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, 2018.

The Economy

Pakistan economy posted a growth of 5.8 per cent for the year 2017-18, the highest in the last 13 years but fell short of the 6 per cent targeted for the year. Agriculture sector grew by 3.8% highest since 2005-06. Industry experienced a growth of 5.8%, highest since 2007-08. The service sector exhibited exceptional dynamism with a growth rate of 6.4%.

Pakistan’s trade deficit widened by almost 16 per cent to an all-time high of US $ 37.7 billion in the year 2017-18 as against US $ 32.5 billion in 2016-17. Pakistan’s current account deficit rocketed to a mammoth US $ 18 billion in FY-18 as against US $ 13 billion in the previous year. With Export not nearly picking up pace and remittances failing to match a widening current account deficit has taken toll on the Country’s economy that faces several near term challenges. Inflation hit four year high of 5.2 per cent in June 2018. Pakistan rupee has weakened by Rs.11.89 against the dollar from June 1, 2018 which has resulted around Rs.1200 billion increase in the country debts. The SBP foreign exchange reserve are back to under US $ 10 billion, at the lowest level since 2013. This indicate an import cover of 1.8 month. Foreign direct Investment increased 0.8 percent to US $ 2.67 billion.

The Industry

Auto sales are a compelling sign of the growing economy. The Sector closed off financial year 2018 with higher than ever sale of passenger cars with 216,786 units sold, a growth of 16.7 per cent from financial year 2017's 185,781 unit sales. In commercial vehicles front, truck and buses sales grew by 15.3 per cent in year-on-year growth selling 9946 units in financial year 2018 compared to 8629 units in financial year 2017. Farm tractors sales improved by 29 per cent to 70,887 units sold in Jul – Jun 2018 as against 54,992 units sold in the same period last year. Sales of motorcycles and three wheeler improved by 18 percent from 1,630,875 units to 1,929,613 units.

Profitability

Gross profit for the quarter under review decreased from Rs.542.7 million to Rs.336.3 million down by 38% due to reduced margins on account of higher raw material prices and less sale revenue. Gross profit ratio decreased from 12.2% to 11.4% of Net Sale Value.

Selling and distribution expenses reduced by 34.3% from Rs.372.1 million to Rs.244.4 million. Administration and general expenses increase by 36.1% from Rs.258.5 million to Rs.351 million. Operating profit reduced by 60.7% from Rs.144.8 million to Rs.56.8 million. Profit before tax for the period under review reduced from Rs.105.1 million to Rs.16.0 million.

Future Prospects

It is anticipated that indigenous organized battery industry will face tough competition due to capacity expansion of existing battery plants and new entrants. Profitability in future will also be adversely impacted owing to increase in prices of basic raw materials and devaluation of Pak Rupee. 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 30, 2018
NOTES TO THE FINANCIAL STATEMENTS
FOR THE QUARTER ENDED JUNE 30, 2018 (UNAUDITED)

STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED JUNE 30, 2018

UNAUDITED

Balance at March 31, 2018
75,000 259 2,023,998 23,423 1,176,750 17,217 1,357,327

Profit/loss for the period ended June 30, 2018
- - - - - 4,527 4,527

Balance at June 30, 2018
75,000 259 2,028,525 23,423 1,221,277 21,744 1,361,854

Profit for the quarter ended June 30, 2018
- - - - - (34,625) (34,625)

Balance at June 30, 2018
75,000 259 2,063,150 23,423 1,186,652 18,420 1,327,229

6. PROPERTY, PLANT AND EQUIPMENT
Following the end of operating property, plant and equipment that have been added - Depreciation during the quarter ended 30 June 2018.

Additions
Land and Buildings
- - 180,726
Plant and machinery
167 344 511
Furniture and fixtures
167 404 571
Vehicles
823 820 1,643
Other equipment
- - - 6

Total additions
1,388 1,159 2,547

Depreciation
(30,954) (30,954)

Net change in property, plant and equipment
(30,566) (30,566)

7. TRANSACTIONS WITH RELATED PARTIES
The related parties and associates undertook the common share capital, staff remuneration, directors expenses, directors fee and management expenses. Transactions with related parties and associates include salaries, commissions and interests in key management personnel, which are under the terms of their employment, are as follows:

- Interest charged on loans from directors
- 13.605

8. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES
The carrying value of all financial assets and liabilities reflected in the financial statements approximate their fair values.

9. ESTIMATES
Judgments and estimates are used in the preparation of these financial statements where the facts were used to prepare the financial statements for the year ended March 31, 2018.

10. GENERAL
- Income taxes have been computed at the current rates unless otherwise stated.

11. RESTATEMENT FOR 2018
These financial statements were restated for issues on June 30, 2018 by the Board of Directors of the Company.

Dated:
EXIDE PAKISTAN LIMITED

ARSHAD SHEHZADA
Chief Executive
S. HAIDER MEHDI
Chief Financial Officer
ARIF HASHWANI
Chairman

CORPORATE PROFILE

BOARD OF DIRECTORS
Arif Hashwani - Chairman
Asmaa Shehzad - MD/CEO
Allah Hashwani - Director
Hussain Hashwani - Director
S. Hasher Mehdi - Director
S. M. Faquad - Director
Ahmad Haymed - Director
Muhammad Kamran Shehzad - Director

CHIEF FINANCIAL OFFICER
S. Hasher Mehdi

AUDIT COMMITTEE
Ahmad Haymed - Chairman
Allah Hashwani - Member
S. M. Faquad - Member
Saim Abdul Ali - Secretary

HUMAN RESOURCES AND REMUNERATION COMMITTEE
Ahmad Haymed - Chairman
Allah Hashwani - Member
Syed Zulquarnain Rehman - Member

BANKERS
Allied Bank Limited
Bank Al Falah Limited
Bankers Pakistan Limited
Dubai Islamic Bank Pakistan Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
JS Bank Limited
MCB Bank Limited
MCB Islamic Bank Limited
Meezan 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, Pakistan.
Website: www.exide.com.pk
E-mail: exidepk@exide.com.pk

FIRST QUARTERLY REPORT JUNE 30, 2018