

## EXIDE PAKISTAN LIMITED

### CHAIRMAN'S REVIEW

I am pleased to present on behalf of the Board of Directors, un-audited Accounts of the Company for 1st Quarter ended June 30, 2017.

### The Economy

Pakistan's macroeconomic indicators continue to improve positioning the economy for a sustained upward growth trajectory. The government envisages a higher GDP growth of 6.0 percent for Financial year 2017-18 compared to 5.3 percent in the year 2016-17, as the economic benefits of the CPEC gradually materialize and past policy reforms continue to support economic potential. Current account deficit widened to an all-time high of US\$ 12.1 billion in 2016-17. Current account deficit is assuming threatening proportions and could lead to a further loss of foreign exchange reserves, depreciation in the exchange rate of the rupee and higher inflation. Pakistan's trade deficit remained US\$ 32.6 billion up by 36.3 percent as compared to US\$ 23.9 billion a year back on account of 2 percent year-on-year decline in export and 19 percent year-on-year increase in import. The government export package of Rs.180 billion fails to arrest the declining trend in export. Liquid foreign reserves decreased to US\$ 21.4 billion as on June 30, 2017 from all time high level of US\$ 23.1 billion. Remittances decreased 3.1 percent to US\$ 19.3 billion in the year 2016-17. It is the first annual decline in remittances in the last 13 years, Inflation in the country was 4.16 percent during Jul-Jun 2017 compared with 3.93 percent for the same period last year. Pakistan's per capita income rose 6.4 percent to US\$ 1,629 in the current fiscal year from US\$ 1,531 in the preceding last year. Foreign Direct Investment increased 4.6 percent to US\$ 2.14 billion in 2016-17.

### The Industry

Auto sales are a compelling sign of the growing economy. The Sector closed off financial year 2017 with higher than ever sale of passenger cars with 185,781 units sold, a growth of 2.5 percent from financial year 2016's 181,145 units' sales, over taking the boom of 2007 when cars sale stood at 180,834 units.

In commercial vehicles front, truck and buses sales grew by 34 percent in year-on-year growth selling 8829 units in financial year 2017 compared to 6587 units in financial year 2016. Farm tractors sales improved by 62 percent to 54,982 units sold in Jul-Jun 2017 as against 33,986 units sold in the same period last year. Sales of motorcycles and three wheeler improved by 20 percent from 1,385,643 units to 1,825,080 units. The prices of refined and reclaimed lead increased during the quarter under review.

### Sales

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 first quarter ended 30th June 2017, increased by only 2% from Rs.4.359 billion to Rs.4.447 billion.

### Profitability

As against 2% increase in Net Sales Revenue, cost of sales increased by 9% on account of increase in prices of imported virgin and recycled lead. Consequently, Gross Profit reduced from Rs.815.8 million in first quarter of the previous year to Rs.542.7 million. Administrative and general expenses reduced by 10% from Rs.28.8 million to Rs.25.8 million. Selling and distribution expenses increased by 15% from Rs.324.4 million to Rs.372.1 million. Financial charges increased from Rs23.5 million to Rs.30.6 million. Profit before tax reduced from Rs.404.6 million to Rs.105.1m.

Earnings per share reduced from Rs.35.42 as at 30 June 2016 to Rs.8.93 as at 30th June 2017.

### 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 and smuggled batteries and changing market dynamics. Profitability during the second quarter of the current year will also be adversely impacted owing to increase in prices of basic raw material cost. Nevertheless, your management is 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 July 29, 2017

## EXIDE PAKISTAN LIMITED

### BALANCE SHEET AS AT JUNE 30, 2017

	(Unaudited) June 30, 2017	(Audited) March 31, 2017
	-----Rupees '000-----	
<b>Property, plant and equipment</b>	1,493,021	1,442,525
<b>Long-term investments</b>	224	224
<b>Long-term loans and advances - unsecured</b>	835	844
<b>Long-term deposits</b>	33,072	34,738
<b>Current Assets</b>		
Spares	56,352	106,962
Stock-in-trade	3,486,161	3,866,881
Trade debts	2,285,083	2,331,845
Loans and advances	2,201	30,678
Short-term prepayments, deposits and other receivables	54,301	44,312
Taxation recoverable	619,210	498,644
Cash and bank balances	509,969	1,017,896
	7,013,277	7,897,218
<b>Current Liabilities and Provisions</b>		
Trade and other payables	1,937,267	1,991,805
Mark-up accrued on finances	28,758	32,638
Loan from Director	305,550	-
Short-term finance	2,062,955	3,117,456
	4,334,530	5,141,899
<b>Net Current Assets</b>	2,678,747	2,755,319
<b>Deferred Taxation</b>	3,097	3,097
<b>Total Net Assets</b>	4,202,802	4,230,553
<b>Financed by:</b>		
<b>Share Capital and Reserves</b>		
Authorised capital		
18,000,000 ordinary shares of Rs 10 each	180,000	180,000
Issued, subscribed and paid-up capital	77,686	77,686
Capital reserves	259	259
Revenue reserves	3,329,992	2,729,991
Reserve arising on amalgamation - net	25,823	25,823
Unappropriated profit	265,810	893,562
	3,699,570	3,727,321
<b>Surplus on Revaluation of Fixed Assets - net of tax</b>	503,232	503,232
<b>Shareholder's Equity</b>	4,202,802	4,230,553

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



**ARIF HASHWANI**  
Chairman



**ARSHAD SHEHZADA**  
Chief Executive



**ARIF HASHWANI**  
Chairman



**ARSHAD SHEHZADA**  
Chief Executive



**ARIF HASHWANI**  
Chairman



**ARSHAD SHEHZADA**  
Chief Executive

## EXIDE PAKISTAN LIMITED

### PROFIT AND LOSS ACCOUNT FOR THE QUARTER ENDED JUNE 30, 2017

	(Unaudited)					
	Batteries		Chemicals		Total	
	For the 1st Quarter ended June 30, 2017	For the 1st Quarter ended June 30, 2016	For the 1st Quarter ended June 30, 2017	For the 1st Quarter ended June 30, 2016	For the 1st Quarter ended June 30, 2017	For the 1st Quarter ended June 30, 2016
	(Rupees '000)					
<b>Net sales</b>	4,375,899	4,277,305	70,614	81,941	4,446,513	4,359,246
Cost of goods sold	3,845,276	3,471,400	58,500	72,036	3,903,776	3,543,436
<b>Gross profit</b>	530,623	805,905	12,114	9,905	542,737	815,810
Distribution cost	370,866	322,459	1,230	1,959	372,096	324,418
Administrative expenses	25,806	28,767	-	-	25,806	28,767
Total Operating expenses	396,672	351,226	1,230	1,959	397,902	353,185
<b>Operating profit</b>	133,951	454,679	10,884	7,946	144,835	462,625
Other operating income					664	392
					145,499	463,017
Financial charges					30,612	23,509
Other charges					9,803	34,869
					40,415	58,378
<b>Profit before taxation</b>					105,084	404,639
Provision for taxation						
- current - for the period	35,727				129,484	
- deferred	-				-	
	35,727				129,484	
<b>Profit after taxation</b>	69,357				275,155	
					(Rupees)	
<b>Earnings per share</b>	8.93				35.42	

Appropriations have been reflected in the Statement of Changes in Equity.

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

## EXIDE PAKISTAN LIMITED

### CASH FLOW STATEMENT FOR THE QUARTER ENDED JUNE 30, 2017 (UNAUDITED)

	2017	2016
	----- (Rupees '000) -----	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Cash generated from operations	501,416	2,174,919
Financial charges paid	(34,492)	(42,813)
Taxes paid	(159,392)	(87,101)
Decrease in long-term Loan	1,666	98
Decrease / (Increase) in long-term deposits	9	3,227
<b>Net cash inflow/(outflow) from operating activities</b>	309,207	2,048,330

### CASH FLOW FROM INVESTING ACTIVITIES

Payment for capital expenditure	(68,191)	(5,978)
Proceeds from sale of fixed assets	43	217
<b>Net cash outflow on investing activities</b>	(68,148)	(5,761)

### CASH FLOW FROM FINANCING ACTIVITIES

Dividends paid	(35)	-
Loan from Director	305,550	-
<b>Net cash outflow on financing activities</b>	305,515	
<b>Net Increase/(decrease) in cash and cash equivalents</b>	546,574	2,042,569
Cash and cash equivalents at the beginning of the year	(2,099,560)	(2,169,775)
<b>Cash and cash equivalents at the end of the first quarter</b>	(1,552,986)	(127,206)


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



**EXIDE PAKISTAN LIMITED**STATEMENT OF CHANGES IN EQUITY  
FOR THE QUARTER ENDED JUNE 30, 2017  
(UNAUDITED)

	Issued, subscribed and paid-up capital	Capital reserves	Revenue reserves	Reserve arising on amalgamation	Unappro- riated profit	Total
	(Rupees '000)					
Balance 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	-	-	-	-	(77,686)	(77,686)
Transfer to revenue reserve for the year ended March 31, 2016	-	-	350,000	-	(350,000)	-
Profit after taxation for the first quarter ended June 30, 2016	-	-	-	-	275,155	275,155
Balance at June 30, 2015	<u>77,686</u>	<u>259</u>	<u>2,729,991</u>	<u>25,823</u>	<u>424,779</u>	<u>3,258,538</u>
Balance 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	-	-	-	-	(97,108)	(97,108)
Transfer to revenue reserve for the year ended March 31, 2016	-	-	600,000	-	(600,000)	-
Profit after taxation for the first quarter ended June 30, 2016	-	-	-	-	69,357	69,357
Balance at June 30, 2016	<u>77,686</u>	<u>259</u>	<u>3,329,991</u>	<u>25,823</u>	<u>265,811</u>	<u>3,699,570</u>

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

  
**ARIF HASHWANI**  
 Chairman

  
**ARSHAD SHEHZADA**  
 Chief Executive

  
**ARIF HASHWANI**  
 Chairman

  
**ARSHAD SHEHZADA**  
 Chief Executive
**EXIDE PAKISTAN LIMITED**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE QUARTER ENDED JUNE 30, 2017 (UNAUDITED)

1. These financial statements are unaudited and are being submitted to shareholders in accordance with the requirements of Section 237 of the Companies Act, 2017.

2. These financial statements have been prepared in accordance with the requirements of International Accounting Standard -34 (IAS-34) "Interim Financial Reporting".

3. 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.

**4. PROPERTY, PLANT AND EQUIPMENT**

Following is the cost of operating property, plant and equipment that have been added / disposed off during the quarter ended 30 June 2017.

	Additions	Disposals
	(Rupees '000)	
Land and Building	131,536	-
Plant and machinery	7,744	-
Furniture and equipments	834	-
Vehicles	2,952	1,051
Office equipment	533	-
	<u>143,599</u>	<u>1,051</u>

**5. 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:

	2017	2016
	(Rupees '000)	
Interest charged on loan from director	-	-
Rent expense	11,065	10,615

Key management personnel received an amount of Rs. 6,875 thousand (2016: Rs. 6,430 thousand) out of which Rs. 464 thousand (2016: 1,048 thousand) relates to post employment benefits.

**6. 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.

**7. 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, 2017

**8. GENERAL**

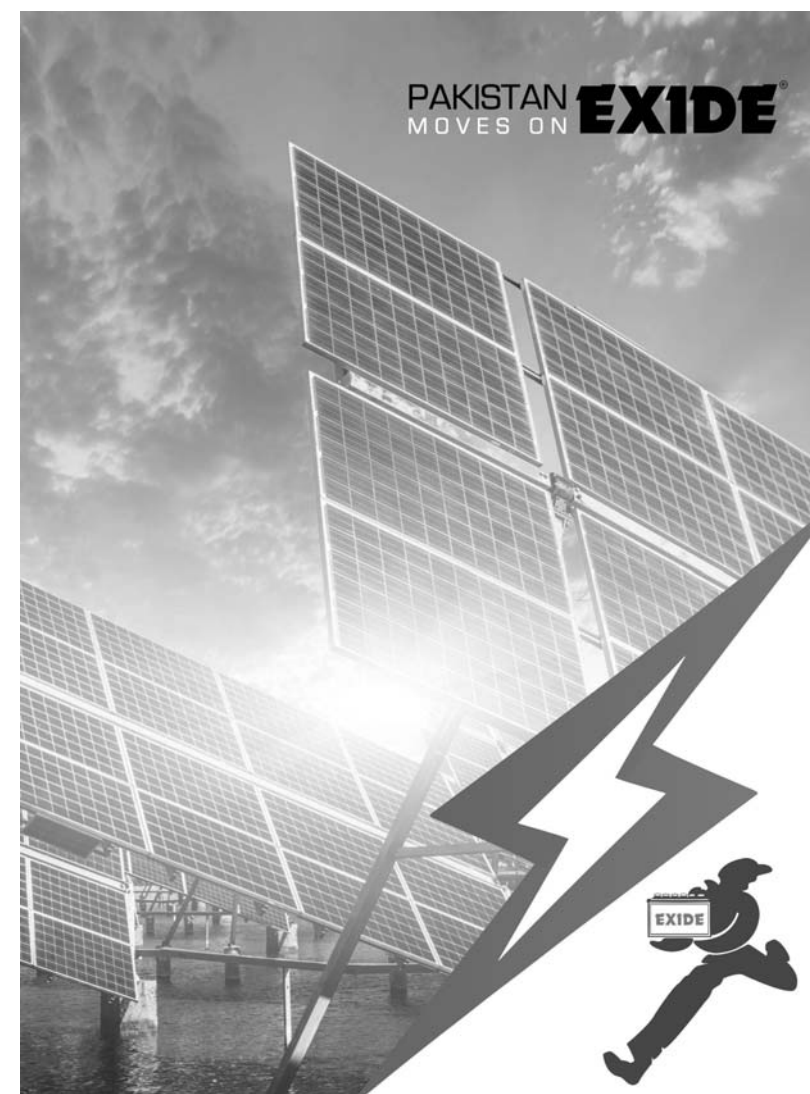
Amounts have been rounded off to the nearest thousands unless otherwise stated.

**9. DATE OF AUTHORISATION FOR ISSUE**

These financial statements were authorised for issue on July 29, 2017 by the Board of Directors of the Company.

**BOOK POST**

If undelivered please return to:

**EXIDE**  
**PAKISTAN LTD.**  
 A/44, Hill Street, Off: Manghopir Road,  
 S.I.T.E., Karachi-75700 Pakistan.

**FIRST QUARTERLY REPORT**  
**JUNE 30, 2017**
**CORPORATE PROFILE****BOARD OF DIRECTORS**

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

**CHIEF FINANCIAL OFFICER & COMPANY SECRETARY**

S. Haider Mehdi

**AUDIT COMMITTEE**

Ayub Hameed	-	Chairman
Ataf Hashwani	-	Member
S M Faig	-	Member
Salim Abdul Ali	-	Secretary

**HUMAN RESOURCES AND REMUNERATION COMMITTEE**

Arif Hashwani	-	Chairman
Ataf 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 &amp; Co.

**SOLICITORS**

Orr Dignam &amp; Co.

**REGISTERED OFFICE**

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