

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, 2109.

The Economy

Pakistan GDP growth rate plunged from 5.8 per cent last year to 3.3 per cent against the ambitious target of 6.2 per cent in the current year. Agricultural sector grew 0.85 per cent against target of 3.8 per cent, Industrial sector grew 1.4 per cent against target of 4.6 per cent while service sector grew 4.7 per cent against target of 6.5 per cent. The growth momentum of the Pakistani economy became unsustainable due to rising macroeconomic imbalances i.e. high and increasing fiscal and current account deficits.

Pakistan trade deficit shrink 11.3 per cent from US \$ 31.824 to US \$ 28.219 billion during the financial year 2019 compared with corresponding period of last year. Pakistan imports during the period stood at US \$ 52.436 billion compared with US \$ 56.592 billion last year reflecting 7.3 per cent decline. Exports declined by 2.2 per cent to US \$ 24.218 billion. Pakistan current account deficit narrowed to US \$ 13.587 billion in July to June FY19 compared to US \$ 19.897 billion in the same period of last year depicting decline of 32 per cent. The contraction comes on the back of a reduction in trade deficit coupled with 9% increase in foreign remittances to US \$ 21.841 billion. The SBP foreign exchange reserves are US \$ 8.0 billion as on July 12, 2019, compared to US \$ 9.1 billion a year back. Foreign Direct Investment dropped by 50 per cent to US \$ 1.737 billion in the FY19 compared to US \$ 3.471 billion in the same period last year. Inflation during July – June, 2018-19 in the country was as high as 7.37 per cent compared to 3.92 per cent in the previous year and 4.16 per cent a year earlier.

The Industry

Growth of automotive sector in the preceding years was instrumental in better capacity utilization for the battery industry. Sales of locally produced cars, LTV and Jeeps declined by 7% to 240,646 units in July – Jun-19 as compared to 258,792 sold during corresponding period of last year. Trucks and Buses sales declined by 33% from 10,093 to 6763 units. Farm tractors sale declined by 29% to 50,405 from 70,887 units. Sale of motorcycles and three wheelers declined by 9% from 1,929,853 to 1,764,954 units. Local car industry sale declined from July-2018 onward due to restrictions on non-tax filer to buy new cars and frequent increase in prices. The government has subjected auto industry to unrealistic decisions in the budget by increasing Additional Custom duty, duty on CKD and enlarging the scope of Federal Excise Duty. The automotive industry is going through a Crises amid rising prices due to imposition of new higher taxes in the budget and steep currency devaluation in the previous weeks. The prices of refined and recycled lead increased considerably during the year under review.

Production

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

Sales

Net Sale Value of the Company during the quarter under review decreased by 9% from Rs.2.946 billion to Rs. 2.680 billion On account of extra discount allowed to the trade in Battery Division to fight severe competition. Company have created Solar Energy Division to market Solar Energy equipment and achieved sale of Rs.50.558 million in the quarter under review.

Profitability

Gross profit for the quarter under review decreased from Rs.336.3 million to Rs.203.926 million down by 39% due to reduced margins on account of higher raw material prices and less sale revenue. Selling and distribution expenses increased by 9.01% from 244.4 million to 266.4 million. Administration and general expenses increased by 7.4% from Rs.35.1 million to Rs.37.7 million. Operating Loss of Rs.100.2 million recorded as against profit of Rs.56.8 achieved in the corresponding period of last year. Financial charges increased by 125% from Rs.38.4 million to Rs.86.7 million on account of higher borrowings and increase in markup rates. Loss before tax for the period under review was Rs.187.1 million compared to profit before tax of Rs.0.16 million 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 and changing market dynamics. Profitability in future will also be adversely impacted owing to increase in prices of basic raw materials and devaluation of Pak rupee. In order to improve operating performance in future, the management your Company is considering. Furthermore, 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.

ALTAF HASHWANI



Chairman
Karachi – July 30, 2019

EXIDE PAKISTAN LIMITED

BALANCE SHEET AS AT JUNE 30, 2019

| | (Unaudited) June 30, 2019 | (Audited) March 31, 2019 |
|--|---------------------------------|--------------------------------|
| | -----Rupees '000----- | |
| Property, plant and equipment | 1,468,138 | 1,507,876 |
| Long-term investments | 224 | 224 |
| Long-term loans and advances - unsecured | 455 | 585 |
| Long-term deposits | 43,906 | 46,814 |
| Current assets | | |
| Spares | 106,279 | 115,987 |
| Stock-in-trade | 2,491,921 | 2,176,433 |
| Trade debts | 2,709,102 | 3,565,856 |
| Loans and advances | 33,361 | 26,480 |
| Short-term prepayments, deposits and other receivables | 56,264 | 67,872 |
| Taxation recoverable | 1,015,027 | 898,853 |
| Cash and bank balances | 884,995 | 149,083 |
| | 7,296,949 | 7,000,564 |
| Current liabilities | | |
| Trade and other payables | 1,058,477 | 1,188,297 |
| Mark-up accrued | 80,894 | 81,683 |
| Loan from Director | 305,550 | 305,550 |
| Short-term borrowings | 3,811,201 | 3,199,663 |
| | 5,256,122 | 4,775,193 |
| Net current assets | 2,040,827 | 2,225,371 |
| Deferred taxation | — | — |
| | 3,553,550 | 3,780,870 |
| Financed by: | | |
| Share Capital and Reserves | | |
| 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 | 3,329,991 | 3,329,991 |
| Reserves arising on amalgamation - net | 25,823 | 25,823 |
| Unappropriated profit / (loss) | (489,341) | (262,021) |
| | 2,944,418 | 3,171,738 |
| Surplus on revaluation of fixed assets - net of tax | 609,132 | 609,132 |
| | 3,553,550 | 3,780,870 |

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



ALTAF HASHWANI
Chairman



ARSHAD SHEHZADA
Chief Executive



S. HAIDER MEHDI
Chief Financial Officer



ALTAF HASHWANI
Chairman



ARSHAD SHEHZADA
Chief Executive



S. HAIDER MEHDI
Chief Financial Officer



ALTAF HASHWANI
Chairman



ARSHAD SHEHZADA
Chief Executive



S. HAIDER MEHDI
Chief Financial Officer

EXIDE PAKISTAN LIMITED

PROFIT AND LOSS ACCOUNT FOR THE QUARTER ENDED JUNE 30, 2019

| | Batteries | | Chemicals | | Total | |
|--------------------------------------|---|--|--|--|--|---|
| | For the 1st Quarter ended June 30, 2019 | For the 1st Quarter ended June 30, 2018 | For the 1st Quarter ended June 30, 2019 | For the 1st Quarter ended June 30, 2018 | For the 1st Quarter ended June 30, 2019 | For the 1st Quarter ended June 30, 2018 |
| Turnover | 2,583,231 | 2,869,627 | 97,572 | 76,195 | 2,680,803 | 2,945,822 |
| Cost of goods sold | 2,401,084 | 2,546,198 | 75,793 | 63,314 | 2,476,877 | 2,609,512 |
| Gross profit | 182,147 | 323,429 | 21,779 | 12,881 | 203,926 | 336,310 |
| Distribution cost | 265,331 | 243,324 | 1,101 | 1,036 | 266,432 | 244,360 |
| Administrative expenses | 36,414 | 34,220 | 1,247 | 910 | 37,661 | 35,130 |
| Total Operating expenses | 301,745 | 277,544 | 2,348 | 1,946 | 304,093 | 279,490 |
| Operating profit / (loss) | (119,598) | 45,885 | 19,431 | 10,935 | (100,167) | 56,820 |
| Other operating income | | | | | 566 | 2,394 |
| | | | | | (99,601) | 59,214 |
| Financial charges | | | | | 86,693 | 38,392 |
| Other operating charges | | | | | 814 | 20,664 |
| | | | | | 87,507 | 59,056 |
| Profit/(Loss) before taxation | | | | | (187,108) | 158 |
| Provision for taxation | | | | | | |
| - current - for the period | | | | | 40,212 | 36,823 |
| - deferred | | | | | - | - |
| | | | | | 40,212 | 36,823 |
| Profit/(Loss) after taxation | | | | | (227,320) | (36,665) |
| Earnings/(Loss) per share | | | | | (29.26) | (4.72) |

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, 2019 (UNAUDITED)

| | 2019 | 2018 |
|--|---------------------------|-------------|
| | ----- (Rupees '000) ----- | |
| CASH FLOW FROM OPERATING ACTIVITIES | | |
| Cash generated from operations | 367,499 | (522,420) |
| Financial charges paid | (87,482) | (218,067) |
| Taxes paid | (156,386) | (288,704) |
| Decrease / (Increase) in long-term deposits | 2,908 | (8,821) |
| Decrease / (Increase) in long-term loans | 130 | 331 |
| Net cash inflow/(outflow) from operating activities | 126,669 | (1,037,681) |
| CASH FLOW FROM INVESTING ACTIVITIES | | |
| Payment for capital expenditure | (2,295) | (50,780) |
| Proceeds from sale of fixed assets | - | 7,798 |
| Net cash used in investing activities | (2,295) | (42,982) |
| CASH FLOW FROM FINANCING ACTIVITIES | | |
| Dividends paid | - | - |
| Loan from Director | - | - |
| | - | - |
| Net Increase / (decrease) in cash and cash equivalents | 124,374 | (1,080,663) |
| Cash and cash equivalents at the beginning of the period | (3,050,580) | (1,969,917) |
| Cash and cash equivalents at end of the period | (2,926,206) | (3,050,580) |

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

EXIDE PAKISTAN LIMITED**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED) FOR THE QUARTER ENDED JUNE 30, 2019**

| | For the 1st Quarter ended June 30, 2019 | For the 1st Quarter ended June 30, 2018 |
|---|---|---|
| | (Rupees '000) | |
| (Loss) / profit for the period | (227,320) | (36,665) |
| Other comprehensive income for the period | - | - |
| Total comprehensive (loss) / income for the period | (227,320) | (36,665) |

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


ALTAH HASHWANI
Chairman


ARSHAD SHEHZADA
Chief Executive


S. HAIDER MEHDI
Chief Financial Officer

EXIDE PAKISTAN LIMITED**STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER ENDED JUNE 30, 2019 (UNAUDITED)**

| | Issued, subscribed and paid-up capital | Capital reserves | Revenue reserves | Reserve arising on amalgamation-net | Unappropriated profit | Revaluation surplus on Property plant and equipment | Total |
|---|--|------------------|------------------|-------------------------------------|-----------------------|---|-----------|
| | (Rupees '000) | | | | | | |
| Balance at March 31, 2018 | 77,686 | 259 | 3,329,991 | 25,823 | 228,554 | 624,793 | 4,287,106 |
| Final dividend for the year ended March 31, 2018 | - | - | - | - | - | - | - |
| Transfer to revenue reserves for the year ended March 31, 2018 | - | - | - | - | - | - | - |
| Profit/(Loss) after taxation for first quarter ended June 30, 2018 | - | - | - | - | (36,665) | - | (36,665) |
| Transferred from surplus on revaluation of property, plant and equipment - net of tax | - | - | - | - | - | - | - |
| Balance at June 30, 2018 | 77,686 | 259 | 3,329,991 | 25,823 | 191,889 | 624,793 | 4,250,441 |
| Balance at March 31, 2019 | 77,686 | 259 | 3,329,991 | 25,823 | (262,021) | 609,132 | 3,780,870 |
| Final dividend for the year ended March 31, 2019 | - | - | - | - | - | - | - |
| Transfer to revenue reserves for the year ended March 31, 2019 | - | - | - | - | - | - | - |
| Profit/(Loss) after taxation for first quarter ended June 30, 2019 | - | - | - | - | (227,320) | - | (227,320) |
| Transferred from surplus on revaluation of property, plant and equipment - net of tax | - | - | - | - | - | - | - |
| Balance at June 30, 2019 | 77,686 | 259 | 3,329,991 | 25,823 | (489,341) | 609,132 | 3,553,350 |

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


ALTAH HASHWANI
Chairman


ARSHAD SHEHZADA
Chief Executive


S. HAIDER MEHDI
Chief Financial Officer

EXIDE PAKISTAN LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE QUARTER ENDED JUNE 30, 2019 (UNAUDITED)**

- These financial statements are unaudited and are being submitted to shareholders in accordance with the requirements of section 237 of the Companies Act, 2017
- These financial statements have been prepared in accordance with the requirements of International Accounting Standard -34 (IAS-34) "Interim Financial Reporting".
- The accounting policies adopted in preparation of these financial statements are the same as those applied in the preparation of the preceding annual published financial statements of the Company.

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 June 30, 2019

| | Cost of additions/(deletions) | |
|-----------------------|-------------------------------|-----------|
| | June 2019 | June 2018 |
| | (Rupees '000) | |
| Plant and machinery | 850 | 2,397 |
| Furniture and fixture | 719 | 837 |
| Office equipment | 389 | 91 |
| Vehicles | - | 4,325 |
| | 1,958 | 7,650 |

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:

| | June 2019 | June 2018 |
|--|---------------|-----------|
| | (Rupees '000) | |
| Expenses charged in respect of staff retirement benefits | 2,243 | 2,291 |
| Payment made to the employee defined benefit plan | 780 | 750 |

Key management personnel received an amount of Rs. 9,781 thousands (2018 : Rs.6,008 thousands) out of which Rs.358 thousands (2018: Rs. 125 thousands) 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, 2019.

8. GENERAL

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

9. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on July 30, 2019 by the Board of Directors of the Company.


ALTAH HASHWANI
Chairman


ARSHAD SHEHZADA
Chief Executive


S. HAIDER MEHDI
Chief Financial Officer

**FIRST QUARTERLY REPORT JUNE 30, 2019****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 |
| Saira Soomro Najmi | - | 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
Meezan Bank Limited
Standard Chartered Bank (Pakistan) Limited
United Bank Limited

AUDITORS

A. F. Ferguson & Co.

SOLICITORS

Orr Dignam & Co.

REGISTERED OFFICE

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