade debts			
Opening balance		38,407	31,564
Provision made during the period / year end - net		595	6,843
Closing balance		<u>39,002</u>	<u>38,407</u>
8 CONTINGENCIES AND COMMITMENTS			
8.1 Contingencies			
8.1.1			
Automotive Battery Company Limited (which has been merged with Exide Pakistan Limited) had claimed carry over of tax holiday losses beyond the tax holiday period for set off against the profits of taxable period. The tax benefit claimed by the company amounted to approximately Rs 24 million. This was adjudicated by the Income Tax Appellate Tribunal in the Company's favour and on a reference application for assessment years 1988-89, 1989-90 and 1990-91 by the Income Tax Department, the Tribunal referred the question of law to the Honorable Sindh High Court, which upheld the order of the Tribunal vide its judgment dated 27 January 2006. The Tax Department has filed a further appeal before the Supreme Court of Pakistan against the judgment of the High Court which is currently pending. Based on the legal advice from the Company's lawyers and in view of the initial success upto the High Court level, the Company expects the final outcome to be in its favour and accordingly provision has not been made in this condensed interim financial information in respect of this amount.			
8.1.2			
The Company received notice from the Directorate of Intelligence and Investigation – Federal Board of Revenue (FBR), Lahore on April 15, 2011. In the said notice it was alleged that the Company had purchased goods from certain dummy / fake suppliers who got themselves registered with the Regional Tax Officers at Lahore, Faisalabad and Karachi and issued fake sales tax invoices to the Company and accordingly the Company has claimed illegal / inadmissible input tax adjustment amounting to Rs 157,297 million for the period from July 2005 to February 2011. As a counter measure, the name of the Company was included as an accused person in the First Information Report (FIR) No. 04/20 11 dated March 26, 2011 registered by the Additional Director, Intelligence and Investigation – FBR, Lahore.			
The management of the Company is of the view that the Company always purchases taxable goods from active taxpayers only as per the guidelines of the FBR in order to claim valid input tax under section 7 of the Sales Tax Act, 1990 (Act). The management is also of the view that on the 15th calendar day of the following month the Company electronically files its Sales Tax Returns and the web portal of FBR accepts input tax claim for only active tax payers. The dummy/fake suppliers as alleged in the FIR were active at the time of purchase of goods and were filing their sales tax returns which was accepted by the web portal of FBR. This made the Company believe that it was safe and legitimate to conclude that the alleged suppliers at the time of supplying taxable goods to the Company were making their output tax payments. The Company had no other means of confirmation. The Company further explained that the payments to these alleged dummy suppliers were made through crossed cheques after physical receipt of goods in order to comply with the requirement of Section 73 of the Act. Income tax was deducted at source under section 153 of the Income Tax Ordinance, 2001.			
The Company has, therefore, filed a Constitutional Petition in the Honorable Sindh High Court (the Court) and prayed to quash the FIR against the Company and declare the notice illegal. The Court has restrained the tax authorities from proceeding with the matter and the notices issued by the tax authorities have been stayed. The department filed an appeal in the Honorable Supreme Court of Pakistan against interim injunction order passed by a learned Division Bench of the Honorable Sindh High Court. The department's appeal was rejected by the Honorable Supreme Court of Pakistan. Majority of alleged accused persons challenged our said FIR in the Lahore High Court. However, the Lahore High Court has quashed the said FIR no. 04/2011. The management of the Company is confident that in view of the explanations given in the above paragraph the matter will be decided in favour of the Company and, accordingly, the Company will not be exposed to any loss on account of this action.			
8.1.3			
The Company received notice No 10(1)IRAO(IAND)IR/2014/553 on January 28, 2014 from the Inland Revenue Audit Officer, Directorate of Intelligence and Investigation, Karachi. In the said notice the authority pointed out variances in imports, local purchases and sales as per sales tax return and income tax return. The authority also raised observations in respect of payment of sales tax @ 1% in the event output tax is lower than the input tax and relied upon SRO 660 (1/2007). The directorate directed investigative audit of the Company for the last 5 years.			
The Company responded through legal counsel i.e. Fazle Ghani Advocates through letter dated February 18, 2014. Since the authority was not satisfied with the response of the Company and insisted upon submission of various information and audit as stated above, the Company therefore, filed a constitutional petition in the Honorable Sindh High Court through Messrs Fazle Ghani Advocates and challenged the authority of the Investigation and Intelligence Department of FBR, for correction of the information and investigative audit. The Honorable High Court has granted an interim order and directed the authority to stop any action against the Company, and the said interim order is operating.			
8.1.4			
Through the Finance Act, 2017, Section 5A of the Income Tax Ordinance, 2001 has been amended. Through the revised provision a tax equal to 7.5 percent of accounting profit for the year will be levied on every public company other than a scheduled bank and modaraba, if there is no distribution of cash dividend or bonus shares of at least 40 percent of accounting profit after tax for the year. However, the management is of the view that this amendment is opposed to the principles of economic growth and has, therefore, challenged the amendment in the Honorable Sindh High Court during the period. In this respect, the Company has been granted a stay order by the Honorable Sindh High Court in respect of levy of above tax. Accordingly, provision amounting to Rs 75.57 million for the year ended March 31, 2017 has not been made in this condensed interim financial information in respect of the additional tax liability and the management expects a favourable outcome in this respect.			
		(Unaudited) September 30, 2017	(Audited) March 31, 2017
		----- (Rupees '000) -----	
8.2 Commitments			
Commitments in respect of:			
Capital expenditure contracted for but not incurred		7,202	6,462
Letters of credit		156,315	534,585
Letters of guarantee		44,278	59,819
		For the half year ended	
		September 30,	
		2017	2016
		(Unaudited)	
		----- (Rupees '000) -----	
9 COST OF SALES			
Raw and packing materials consumed		4,776,220	4,338,951
Salaries, wages and benefits		189,157	174,129
Spares consumed		29,096	31,981
Rent, rates and taxes		23,244	24,708
Fuel, power and water		194,053	256,222
Insurance		13,460	12,767
Repairs and maintenance		33,891	33,128
Depreciation		72,777	67,646
General expenses		30,172	35,857
		585,850	636,438
Opening stock of work-in-process		513,418	523,680
Closing stock of work-in-process		(454,094)	(367,712)
		59,324	155,968
Cost of goods manufactured		5,421,394	5,131,357
Opening stock of finished goods		1,828,928	1,112,555
Closing stock of finished goods		(1,306,447)	(525,179)
		522,481	587,402
		<u>5,943,875</u>	<u>5,718,759</u>
9.1			
The actual production capacity of the battery plant cannot be determined as it depends on the proportion of different types of batteries produced which varies in relation to the consumer demand. The actual production during the year was according to market demand. The installed capacity of the chemical plants for the half year ended September 30, 2017 was 16,500 MT (September 30, 2016: 16,500 MT) whereas actual production during the period was 15,765 MT (2016: 15,401 MT).			

	Note	For the half year ended September 30, 2017		2016 (Unaudited)	
		(Rupees '000)			
10 TAXATION - NET					
Current - for the period		82,956		212,743	
Deferred - net	10.1	(49,224)		13,607	
		<u>33,732</u>		<u>226,350</u>	
10.1	This includes deferred tax asset of Rs 48,893 million (September 30, 2016: Nil) which has been recorded as the difference between minimum tax and normal tax as the Company expects to adjust this amount against its future tax liability under normal tax regime within the time limit as specified for adjustment of minimum tax under Income Tax Ordinance, 2001.				
11 CASH GENERATED FROM OPERATIONS					
Profit before taxation		127,505		674,153	
Adjustments:					
Depreciation		76,608		71,207	
Gain on disposal of property, plant and equipment		(3,349)		(391)	
Provision for impairment in trade debts - net		595		1,727	
Provision for slow moving and obsolete stock-in-trade		1,800		1,800	
Provision for gratuity		1,958		2,058	
Finance cost		64,253		22,443	
Working capital changes	11.1	150,674		1,643,975	
		<u>420,044</u>		<u>2,416,972</u>	
11.1	Working capital changes (Increase)/ decrease in current assets				
Spares		(4,618)		29,119	
Stock-in-trade		590,927		582,035	
Trade debts		514,232		1,264,449	
Loans and advances		5,907		(7,896)	
Trade deposits, short-term prepayments and other receivables		(14,897)		(2,708)	
		<u>1,091,551</u>		<u>1,864,999</u>	
Decrease in current liabilities					
Trade and other payables (excluding unclaimed dividends)		(940,877)		(221,024)	
		<u>150,674</u>		<u>1,643,975</u>	

	As at September 30, 2017		2016 (Unaudited)	
	(Rupees '000)			
Cash and bank balances		291,967		339,767
Short-term borrowings		(2,601,482)		(447,425)
Cash and cash equivalents at the end of the period		<u>(2,309,515)</u>		<u>(107,658)</u>

13 SEGMENT INFORMATION
Operating segments are determined and presented in a manner consistent with the internal reporting provided to the chief operating decision maker. The Chief Executive Officer has been identified as the chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments.

	Segment information for the half year ended September 30, 2017					
	Batteries		Chemicals		Total	
	Unaudited September 30, 2017	Audited March 31, 2017	Unaudited September 30, 2017	Audited March 31, 2017	Unaudited September 30, 2017	Audited March 31, 2017
	(Rupees '000)					
Segment assets	6,633,270	7,623,059	150,840	169,466	6,784,110	7,792,525
Unallocated assets					1,129,061	1,583,024
					<u>7,913,171</u>	<u>9,375,549</u>
Segment liabilities	213,190	807,370	1,269	13,924	214,459	821,294
Unallocated liabilities					3,471,464	4,223,702
					<u>3,685,923</u>	<u>5,144,996</u>

	Half year ended September 30, 2017				Half year ended September 30 2016
	Subsidiary company	Other related parties	Key management personnel	Total	
	(Rupees '000)				
Transactions					
Expenses charged to					
Transactions with key management personnel					
- Salaries and wages	-	-	13,573	13,573	10,807
- Defined benefit plan - Post employment benefits	-	-	209	209	369
- Defined contribution plan	-	-	218	218	332
- Loan from a Director	-	-	305,500	305,500	-
Rent expense	-	21,230	-	21,230	21,230
Expenses charged in respect of staff contribution plan	-	4,366	-	4,366	3,448
Expenses charged in respect of staff defined benefit plan	-	860	-	860	1,664
Payment in respect of staff defined benefit plan	-	-	-	-	394
Royalty expense	-	6,394	-	6,394	7,024
Payment of royalty	-	38,860	-	38,860	38,860
Payment of royalty	-	-	-	-	11,470
Payment made to	3	-	-	3	7
	As at September 30, 2017				As at March 31, 2017
	Subsidiary company	Other related parties	Key management personnel	Total	
Balances					
Long term investment	224	-	-	224	224
Receivable from defined benefit plans	-	30,498	-	30,498	31,358
Payable to the subsidiary company	15	-	-	15	18
Loan from a Director	-	-	305,500	305,500	-
Payable in respect of employee benefits	-	16,701	-	16,701	22,462
Royalty payable	-	18,328	-	18,328	11,934
Rent payable	-	15,115	-	15,115	32,745

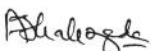
15 FAIR VALUE OF FINANCIAL INSTRUMENTS
Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences can arise between carrying values and the fair value estimates.
Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.
The estimated fair value of all financial assets and liabilities is considered not significantly different from book values as the items are either short-term in nature or periodically repriced.
International Financial Reporting Standard 13, "Financial Instruments: Disclosure" requires the company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:
- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).
The level in the fair value hierarchy within which the fair value measurement is categorized in its entirety shall be determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety.
Currently there are no financial assets or financial liabilities which are measured at their fair value in the balance sheet.


16 CORRESPONDING FIGURES
Corresponding figures have been rearranged and reclassified, whenever necessary, for the purpose of comparison. No significant reclassifications were made during the period.

17 DATE OF AUTHORISATION FOR ISSUE
This condensed interim financial information was authorised for issue on **November 29, 2017** by the Board of Directors of the Company.

18 GENERAL
Figures in the condensed interim financial information have been rounded off to the nearest thousand rupees.


ARIF HASHWANI
Chairman


ARSHAD SHEHZADA
Chief Executive


S. HAIDER MEHDI
Chief Financial Officer