

PAKISTAN MOVES ON  
**EXIDE<sup>®</sup>**

**HALF YEARLY REPORT  
SEPTEMBER 30, 2018**



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## CORPORATE PROFILE

### BOARD OF DIRECTORS

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

### CHIEF FINANCIAL OFFICER

S. Haider Mehdi

### AUDIT COMMITTEE

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

### HUMAN RESOURCES AND REMUNERATION COMMITTEE

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

### BANKERS

Allied Bank Limited  
Bank Al-Falah Limited  
BankIslami 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  
Website : [www.exide.com.pk](http://www.exide.com.pk)  
E-mail : [exidepk@exide.com.pk](mailto: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, 2018.

**The Economy**

Pakistan's trade deficit narrowed 1.61 percent to US\$ 8.87 billion during the first quarter of current financial year as regulatory duties reduced non-essential imports into country. Pakistan's exports have witnessed an increase of 4.6 per cent while imports grew by 6 per cent. The increase in imports is due to the big 40 per cent jump in the oil import bill, because of the rise in international oil prices. Therefore, the growth in imports over the next three quarters will hinge largely on what happens to oil prices, especially in the aftermath of US sanctions on Iran. The current account deficit for the first quarter FY19 slightly declined by 2.5 per cent to US\$ 3.665 billion, compared to US\$ 3.761 billion reflecting the impact of 13 per cent higher remittance during the same period of last year. Pakistan rupee's downslide against the US dollar continued throughout the current calendar year, including the 8 per cent depreciation of rupees on October 9, to improve its exports but so far the outcome is the destabilization of exchange rate, which drastically reduced the purchasing power of the local currency is set to significantly increase inflation in the country. The SBP foreign exchange reserve are back to US\$ 7.7 billion, at the lowest level since 2013. This indicate an import cover of 1.25 month.

The present government since taking charge in August 2018 has been vocal to overcome the rising import bill and current account deficit which reached to alarming high level of US\$ 18.5 billion last year. After exhausting all available forums, the government finally decided to seek bailout package from the International Monetary Fund.

**The industry**

Growth of automotive sector in the preceding years was instrumental to better capacity utilization for the battery industry. Sale of locally produced Cars increased by 4 per cent to 72,563 units in July – October, 2018 as compared to 70,040 units sold during the corresponding period of last year. Truck and buses sale declined by 16 per cent from 3176 to 2663 units. Farm tractor sale declined by 8 per cent to 20,079 units from 21,757 units in the same period of last year. Sale of motor cycles and three wheelers declined by 4 per cent from 635,553 units to 612,803 units. Significant demand contraction in the auto sector is due to deteriorating macroeconomic environment, multiple price hikes since December 2017 and impact of law requiring Car purchaser's to be tax filers.

**Sale**

Net Sales Revenue during the half year ended 30th September, 2018 decreased by 28.8 percent from Rs.6.637 billion to Rs.4.724 billion on account of decrease in Sale volume and extra discounts allowed to trade to fight severe market competition.

**Profitability**

As against 28.8 percent decrease in Net Sales Revenue, cost of sales decreased by 28.4 percent on account of increase in prices of virgin and recycled lead. Consequently, Gross Profit reduced from Rs.0.693 billion to Rs.0.469 billion. Operating Loss was Rs.55.6 million as against profit of Rs.191.8 million during the corresponding period of last year. Financial charges increased from Rs.64.2 million to Rs.96.7 million. Loss before tax for the half year under review was Rs.152.3 million as compared to profit of Rs.127.5 million recorded during the same period last year. Loss per share for the period under report was Rs.25.65 as against earning of Rs.12.07 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 higher discount, increase in prices of basis raw materials, utilities charges 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 services to improve its competitiveness.

**ALTAF HASHWANI**

Chairman

Karachi November 29, 2018

**INDEPENDENT AUDITOR'S REVIEW REPORT****To the members of Exide Pakistan Limited****Report on review of Interim Financial Statements****Introduction**

We have reviewed the accompanying condensed interim statement of financial position of Exide Pakistan Limited as at September 30, 2018 and the related condensed interim statement of profit or loss, condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of this interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review. The figures of the condensed interim statement of profit or loss and condensed interim statement of profit or loss and other comprehensive income for the three months ended September 30, 2018 and 2017 have not been reviewed, as we are required to review only the cumulative figures for the six months ended September 30, 2018.

**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 statements 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 statements is not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the audit resulting in this independent auditor's report is  
Noman Abbas Sheikh.



A. F. Ferguson & Co.  
Chartered Accountants  
Karachi

Dated: November 29, 2018

**EXIDE PAKISTAN LIMITED**
**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION  
AS AT SEPTEMBER 30, 2018**


AS AT SEPTEMBER 30, 2018


	Note	(Unaudited) September 30, 2018	(Audited) March 31, 2018
		Rupees '000	
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	1,559,661	1,631,860
Long-term investments		224	224
Long-term loans		1,863	916
Long-term deposits		42,388	37,993
Deferred taxation - net		2,481	-
		<u>1,606,617</u>	<u>1,670,993</u>
<b>Current assets</b>			
Stores and spares		117,024	105,404
Stock-in-trade	6	3,449,105	2,266,384
Trade debts	7	2,171,157	3,146,701
Loans and advances		49,698	33,551
Trade deposits, short-term prepayments and other receivables		53,089	55,333
Taxation recoverable		838,001	713,417
Cash and bank balances		133,200	880,414
		<u>6,811,274</u>	<u>7,201,204</u>
<b>TOTAL ASSETS</b>		<u><b>8,417,891</b></u>	<u><b>8,872,197</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
<b>Authorised share capital</b>			
18,000,000 (March 31, 2018: 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	3,329,991
Reserve arising on amalgamation - net		25,823	25,823
Unappropriated profit		40,253	228,554
Revaluation surplus on property, plant and equipment - net of tax		<u>613,831</u>	<u>624,793</u>
		<u>4,087,843</u>	<u>4,287,106</u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Deferred taxation - net		-	9,595
<b>Current liabilities</b>			
Trade and other payables		741,805	1,377,747
Unclaimed dividend		1,224	1,224
Accrued profit / mark-up		58,338	40,644
Loan from a Director		305,550	305,550
Short-term borrowings		<u>3,223,131</u>	<u>2,850,331</u>
		<u>4,330,048</u>	<u>4,575,496</u>
<b>TOTAL LIABILITIES</b>		<u>4,330,048</u>	<u>4,585,091</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>8,417,891</b></u>	<u><b>8,872,197</b></u>
<b>CONTINGENCIES AND COMMITMENTS</b>			

8

8

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.


**ARIF HASHWANI**  
Director


**ARSHAD SHEHZADA**  
Chief Executive

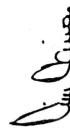

**S. HAIDER MEHDI**  
Chief Financial Officer

**EXIDE PAKISTAN LIMITED**  
**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UNAUDITED)**  
**FOR THE THREE MONTHS AND SIX MONTHS ENDED SEPTEMBER 30, 2018**

Note

	Batteries			Chemicals			Total		
	Three months ended September 30, 2018	Six months ended September 30, 2018	Three months ended September 30, 2017	Three months ended September 30, 2018	Six months ended September 30, 2018	Three months ended September 30, 2017	Three months ended September 30, 2018	Six months ended September 30, 2018	Six months ended September 30, 2017
(Rupees '000)									
Net sales	1,686,364	4,555,991	2,113,049	91,780	167,975	76,945	1,778,144	4,723,966	2,189,994
Cost of sales	1,566,684	4,112,882	1,971,555	78,686	142,000	68,544	1,645,370	4,254,882	2,040,099
Gross profit	119,680	443,109	141,494	13,094	25,975	8,401	132,774	469,084	149,895
Selling and distribution expenses	168,511	411,835	54,275	1,004	2,040	1,247	169,515	413,875	55,522
Administrative and general expenses	27,637	61,857	24,090	1,371	2,281	1,135	29,008	64,138	25,225
Other operating income	196,148	473,692	78,365	2,375	4,321	2,382	198,523	478,013	80,747
Workers' profit participation fund	(76,468)	(30,583)	63,129	10,719	21,654	6,019	11,324	13,718	4,400
Workers' welfare fund							(54,425)	4,789	73,548
Other operating charges							-	-	4,398
Operating (loss) / profit							-	-	1,853
Finance cost							39,762	60,426	11,235
(Loss) / profit before taxation							(94,187)	(55,637)	56,062
Taxation - net							58,260	96,652	33,641
(Loss) / profit after taxation							(152,447)	(152,289)	22,421
							10,151	46,974	(1,995)
							(162,598)	(199,263)	24,416
Earnings per share (basic and diluted)							(20.93)	(25.65)	3.14
									12.07

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.



**ARIF HASHWANI**  
 Director



**ARSHAD SHEHZADA**  
 Chief Executive



**S. HAIDER MEHDI**  
 Chief Financial Officer

**EXIDE PAKISTAN LIMITED**

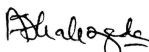
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED)  
FOR THE THREE MONTHS AND SIX MONTHS ENDED SEPTEMBER 30, 2018

	Three months ended September 30, 2018	Six months ended September 30, 2018	Three months ended September 30, 2017	Six months ended September 30, 2017
	----- (Rupees '000) -----			
(Loss) / profit for the period	(162,598)	(199,263)	24,416	93,773
Other comprehensive income for the period	-	-	-	-
Total comprehensive (loss) / income for the period	<u>(162,598)</u>	<u>(199,263)</u>	<u>24,416</u>	<u>93,773</u>

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.



**ARIF HASHWANI**  
Director



**ARSHAD SHEHZADA**  
Chief Executive



**S. HAIDER MEHDI**  
Chief Financial Officer

**CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)  
FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2018**

	Note	Six months ended September 30,	
		2018	2017
		----- (Rupees '000) -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash (used in) / generated from operations	11	(842,091)	420,044
Financial charges paid		(78,958)	(63,317)
Gratuity paid		(1,110)	(100)
Income taxes paid		(183,634)	(312,073)
Increase in long-term deposits		(4,395)	(2,753)
Decrease in long-term loans		(947)	124
<b>Net cash flows (used in) / generated from operating activities</b>		<b>(1,111,135)</b>	<b>41,925</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for capital expenditure		(14,086)	(161,865)
Proceeds from disposal of property, plant and equipment		5,207	7,124
<b>Net cash flows used in investing activities</b>		<b>(8,879)</b>	<b>(154,741)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividends paid		-	(97,139)
<b>Net cash flows used in financing activities</b>		<b>-</b>	<b>(97,139)</b>
<b>Net decrease in cash and cash equivalents during the period</b>		<b>(1,120,014)</b>	<b>(209,955)</b>
Cash and cash equivalents at the beginning of the period		(1,969,917)	(2,099,560)
<b>Cash and cash equivalents at the end of the period</b>	12	<b>(3,089,931)</b>	<b>(2,309,515)</b>

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.

  
**ARIF HASHWANI**  
Director

  
**ARSHAD SHEHZADA**  
Chief Executive

  
**S. HAIDER MEHDI**  
Chief Financial Officer

**EXIDE PAKISTAN LIMITED**
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)  
FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2018**

	Capital reserves			Revenue reserves		Revaluation surplus on property, plant and	Total
	Issued, subscribed and paid-up share	General capital reserve	Reserve arising on amalgamation - net	General revenue reserve	Unappropriated profit		
	(Rupees '000)						
Balance as at March 31, 2017	77,686	259	25,823	2,729,991	893,562	503,232	4,230,553
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)	-	-
Profit after taxation for the six months ended September 30, 2017	-	-	-	-	93,773	-	93,773
Transferred from revaluation surplus on property, plant and equipment - net of tax	-	-	-	-	6,343	(6,343)	-
Balance as at September 30, 2017	<u>77,686</u>	<u>259</u>	<u>25,823</u>	<u>3,329,991</u>	<u>296,570</u>	<u>496,889</u>	<u>4,227,218</u>
Balance as at March 31, 2018	77,686	259	25,823	3,329,991	228,554	624,793	4,287,106
Final dividend for the year ended March 31, 2018 declared subsequent to year end	-	-	-	-	-	-	-
Transfer to revenue reserves made subsequent to the year ended March 31, 2018	-	-	-	-	-	-	-
Loss after taxation for the six months ended September 30, 2018	-	-	-	-	(199,263)	-	(199,263)
Transferred from revaluation surplus on property, plant and equipment - net of tax	-	-	-	-	10,962	(10,962)	-
Balance as at September 30, 2018	<u>77,686</u>	<u>259</u>	<u>25,823</u>	<u>3,329,991</u>	<u>40,253</u>	<u>613,831</u>	<u>4,087,843</u>

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.

  
**ARIF HASHWANI**  
Director

  
**ARSHAD SHEHZADA**  
Chief Executive

  
**S. HAIDER MEHDI**  
Chief Financial Officer

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)  
FOR THE THREE MONTHS AND SIX MONTHS ENDED SEPTEMBER 30, 2018**

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.

2BASIS OF PREPARATION

2.1Statement of compliance

These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2Accounting convention

These condensed interim financial statements have been prepared under the historical cost convention except that inventories are carried at lower of cost or net realisable value, land and buildings are stated at revalued amounts and certain staff retirement benefits are carried at present value.

2.3

These condensed interim financial statements do not include all information and disclosures required in the financial statements and should be read in conjunction with the annual audited financial statements of the Company for the year ended March 31, 2018.

2.4Standards, interpretations and amendments to published accounting and reporting standards that are effective in the current period

There are certain new and amended standards and interpretations that are mandatory for the Company's 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 condensed interim financial statements.

2.5Standards, interpretations and amendments to published accounting and reporting standards that are not yet effective in current period

2.5.1The 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
- IFRS 15 - Revenue from Contracts with Customers
- IFRS 16 - Leases

July 1, 2018

July 1, 2018

January 1, 2019

The standards highlighted above may impact the financial statements of the Company on adoption. The Management is currently in the process of assessing the impact on the financial statements of the Company.

2.5.2There are certain other new and amended standards, interpretations and amendments that are mandatory for the Company's accounting periods beginning on or after April 1, 2019 but are considered not to be relevant or will not have any significant effect on the Company's operations and are, therefore, not detailed in these financial statements.

3SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual audited financial statements for the year ended March 31, 2018.

4ACCOUNTING ESTIMATES AND JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

4.1The preparation of these condensed interim financial statements in conformity with accounting and reporting 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 annual audited financial statements for the year ended March 31, 2018.

4.2The financial risk management objectives and policies are consistent with those disclosed in the annual audited financial statements of the Company for the year ended March 31, 2018.

Note

(Unaudited) September 30, 2018

(Audited) March 31, 2018

5PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets

5.1 & 5.2

1,450,585

1,501,590

Capital work-in-progress

5.3

98,080

115,608

Intangible assets

10,906

14,662

1,559,661

1,631,860

5.1The following additions have been made to operating fixed assets during the six months ended September 30, 2018:

Particulars

Leasehold land

Buildings on leasehold land

Plant and machinery

Furniture and fixtures

Office equipment and appliances

Vehicles

Total Mar - Sep 2018

Total Mar - Sep 2017

Additions

2,013

22,227

1,119

1,168

5,087

31,614

209,676

5.2The net book value of operating fixed assets disposed of during the six months ended September 30, 2018 amounted to Rs. 3.186 million (September 30, 2017: Rs. 3.774 million).

5.3Capital work-in-progress

98,080

115,608

5.3.1The following additions have been made to capital work-in-progress during the six months ended September 30, 2018:

For the six months ended September 30, 2018

(Unaudited)

(Rupees '000)

2018

2017

Buildings on leasehold land

2,013

1,336

Plant and machinery

4,059

147,254

Furniture and fixtures

1,119

1,271

Office equipment and appliances

1,168

2,464

Vehicles

5,087

9,540

14,086

161,865

5.3.2The following transfers have been made from capital work-in-progress during the six months ended September 30, 2018:

Buildings on leasehold land

2,013

131,357

Plant and machinery

556,965

452,817

Furniture and fixtures

1,119

1,271

Office equipment and appliances

1,168

2,464

Vehicles

5,087

9,540

31,614

209,676

Note

(Unaudited) September 30, 2018

(Audited) March 31, 2018

6STOCK-IN-TRADE

Raw and packing materials and components [including goods-in-transit of Rs. 234 million (March 31, 2018: Rs. 364 million)]

1,843,523

1,136,753

Work-in-process

559,875

452,817

Finished goods

3,480,363

2,295,842

31,449,105

2,266,384

6.1Provision against slow moving and obsolete stock-in-trade

29,458

27,320

Provision made during the period / year

1,800

2,138

Closing balance

31,258

29,458

7TRADE DEBTS - unsecured

Considered

2,171,157

3,146,701

Good

47,782

44,528

Doubtful

2,123,375

3,102,173

Less: provision against doubtful trade debts

7.1

2,171,157

3,146,701

7.1Provision against doubtful trade debts

Opening balance

44,528

38,407

Provision made during the period / year

3,254

6,171

Reversals made during the period / year

47,782

(50)

Closing balance

47,782

44,528

## CONTINGENCIES AND COMMITMENTS

### 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. 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 January 27, 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 these condensed interim financial statements 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 result the name of the Company was included as an accused person in the First Information Report (FIR) No. 04/2011 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 the interim 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 the said FIR no. 04/2011 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 paragraphs, 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(IANDI)/IR/2014/553 dated 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 (I/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 documents, 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 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 was 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 distribution of cash dividend or bonus shares of at least 40 percent of the accounting profit after tax for the year is not made. 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. In this respect, the Company has been granted a stay order by the Honorable Sindh High Court in respect of levy of the above tax. Accordingly, no provision has been made in these condensed interim financial statements.

Further, through the Finance Act, 2018, Section 5A of the Income Tax Ordinance, 2001 has been further amended. Through the revised provision a tax equal to 5 percent of accounting profit for the year will be levied on every public company, other than a scheduled bank and modaraba, if distribution of cash dividend of at least 20 percent of the accounting profit after tax for the year is not made. Keeping in view the stay order granted by the Honorable Sindh High Court in respect of levy of the above tax, no provision has been made in these condensed financial statements.

## 8.2

### Commitments

#### Commitments in respect of:

Capital expenditure contracted for but not incurred  
Letters of credit  
Letters of guarantee

(Unaudited)	(Audited)
September 30, 2018	March 31, 2018
970	7,287
19,646	36,402
52,984	68,206
<b>For the six months ended</b>	
<b>September 30, 2018</b>	<b>2017</b>

## 9

### COST OF SALES

Raw and packing materials consumed  
Salaries, wages and benefits  
Spare consumed  
Rent, rates and taxes  
Fuel, power and water  
Insurance  
Repairs and maintenance  
Depreciation  
Amortisation  
General expenses

(Unaudited)	(Audited)
September 30, 2018	September 30, 2017
4,184,213	4,776,220
174,912	189,157
27,308	29,096
1,215	23,244
190,600	194,053
13,042	13,460
32,074	33,891
75,463	72,777
3,482	-
30,324	30,172
548,420	585,850
452,817	513,418
(556,965)	(454,094)
(104,148)	(104,324)
4,628,485	5,421,394
706,272	1,828,928
(1,079,875)	(1,305,447)
(473,603)	(572,461)
4,254,882	5,943,875

Opening stock of work-in-process  
Closing stock of work-in-process

Cost of goods manufactured  
Opening stock of finished goods  
Closing stock of finished goods

## 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 period was according to market demand. The installed capacity of the chemical plants for the six months ended September 30, 2018 was 16,500 MT (September 30, 2017: 16,500 MT) whereas actual production during the period was 13,889 MT (September 30, 2017: 15,765 MT).

## 10

### TAXATION - NET

Current - for the period  
Deferred - net

(Unaudited)	(Audited)
September 30, 2018	September 30, 2017
59,050	82,956
(12,076)	(49,224)
46,974	33,732

## 11

### CASH (USED IN) / GENERATED FROM OPERATIONS

(Loss) / profit before taxation

#### Adjustments:

Depreciation  
Amortisation  
Gain on disposal of property, plant and equipment  
Provision against doubtful trade debts - net  
Provision against slow moving and obsolete stock-in-trade  
Provision for gratuity  
Finance cost  
Working capital changes

79,433	76,608
3,666	-
(2,021)	(3,349)
3,224	595
1,800	1,800
2,242	1,958
96,652	64,253
(874,828)	150,674
(842,091)	420,044

## 11.1

### Working capital changes (increase) / decrease in current assets

Stores and spares  
Stock-in-trade  
Trade debts  
Loans and advances  
Trade deposits, short-term prepayments and other receivables

(11,620)	(4,618)
(1,184,521)	590,927
972,290	514,232
(16,147)	5,902
1,112	(14,897)
(238,886)	1,091,551

Decrease in current liabilities  
Trade and other payables

(635,942)	(940,877)
(874,828)	150,674

## 12

### CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the statement of cash flows comprises the following statement of financial position amounts:

As at September 30, 2018	2017
(Unaudited)	(Unaudited)
(Rupees '000)	(Rupees '000)
Cash and bank balances	133,200
Short-term borrowings	(3,223,131)
Cash and cash equivalents at the end of the period	(3,089,931)
	(2,309,515)

### 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.

#### 13.1 Segment information for the six months ended September 30, 2018

	Batteries		Chemicals		Total	
	Unaudited	Audited	Unaudited	Audited	Unaudited	Audited
	September 30, 2018	March 31, 2018	September 30, 2018	March 31, 2018	September 30, 2018	March 31, 2018
	(Rupees '000)					
Segment assets	7,088,684	7,032,911	261,352	172,771	7,350,036	7,205,682
Unallocated assets					1,067,855	1,666,515
					8,417,891	8,872,197
Segment liabilities	211,617	475,638	2,851	8,541	214,468	484,179
Unallocated liabilities					4,115,580	4,100,912
					4,330,048	4,585,091

### 14 TRANSACTIONS WITH RELATED PARTIES

Transactions	Six months ended September 30, 2018				Six months ended September 30, 2017
	Subsidiary company	Other related parties	Key management personnel	Total	
	(Rupees '000)				
Transactions with key management personnel					
- Salaries and wages	-	-	9,495	9,495	13,573
- Defined benefit plan - post employment benefits	-	-	114	114	209
- Defined contribution plan	-	-	137	137	218
- Loan from a Director	-	-	-	-	305,500
Expenses charged in respect of staff contribution plan	-	4,264	-	4,264	4,366
Expenses charged in respect of staff defined benefit plan	-	2,242	-	2,242	860
Payment in respect of staff defined benefit plan	-	1,110	-	1,110	-
Rent expense	-	-	-	-	21,230
Reversal of rent expense	-	7,200	-	7,200	-
Payment of rent	-	29,145	-	29,145	38,860
Royalty expense	-	3,897	-	3,897	6,394
Payment of royalty	-	-	-	-	-
Payment made to	3	-	-	3	3
	As at September 30, 2018				As at March 31, 2018
	Subsidiary company	Other related parties	Key management personnel	Total	
	(Rupees '000)				
Balances					
Long term investment	224	-	-	224	224
Receivable from defined benefit plans	-	25,772	-	25,772	26,904
Payable to the subsidiary company	12	-	-	12	15
Loan from a Director	-	-	305,500	305,500	305,500
Payable in respect of employee benefits	-	22,648	-	22,648	25,276
Royalty payable	-	15,165	-	15,165	11,268
Rent payable	-	-	-	-	36,345

### 15 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. 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 that the entity can access at the measurement date (level 1);
- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (level 2); and
- unobservable inputs for the asset or liability (level 3).

The level in the fair value hierarchy within which the fair value measurement is categorised 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 statement of financial position.

### 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

These condensed interim financial statements were authorised for issue on November 29, 2018 by the Board of Directors of the Company.

### 18 GENERAL

Figures in these condensed interim financial statements have been rounded off to the nearest thousand rupees.

  
ARIF HASHWANI  
Director

  
ARSHAD SHEHZADA  
Chief Executive

  
S. HAIDER MEHDI  
Chief Financial Officer