

# EXIDE<sup>®</sup>



Half Yearly Report  
September 30, 2019



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# Corporate Profile

## Board Of Directors

Altaf Hashwani - Chairman  
Arshad Shehzada - MD/CEO  
Arif Hashwani  
Hussain Hashwani  
S. Haider Mehdi  
S. M. F aiq  
Ayub Hameed  
Saira Soomro Najmi

## Chief Financial Officer

S. Haider Mehdi

## Audit Committee

Ayub Hameed - Chairman  
Altaf Hashwani  
S. M. F aiq  
Salim Abdul Ali - Secretary

## Human Resource and Remuneration Committee

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

## Bankers

Allied Bank Ltd.  
Bank Alfalah Limited  
BankIslami Pakistan Ltd.  
Habib Bank Ltd.  
Habib Metropolitan Bank Limited  
JS Bank Ltd.  
MCB Bank Ltd.  
Meezan Bank Limited  
NIB Bank Limited  
Standard Chartered Bank (Pakistan) Ltd.  
United Bank Ltd.  
Dubai Islamic Bank Pakistan Limited

## Auditors

A. F. Ferguson & Co.

## Solicitors

Orr, Dignam & Co.

## Registered Office

A-44, Hill Street, Off.  
Manghopir Road, S.I.T.E., Karachi-  
Pakistan.  
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 Directors un-audited condensed interim financial of your company duly reviewed for the half year ended September 30, 2019.

## The Economy

Pakistan GDP growth rate plunged from 5.8 per cent in the FY18 to 3.3 per cent in the FY19 against the ambitious target of 6.2 per cent in FY19. GDP growth projection for the year is 3.5 per cent.

Pakistan trade deficit decreased by US \$ 3.26 billion to US \$ 6.20 billion in the first quarter of current year as compared with deficit of US \$ 9.46 billion in the same period last year. The massive fall in the trade deficit is due to government's interventions to arrest rising import bill and decline in overall demand. Pakistan's current account deficit in the first quarter of current year has plunged to US \$ 1.55 billion from US \$ 4.29 billion in the same period last year showing fall of US \$ 2.74 billion or 64 per cent. Massive contraction of 64 per cent in deficit is a positive development especially at a time when most of the other macroeconomic indicators like inflation, unemployment, poverty & outstanding Public debt are still deteriorating. If the present trend continues, the C/A deficit of the Country could be in the range of US \$ 6 to 7 billion for 2019-20 which would be a massive improvement compared to the deficit of US \$ 13.83 last year & a historic high of US \$ 19.90 billion in FY18. The improvement in the foreign sector account would reduce the need of borrowings from outside sources, check the depletion of foreign exchange reserves and stabilize the exchange rate of rupee. However certain weak area to be highlighted and analyzed with a view to wiping out the deficit in the external sector and reducing the outstanding stock of debt which is at a very high level. Debt servicing jumped to US \$ 11.99 billion in FY19 compared to US \$ 7.5 billion in FY18. Another worrying aspect is that foreign investment in the Country has dwindled to insignificant level and Country cannot increase its productivity to a satisfactory level in its absence due to very low saving rate in the domestic economy.

Higher inflation rate due to massive depreciation of rupee has compelled the SBP to increase the policy rate to 13.25 per cent, which is hurting domestic Industry, due to increase in cost of working capital. Annual consumer inflation accelerated to 11.0 per cent in October-2019 from 6.5 per cent compared in the corresponding month of last year. Remittances sent by Pakistanis working abroad dropped by 2 per cent in the first four months of current fiscal year. Total Foreign currency reserves of Country was US \$ 15.577 billion on end October-2019.

## 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 decreased by 44 per cent to 40,586 units in July – Oct-19 as compared to 72,563 units sold during corresponding period of last year. Trucks and Buses sales declined by 49 per cent from 2663 to 1369 units. Farm tractors sale declined by 39 per cent to 12,256 units from 20,079 units in the same period of last year. Sale of motorcycles and three wheelers declined by 18 per cent from 638,831 units to 524,528 units. Demand of automobiles specially Cars had plunged sharply due to skyrocketing Vehicles prices after imposition of various taxes in the budget 2019-20 and soaring interest rates, making consumers cautious buying new vehicles. Same lull in demand also exist in two wheelers, heavy vehicles and tractors.

## 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 Half year under review increased by 3.5 per cent from Rs.4.724 billion to Rs. 4.891 billion, On account of reduction in discount in Battery Division.

## Profitability

Gross profit for the half year under review increased from Rs.469.084 million to Rs.542.712 million up by 15.7 per cent due to higher sale Value and less discount. Gross profit ratio increased from 9.9 per cent to 11.1 per cent of Net Sale Value. Selling and distribution expenses increased by 9.45% from 413.9 million to 453.0 million. Administration and general expenses decreased by 5.4% from Rs.64.14 million to Rs.60.67 million. Operating profit of Rs.3.56 million recorded as against loss of Rs.55.64 achieved in the corresponding period of last year. Financial charges increased by 94.6% from Rs.96.65 million to Rs.188.05 million on account of higher borrowings and increase in markup rates. Loss before tax for the period under review was Rs.184.49 million compared to Rs.152.29 million in the Corresponding period of last year. Loss per share was Rs.33.60 compared to Rs.25.65 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 during the remaining period of current year will also be adversely impacted owing to increase in prices of basic 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 service to improve its competitiveness.



**Altaf Hashwani**

Chairman

Karachi: November 29, 2019



## پروڈکشن:

پیداوار کی سرگرمیوں میں موثر طریقے سے منصوبہ بندی کی گئی۔ مقدار اور معیار دونوں کے لحاظ سے مارکیٹ کی طلب کو دیکھتے ہوئے ان کو ایڈجسٹ کیا گیا۔ آپ کی کمپنی کی مصنوعات کے معیار کو مزید تقویت دینے کیلئے پیداوار کے عمل کے ہر مرحلے میں کوالٹی کنٹرول کے نظام کو نافذ کیا گیا۔

## سیلز:

کمپنی کی نیٹ سیل آمدنی 3.5 فیصد اضافے کے بعد 4.724 بلین روپے سے بڑھ کر 4.891 بلین روپے رہی جس کی وجہ ڈسکاؤنٹ میں کمی ہونا تھا۔

## منافع:

کمپنی کا مجموعی منافع 15.7 فیصد اضافے کے ساتھ 469.084 بلین روپے سے بڑھ کر 542.712 بلین روپے ہو گیا جس کی وجہ فروخت میں اضافہ اور ڈسکاؤنٹ میں کمی ہے۔ مجموعی منافع کا تناسب خالص فروخت کی مالیت کے 9.9 فیصد سے بڑھ کر 11.1 فیصد ہو گیا۔ فروخت اور تقسیم کے اخراجات 9.45 فیصد اضافے کے ساتھ 413.9 بلین روپے سے بڑھ کر 453.0 بلین روپے ہو گئے۔ انتظامی اور عمومی اخراجات 5.4 فیصد کمی کے ساتھ 64.14 بلین روپے سے کم ہو کر 60.67 بلین روپے ہو گئے۔ آپریٹنگ منافع 3.56 بلین روپے ریکارڈ کیا گیا جبکہ گزشتہ سال کے اسی عرصے میں 55.64 بلین روپے کا نقصان ہوا تھا۔ مالی قرضے اور شرح سود میں اضافے کی وجہ سے فنانسنگ لاگت 94.6 فیصد اضافے کے ساتھ 96.65 بلین روپے سے بڑھ کر 188.05 بلین روپے ہو گئی۔ ٹیکس سے پہلے کا نقصان 184.49 بلین روپے تھا جبکہ گزشتہ سال اسی عرصے میں 152.29 بلین روپے نقصان تھا۔ پچھلے سال 25.65 روپے کے مقابلے میں حصص کا خسارہ 33.60 روپے تھا۔

## مستقبل کے امکانات:

یہ متوقع ہے کہ مقامی منظم بیٹری صنعت پیداواری صلاحیتوں اور نئے بیٹری مینوفیکچررز اور مارکیٹ کی حرکات کی وجہ سے سخت مقابلے کا سامنا کرے گی۔ بنیادی خام مال کی قیمتوں میں اضافے، توانائی، مزدوروں کی تنخواہ اور روپے کی قدر میں کمی اس سال کے بقیہ مدت کے دوران بھی منافع پر اثر انداز ہو سکتے ہیں۔ لیکن آپ کی کمپنی کی انتظامیہ یقین دلاتی ہے کہ بیٹری کے معیار، پیداواری صلاحیت لاگت پر کنٹرول اور مسلسل توجہ مرکوز کرتے ہوئے اپنی مسابقت کو بہتر بناتے ہوئے مکمل فائدہ اٹھانے کا ارادہ رکھتی ہے۔



الطاف ہاشوانی

چیئرمین

کراچی: 29 نومبر 2019

## چیمبر مین کا جائزہ:

میں بورڈ آف ڈائریکٹرز کی جانب سے 30 ستمبر 2019 کو ختم ہونے والے نصف سال کیلئے آپ کی کمپنی کے غیر آڈٹ شدہ اکاؤنٹس کا جائزہ پیش کر رہا ہوں۔

## معشیت:

پاکستان کی جی ڈی پی کی شرح نمو مالی سال 2018 میں 5.8 فیصد سے کم ہو کر مالی سال 2019 میں 3.3 فیصد ہو گئی جبکہ مالی سال 2019 میں اس کا حدف 6.2 فیصد تھا۔ جی ڈی پی کا تخمینہ رواں سال 3.5 فیصد رکھا ہے۔

رواں سال کی پہلی سہ ماہی میں پاکستان کا تجارتی خسارہ 3.26 بلین امریکی ڈالر کی کمی سے 6.20 بلین امریکی ڈالر رہا جو گزشتہ سال اسی عرصے میں 9.46 بلین امریکی ڈالر تھا۔ تجارتی خسارے میں بڑے پیمانے میں کمی کا سبب حکومت کی بڑھتی ہوئی درآمدی بل کو روکنے اور مجموعی طلب میں کمی کی وجہ ہے۔ رواں سال کی پہلی سہ ماہی میں پاکستان جاری کھاتوں کا خسارہ 1.55 بلین امریکی ڈالر رہا جو گزشتہ سال اسی عرصے میں 4.29 بلین امریکی ڈالر تھا جس میں 2.74 بلین امریکی ڈالر یا 64 فیصد کمی واقع ہوئی۔ خسارے میں 64 فیصد کے بڑے پیمانے میں کمی ایک مثبت پیش رفت ہے خاص طور پر ایسے وقت میں جب مہنگائی، بے روزگاری، غربت اور عوامی واجبات جیسے بقیہ معاشی حالات خراب ہو رہے ہیں۔ اگر موجودہ رجحان برقرار رہا تو ملک کا کرنٹ اکاؤنٹ خسارہ 2019-2020 کیلئے 6 تا 7 بلین امریکی ڈالر ہو سکتا ہے جو گزشتہ سال 13.83 بلین امریکی ڈالر کے خسارے کے مقابلے میں ایک بہت بڑی بہتری ہوگی جو کہ مالی سال 2018 میں تاریخی بلندی کی سطح 19.90 بلین امریکی ڈالر تھا۔ غیر ملکی شعبے کے کھاتے میں بہتری سے بیرونی ذرائع سے قرض لینے کی ضرورت کم ہو جائے گی، زرمبادلہ کے ذخائر کی کمی کو روکا جاسکے گا اور روپے کی قدر کی شرح مستحکم ہوگی۔ تاہم بیرونی شعبے میں موجود خسارے کو کم کرنے اور قرضوں کے بقایا جات کو کم کرنے کے نظریے کے ساتھ مخصوص شعبے کو اجاگر اور تجزیہ کیا جائے گا۔ مالی خدمات میں رواں سال 2019 میں 11.99 بلین امریکی ڈالر ہے۔ جبکہ مالی سال 2018 یہ 7.5 بلین امریکی ڈالر تھا۔ ایک اور پریشان کن پہلو یہ ہے کہ ملکی معیشت میں بچت کی شرح بہت کم ہونے کی وجہ سے ملک میں غیر ملکی سرمایہ کاری معمولی سطح کی طرف آگئی ہے اور اس کی عدم موجودگی میں ملک اپنی پیداواری صلاحیت کو تسلی بخش سطح تک نہیں بڑھا سکتا ہے۔

سرمایہ کاری کی لاگت میں اضافے سے روپے کی قدر میں کمی نے اسٹیٹ بینک کو پالیسی کی شرح کو بڑھا کر 13.25 فیصد کرنے پر مجبور کر دیا جس سے گھریلو صنعت کاری کو نقصان پہنچا ہے۔ گزشتہ سال اکتوبر 2018 کے مقابلے میں صارفین کی افراط زر اکتوبر 2019 میں 5.5 فیصد سے بڑھ کر 11.0 فیصد ہو گئی ہے۔ بیرون ملک کام کرنے والے پاکستانیوں کی طرف سے بھیجے جانے والی ترسیلات میں رواں مالی سال کے پہلے چار ماہ میں 2 فیصد کمی واقع ہوئی ہے۔ اکتوبر 2019 کے آخر میں ملک کے زرمبادلہ کے ذخائر 15.577 بلین امریکی ڈالر تھے۔

## صنعت

پچھلے سالوں میں آٹو موٹو ویکٹر بیٹری کی صنعت میں اہم کردار ادا کرتی رہی ہے۔ جولائی تا اکتوبر 2019 کے دوران مقامی طور پر تیار ہونے والی کاروں کی فروخت 44 فیصد سے کم ہو کر 40,586 ہو گئی ہے جبکہ پچھلے سال کے اسی عرصے کے دوران فروخت ہونے والی کار کی تعداد 72,563 یونٹ تھی۔ ٹرکوں اور بسوں کی فروخت 49 فیصد سے کمی سے 2,663 یونٹ سے 1,369 یونٹ ہو گئی۔ ٹریکٹر کی فروخت 39 فیصد سے کمی سے 20,079 یونٹ سے 12,256 یونٹ ہو گئی۔ موٹر سائیکل اور تین پہیوں والی سواری کی فروخت 18 فیصد کی کمی سے 638,831 یونٹ سے 524,528 یونٹ ہو گئی۔ بجٹ 2019-2020 میں مختلف ٹیکس نافذ کرنے اور شرح سود میں اضافے کی وجہ سے گاڑیوں کی قیمتوں میں اضافے کے باعث گاڑیوں کی فروخت میں تیزی سے کمی واقع ہوئی ہے۔ جس کی وجہ سے صارفین نئی گاڑیوں کی خریداری میں احتیاط کرنے لگے۔ موٹر سائیکلوں، بھاری گاڑیوں اور ٹریکٹروں کی طلب میں بھی یہی صورت حال ہے۔

# INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Exide Pakistan Limited

Report on review of Unconsolidated Condensed Interim Financial Statements

## Introduction

We have reviewed the accompanying unconsolidated condensed interim statement of financial position of Exide Pakistan Limited ("the Company") as at September 30, 2019 and the related unconsolidated condensed interim statement of profit or loss, unconsolidated condensed interim statement of profit or loss and other comprehensive income, unconsolidated condensed interim statement of changes in equity, and unconsolidated condensed interim statement of cash flows, and notes to the unconsolidated condensed interim 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 these 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 interim financial statements based on our review. The figures for the three months ended September 30, 2019 and September 30, 2018 in the unconsolidated condensed interim statement of profit or loss and unconsolidated condensed interim statement of profit or loss and other comprehensive income have not been reviewed and we do not express a conclusion on them.

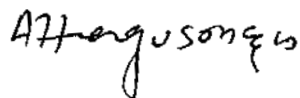
## Scope of Review

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, 2019





UNCONSOLIDATED  
**FINANCIAL  
STATEMENTS**

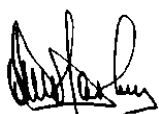
**EXIDE PAKISTAN LIMITED**  
**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**  
**AS AT SEPTEMBER 30, 2019**

|   | Note | (Unaudited)<br>September 30,<br>2019 | (Audited)<br>March 31,<br>2019 |
|---|------|--------------------------------------|--------------------------------|
| ----- Rupees '000 -----   |      |                                      |                                |
| <b>ASSETS</b>   |      |                                      |                                |
| <b>Non-current assets</b>   |      |                                      |                                |
| Fixed assets  | 5    | 1,455,942                            | 1,507,876                      |
| Long-term investments   |      | 224                                  | 224                            |
| Long-term loans   |      | 1,868                                | 585                            |
| Long-term deposits  | 6    | 38,371                               | 46,814                         |
|   |      | <u>1,496,405</u>                     | <u>1,555,499</u>               |
| <b>Current assets</b>   |      |                                      |                                |
| Stores and spares   |      | 125,615                              | 115,987                        |
| Stock-in-trade  | 7    | 2,665,494                            | 2,176,433                      |
| Trade debts   | 8    | 2,615,987                            | 3,565,856                      |
| Loans and advances  |      | 53,699                               | 26,480                         |
| Trade deposits, prepayments and other receivables                     |      | 47,946                               | 67,872                         |
| Taxation recoverable  |      | 1,075,802                            | 898,853                        |
| Cash and bank balances  |      | 84,231                               | 149,083                        |
|   |      | <u>6,668,774</u>                     | <u>7,000,564</u>               |
| <b>TOTAL ASSETS</b>   |      | <u><b>8,165,179</b></u>              | <u><b>8,556,063</b></u>        |
| <b>EQUITY AND LIABILITIES</b>   |      |                                      |                                |
| <b>SHARE CAPITAL AND RESERVES</b>                                     |      |                                      |                                |
| <b>Authorised share capital</b>                                       |      |                                      |                                |
| 18,000,000 (March 31, 2019: 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                         |
| Accumulated losses  |      | (532,080)                            | (262,021)                      |
| Revaluation surplus on property, plant and equipment - net of tax     |      | <u>600,388</u>                       | <u>609,132</u>                 |
|   |      | <u>3,502,067</u>                     | <u>3,780,870</u>               |
| <b>LIABILITIES</b>  |      |                                      |                                |
| <b>Non-current liabilities</b>  |      |                                      |                                |
| Deferred taxation - net   |      | 4,105                                | -                              |
| <b>Current liabilities</b>  |      |                                      |                                |
| Trade and other payables  |      | 1,425,443                            | 1,182,221                      |
| Unclaimed dividend  |      | 6,076                                | 6,076                          |
| Accrued profit / mark-up  |      | 96,406                               | 81,683                         |
| Loan from a Director  |      | 305,550                              | 305,550                        |
| Short-term borrowings   |      | <u>2,825,532</u>                     | <u>3,199,663</u>               |
|   |      | <u>4,659,007</u>                     | <u>4,775,193</u>               |
| <b>TOTAL LIABILITIES</b>  |      | <u>4,663,112</u>                     | <u>4,775,193</u>               |
| <b>TOTAL EQUITY AND LIABILITIES</b>                                   |      | <u><b>8,165,179</b></u>              | <u><b>8,556,063</b></u>        |

**CONTINGENCIES AND COMMITMENTS**

9

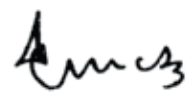
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**Altaf Hashwani**  
Chairman



**Arshad Shehzada**  
Chief Executive Officer



**S. Haider Mehdi**  
Chief Financial Officer

**EXIDE PAKISTAN LIMITED**  
**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UNAUDITED)**  
**FOR THE THREE MONTHS AND SIX MONTHS ENDED SEPTEMBER 30, 2019**

| Note   | Batteries and Others                  |                                     |                                       |                                     | Chemicals                             |                                     |                                       |                                     | Total                                 |                                     |                                       |                                     |
|--|---------------------------------------|-------------------------------------|---------------------------------------|-------------------------------------|---------------------------------------|-------------------------------------|---------------------------------------|-------------------------------------|---------------------------------------|-------------------------------------|---------------------------------------|-------------------------------------|
|  | Three months ended September 30, 2019 | Six months ended September 30, 2019 | Three months ended September 30, 2018 | Six months ended September 30, 2018 | Three months ended September 30, 2019 | Six months ended September 30, 2019 | Three months ended September 30, 2018 | Six months ended September 30, 2018 | Three months ended September 30, 2019 | Six months ended September 30, 2019 | Three months ended September 30, 2018 | Six months ended September 30, 2018 |
| (Rupees '000)  |                                       |                                     |                                       |                                     |                                       |                                     |                                       |                                     |                                       |                                     |                                       |                                     |
| <b>Net sales</b>                                       | 2,099,862                             | 4,683,093                           | 1,686,364                             | 4,555,991                           | 110,066                               | 207,638                             | 91,780                                | 167,975                             | 2,209,928                             | 4,890,731                           | 1,778,144                             | 4,723,966                           |
| <b>Cost of sales</b>                                   | 10 1,783,219                          | 4,184,303                           | 1,566,684                             | 4,112,882                           | 87,923                                | 163,716                             | 78,686                                | 142,000                             | 1,871,142                             | 4,348,019                           | 1,645,370                             | 4,254,882                           |
| <b>Gross profit</b>                                    | 316,643                               | 498,790                             | 119,680                               | 443,109                             | 22,143                                | 43,922                              | 13,094                                | 25,975                              | 338,786                               | 542,712                             | 132,774                               | 469,084                             |
| <b>Selling and distribution expenses</b>               | 185,393                               | 450,724                             | 168,511                               | 411,835                             | 1,150                                 | 2,251                               | 1,004                                 | 2,040                               | 186,543                               | 452,975                             | 169,515                               | 413,875                             |
| <b>Administrative and general expenses</b>             | 21,676                                | 58,090                              | 27,637                                | 61,857                              | 1,328                                 | 2,575                               | 1,371                                 | 2,281                               | 23,004                                | 60,665                              | 29,008                                | 64,138                              |
|  | 207,069                               | 508,814                             | 196,148                               | 473,692                             | 2,478                                 | 4,826                               | 2,375                                 | 4,321                               | 209,547                               | 513,640                             | 198,523                               | 478,013                             |
|  | 109,574                               | (10,024)                            | (76,468)                              | (30,583)                            | 19,665                                | 39,096                              | 10,719                                | 21,654                              | 129,239                               | 29,072                              | (65,749)                              | (8,929)                             |
| <b>Other income</b>                                    |                                       |                                     |                                       |                                     |                                       |                                     |                                       |                                     | 5,118                                 | 5,684                               | 11,324                                | 13,718                              |
|  |                                       |                                     |                                       |                                     |                                       |                                     |                                       |                                     | 134,357                               | 34,756                              | (54,425)                              | 4,789                               |
| <b>Other operating charges</b>                         |                                       |                                     |                                       |                                     |                                       |                                     |                                       |                                     | 30,380                                | 31,194                              | 39,762                                | 60,426                              |
| <b>Operating profit / (loss)</b>                       |                                       |                                     |                                       |                                     |                                       |                                     |                                       |                                     | 103,977                               | 3,562                               | (94,187)                              | (55,637)                            |
| <b>Finance cost</b>                                    |                                       |                                     |                                       |                                     |                                       |                                     |                                       |                                     | 101,359                               | 188,052                             | 58,260                                | 96,652                              |
| <b>Profit / (loss) before taxation</b>                 |                                       |                                     |                                       |                                     |                                       |                                     |                                       |                                     | 2,618                                 | (184,490)                           | (152,447)                             | (152,289)                           |
| <b>Taxation - net</b>                                  |                                       |                                     |                                       |                                     |                                       |                                     |                                       | 11                                  | 36,341                                | 76,553                              | 10,151                                | 46,974                              |
| <b>Loss after taxation</b>                             |                                       |                                     |                                       |                                     |                                       |                                     |                                       |                                     | (33,723)                              | (261,043)                           | (162,598)                             | (199,263)                           |
| ----- Rupees -----                                     |                                       |                                     |                                       |                                     |                                       |                                     |                                       |                                     |                                       |                                     |                                       |                                     |
| <b>Earnings / (loss) per share (basic and diluted)</b> |                                       |                                     |                                       |                                     |                                       |                                     |                                       |                                     | (4.34)                                | (33.60)                             | (20.93)                               | (25.65)                             |

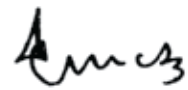
The annexed notes 1 to 19 form an integral part of these unconsolidated condensed interim financial statements.



**Altaf Hashwani**  
Chairman



**Arshad Shehzada**  
Chief Executive Officer



**S. Haider Mehdi**  
Chief Financial Officer

**EXIDE PAKISTAN LIMITED**  
**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS**  
**AND OTHER COMPREHENSIVE INCOME (UNAUDITED)**  
**FOR THE THREE MONTHS AND SIX MONTHS ENDED SEPTEMBER 30, 2019**

|  | Three months ended September 30, 2019 | Six months ended September 30, 2019 | Three months ended September 30, 2018 | Six months ended September 30, 2018 |
|--|---------------------------------------|-------------------------------------|---------------------------------------|-------------------------------------|
|  | ----- (Rupees '000) -----             |                                     |                                       |                                     |
| <b>Loss for the period</b>                     | (33,723)                              | (261,043)                           | (162,598)                             | (199,263)                           |
| Other comprehensive income for the period      | -                                     | -                                   | -                                     | -                                   |
| <b>Total comprehensive loss for the period</b> | <u>(33,723)</u>                       | <u>(261,043)</u>                    | <u>(162,598)</u>                      | <u>(199,263)</u>                    |

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**Altaf Hashwani**  
Chairman



**Arshad Shehzada**  
Chief Executive Officer

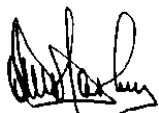


**S. Haider Mehdi**  
Chief Financial Officer

**EXIDE PAKISTAN LIMITED**  
**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)**  
**FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2019**

|   | Note | Six months ended<br>September 30,<br>2019                      2018<br>----- (Rupees '000) ----- |                    |
|---|------|--|--------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                                     |      |  |                    |
| Cash generated from / (used in) operations                                      | 12   | 755,089  | (842,091)          |
| Financial charges paid  |      | (173,329)  | (78,958)           |
| Gratuity paid   |      | (740)  | (1,110)            |
| Income taxes paid   |      | (249,397)  | (183,634)          |
| Decrease / (increase) in long-term deposits                                     |      | 7,394  | (4,395)            |
| Increase in long-term loans   |      | (1,283)  | (947)              |
| <b>Net cash flows generated from / (used in) operating activities</b>           |      | <b>337,734</b>   | <b>(1,111,135)</b> |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                                     |      |  |                    |
| Payments for capital expenditure  |      | (31,677)   | (14,086)           |
| Proceeds from disposal of property, plant and equipment - operating assets      |      | 3,222  | 5,207              |
| <b>Net cash flows used in investing activities</b>                              |      | <b>(28,455)</b>  | <b>(8,879)</b>     |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                                     |      |  |                    |
| Dividends paid  |      | -  | -                  |
| <b>Net cash flows used in financing activities</b>                              |      | <b>-</b>   | <b>-</b>           |
| <b>Net increase / (decrease) in cash and cash equivalents during the period</b> |      | <b>309,279</b>   | <b>(1,120,014)</b> |
| Cash and cash equivalents at the beginning of the period                        |      | (3,050,580)  | (1,969,917)        |
| <b>Cash and cash equivalents at the end of the period</b>                       | 13   | <b>(2,741,301)</b>   | <b>(3,089,931)</b> |

The annexed notes 1 to 19 form an integral part of these unconsolidated condensed interim financial statements.



**Altaf Hashwani**  
Chairman



**Arshad Shehzada**  
Chief Executive Officer

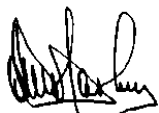


**S. Haider Mehdi**  
Chief Financial Officer

**EXIDE PAKISTAN LIMITED**  
**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**  
**FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2019**

|   | Issued,<br>subscribed<br>and paid-up<br>share<br>capital | Capital reserves              |  | Revenue reserves              |                       | Revaluation<br>surplus on<br>property,<br>plant and<br>equipment -<br>net of tax | Total            |
|---|--|-------------------------------|--|-------------------------------|-----------------------|--|------------------|
|   |  | General<br>capital<br>reserve | Reserve<br>arising on<br>amalgama-<br>tion - net | General<br>revenue<br>reserve | Accumulated<br>losses |  |                  |
| (Rupees '000)   |  |                               |  |                               |                       |  |                  |
| Balance as at March 31, 2018  | 77,686   | 259                           | 25,823   | 3,329,991                     | 228,554               | 624,793  | 4,287,106        |
| Loss after taxation for the six months<br>ended September 30, 2018                    | -  | -                             | -  | -                             | (199,263)             | -  | (199,263)        |
| Transferred from revaluation surplus on<br>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> |
| Balance as at March 31, 2019  | 77,686   | 259                           | 25,823   | 3,329,991                     | (262,021)             | 609,132  | 3,780,870        |
| Adoption of IFRS 9 (note 2.5.1)   | -  | -                             | -  | -                             | (17,760)              | -  | (17,760)         |
| Balance as at April 1, 2019 - as restated   | <u>77,686</u>  | <u>259</u>                    | <u>25,823</u>                                    | <u>3,329,991</u>              | <u>(279,781)</u>      | <u>609,132</u>   | <u>3,763,110</u> |
| Loss after taxation for the six months<br>ended September 30, 2019                    | -  | -                             | -  | -                             | (261,043)             | -  | (261,043)        |
| Transferred from revaluation surplus on<br>property, plant and equipment - net of tax | -  | -                             | -  | -                             | 8,744                 | (8,744)  | -                |
| Balance as at September 30, 2019  | <u>77,686</u>  | <u>259</u>                    | <u>25,823</u>                                    | <u>3,329,991</u>              | <u>(532,080)</u>      | <u>600,388</u>   | <u>3,502,067</u> |

The annexed notes 1 to 19 form an integral part of these unconsolidated condensed interim financial statements.



**Altaf Hashwani**  
Chairman



**Arshad Shehzada**  
Chief Executive Officer



**S. Haider Mehdi**  
Chief Financial Officer



**EXIDE PAKISTAN LIMITED**  
**NOTES TO AND FORMING PART OF THE UNCONSOLIDATED CONDENSED**  
**INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
**FOR THE THREE MONTHS AND SIX MONTHS ENDED SEPTEMBER 30, 2019**

**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 Limited. The Company is engaged in the manufacturing and sale of batteries, chemicals and acid and in trading of solar energy solutions. 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**

These unconsolidated 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.

**2.2** These unconsolidated condensed interim financial statements represent the separate condensed interim financial statements of the Company. The consolidated condensed interim financial statements of the Company and its subsidiary company are presented separately.

**2.3 Accounting convention**

These unconsolidated 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.

**2.4** These unconsolidated condensed interim financial statements do not include all information and disclosures required in a full set of financial statements and should be read in conjunction with the unconsolidated annual audited financial statements of the Company for the year ended March 31, 2019.

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

There are certain new standards, interpretations and amendments to accounting and reporting standards which are applicable for the first time on the Company's accounting periods beginning on or after April 1, 2019. The details of these standards are given below.

**2.5.1 IFRS 9 'Financial Instruments**

**2.5.1.1** Effective from April 1, 2019, the Company has adopted IFRS 9, 'Financial instruments' which has replaced IAS 39, 'Financial instruments: recognition and measurement'. The standard addresses recognition, classification, measurement and derecognition of financial assets and financial liabilities. The standard has also introduced a new impairment model for financial assets which requires recognition of impairment charge based on 'expected credit losses' (ECL) approach rather than 'incurred credit losses' approach, as previously given under IAS 39. The ECL has an impact on the assets of the Company which are exposed to credit risk.

**2.5.1.2** The adoption of IFRS 9 from April 1, 2019 resulted in changes in accounting policies and adjustments to the amounts recognised in the unconsolidated condensed interim financial statements. The new accounting policies are set out in note 3.1. However, in accordance with the transitional provisions in IFRS 9, the Company has an option of not restating comparative figures. As a result, the adjustments arising from the new impairment rules are therefore not reflected in the unconsolidated condensed interim statement of financial position as at March 31, 2019, but are recognised in the opening statement of financial position on April 1, 2019.

The following tables show the adjustments recognised for each individual line item. Line items that were not affected by the changes have not been included.

|  | As at April<br>1, 2019 - as<br>previously<br>stated | Impact of<br>adoption of<br>IFRS 9 | As at April<br>1, 2019 - as<br>restated |
|--|---|------------------------------------|---|
|  | ----- Rupees '000 -----                             |                                    |   |
| <b>ASSETS</b>  |   |                                    |   |
| <b>Non-current assets</b>  |   |                                    |   |
| Long-term deposits - increase in provision of long-term deposits               | 46,814  | (553)                              | 46,261                                  |
| <b>Current assets</b>  |   |                                    |   |
| Trade debts (net of provision) - increase in provision of doubtful trade debts | 3,565,856   | (17,207)                           | 3,548,649                               |
| <b>EQUITY AND LIABILITIES</b>  |   |                                    |   |
| <b>Share capital and reserves</b>  |   |                                    |   |
| Accumulated losses   | (262,021)   | (17,760)                           | (279,781)                               |

Bank balances which are subject to credit risk are with financial institutions having high credit ratings. Loans, advances and other receivables of the Company that are exposed to credit risk pertain to receivable from counterparties that have a history of very low defaults. Therefore, the impact of ECL would be very minimal and hence, the same has not been accounted for in these unconsolidated condensed interim financial statements.

This change in accounting policy has no impact on unconsolidated condensed interim statement of profit or loss, unconsolidated condensed interim statement of profit or loss and other comprehensive income and unconsolidated condensed interim statement of cash flows.

**2.5.1.3** The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade debts. To measure the expected credit losses, trade debts have been grouped based on days past due. On that basis, the loss allowance as at April 1, 2019 (on adoption of IFRS 9) and as at September 30, 2019 was determined as follows for trade debts:

| April 1, 2019                          | Not Yet<br>Due | 0-30<br>Days | 31-60<br>Days | 61-90<br>Days | 90-120<br>Days | 121-150<br>Days | 150+<br>Days |
|--|----------------|--------------|---------------|---------------|----------------|-----------------|--------------|
| (Rupees' 000)                          |                |              |               |               |                |                 |              |
| Expected loss rate                     | 0.25%          | 0.99%        | 1.86%         | 3.42%         | 5.40%          | 9.05%           | 13.86%       |
| Gross carrying amount -<br>trade debts | 1,502,913      | 1,249,887    | 394,766       | 46,902        | 148,982        | 40,539          | 233,929      |
| Loss allowance                         | 3,810          | 12,379       | 7,343         | 1,603         | 8,042          | 3,668           | 32,424       |
| September 30, 2019                     | Not Yet<br>Due | 0-30<br>Days | 31-60<br>Days | 61-90<br>Days | 90-120<br>Days | 121-150<br>Days | 150+<br>Days |
| (Rupees' 000)                          |                |              |               |               |                |                 |              |
| Expected loss rate                     | 0.45%          | 1.31%        | 2.19%         | 3.71%         | 5.54%          | 8.23%           | 10.92%       |
| Gross carrying amount -<br>trade debts | 1,390,500      | 33,700       | 373,383       | 409,571       | 89,005         | 132,364         | 261,976      |
| Loss allowance                         | 6,267          | 443          | 8,182         | 15,191        | 4,930          | 10,898          | 28,601       |

For all other financial assets, a life time ECL is recorded in which there has been Significant Increase in Credit Risk (SICR) from the date of initial recognition and for financial assets which are credit impaired as on reporting date. A 12 months ECL is recorded for all other financial assets which do not meet the criteria for SICR or "credit impaired" as at reporting date. To assess whether there is a significant increase in credit risk the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. The Company also considers reasonable and supportive forwarding-looking information in determination of ECL.

#### 2.5.1.4 Reclassifications of financial instruments on adoption of IFRS 9

On the date of initial application, April 1, 2019, the financial instruments of the Company were as follows, with any reclassifications noted:

|   | Carrying amount                           |                                  |            |
|---|---|----------------------------------|------------|
|   | Original - IAS 39 (Loans and Receivables) | New - IFRS 9 (At Amortised Cost) | Difference |
|   | ----- Rupees '000 -----                   |                                  |            |
| <b>Non-current assets</b>                         |   |                                  |            |
| Long-term loans                                   | 585                                       | 585                              | -          |
| Long-term deposits                                | 46,814                                    | 46,261                           | 553        |
| <b>Current assets</b>                             |   |                                  |            |
| Trade debts                                       | 3,565,856                                 | 3,548,649                        | 17,207     |
| Loans and advances                                | 26,480                                    | 26,480                           | -          |
| Trade deposits, prepayments and other receivables | 67,872                                    | 67,872                           | -          |
| Cash and bank balances                            | 149,083                                   | 149,083                          | -          |

- 2.5.2** IFRS 15, 'Revenue from contracts with customers' (effective from annual reporting periods beginning on or after July 1, 2018) - IFRS 15 replaces the previous revenue standards: IAS 18, 'Revenue', IAS 11, 'Construction Contracts', and the related interpretations on revenue recognition. IFRS 15 introduces a single five-step model for revenue recognition and establishes a comprehensive framework for recognition of revenue from contracts with customers based on a core principle that an entity should recognise revenue when the control of goods or services have been transferred to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The applicability of this standard did not have any impact on the Company during the period.

- 2.5.3** IFRS 16, 'Leases' (effective from annual reporting periods beginning on or after January 1, 2019) - IFRS 16 will affect primarily the accounting by lessees and will result in the recognition of almost all leases on statement of financial position. The standard removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases.

The accounting by lessors will not significantly change. Some differences may arise as a result of the new guidance on the definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

All the leases of the Company are classified as short-term leases under IFRS 16. Accordingly the applicability of this standard did not have any impact on the Company during the period.

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

There are certain new and amended standards, interpretations and amendments that are mandatory for the Company's accounting periods beginning on or after April 1, 2020 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 unconsolidated condensed interim financial statements.

### 3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted and the methods of computation of balances used in the preparation of these unconsolidated condensed interim financial statements are the same as those applied in the preparation of the unconsolidated annual audited financial statements of the Company for the year ended March 31, 2019, except for the changes in accounting policies as a result of adoption of IFRS 9, IFRS 15 and IFRS 16 which are as follows:

#### 3.1 Financial instruments

##### 3.1.1 Financial assets

##### 3.1.1.1 Classification and subsequent measurement

The Company has applied IFRS 9 and classifies its financial assets in the following measurement categories:

- at amortised cost;
- at fair value through other comprehensive income (FVOCI); and
- at fair value through profit or loss (FVPL).

The classification requirements for debt instruments are described below:

### **Debt instruments**

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans, government and corporate bonds and puttable instruments.

Classification and subsequent measurement of debt instruments depend on:

- the Company's business model for managing the asset; and
- the cash flow characteristics of the asset.

Based on these factors, the Company classifies its debt instruments in one of the following three measurement categories:

#### **a) At amortised cost**

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest (SPPI), and that are not designated at FVPL, are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured as described in note 3.1.1.2.

#### **b) Fair value through other comprehensive income (FVOCI)**

Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated at FVPL, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, recognised and measured as described in note 3.1.1.2, interest revenue and foreign exchange gains and losses on the instrument's amortised cost which are recognised in the statement of profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to the statement of profit or loss.

#### **c) Fair value through profit or loss (FVPL)**

Assets that do not meet the criteria for classification at amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in the statement of profit or loss in the period in which it arises.

### **3.1.1.2 Impairment**

The Company assesses on a forward-looking basis the expected credit losses (ECL) associated with its debt instrument assets carried at amortised cost and FVOCI. The Company recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

### **3.1.2 Business model**

The business model reflects how the Company manages the assets in order to generate cash flows. That is, whether the objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVPL. Factors considered by the Company in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated.

### 3.1.3 SPPI

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Company assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the 'SPPI test'). In making this assessment, the Company considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

### 3.1.4 Reclassifications

The Company reclassifies debt investments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and none occurred during the period.

## 3.2 Revenue recognition

The Company recognises revenue from sale of goods when the goods are transferred to the customer and the performance obligations are fulfilled. Goods are considered to be transferred when the control belongs to the customer.

Therefore, the Company recognises revenue based on the following principles:

- identification of customer contracts;
- identification of performance obligations;
- determination of transaction price in the contract;
- allocation of price to performance obligations; and
- recognition of revenue when the performance obligations are fulfilled.

The Company recognises revenue from sales of goods (including scrap sales) when significant risks and rewards of ownership have been transferred to buyer and the control belongs to the customer.

## 3.3 Leases

The company leases various offices and warehouses. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Until March 31, 2019, leases were classified as either finance or operating leases. Payments made under operating leases were charged to the statement of profit or loss on a straight-line basis over the period of the lease.

From April 1, 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the statement of profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in the statement of profit or loss. Short-term leases are leases with a lease term of 12 months or less.

## 4 ACCOUNTING ESTIMATES AND JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

- 4.1 The preparation of these unconsolidated 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 unconsolidated annual audited financial statements for the year ended March 31, 2019, except for the changes in accounting policies as a result of adoption of IFRS 9, IFRS 15 and IFRS 16 as stated in note 2.5 and 3.

- 4.2 The financial risk management objectives and policies are consistent with those disclosed in the unconsolidated annual audited financial statements of the Company for the year ended March 31, 2019.

|                               | Note      | (Unaudited)<br>September 30,<br>2019 | (Audited)<br>March 31,<br>2019 |
|-------------------------------|-----------|--------------------------------------|--------------------------------|
| <b>5 FIXED ASSETS</b>         |           | <b>----- (Rupees '000) -----</b>     |                                |
| Property, plant and equipment |           |                                      |                                |
| - Operating assets            | 5.1 & 5.2 | 1,430,108                            | 1,498,279                      |
| - Capital work-in-progress    | 5.3       | 21,006                               | 716                            |
| Intangible assets             |           | 4,828                                | 8,881                          |
|                               |           | <u>1,455,942</u>                     | <u>1,507,876</u>               |

- 5.1 The following additions have been made to operating assets during the six months ended September 30, 2019:

| Particulars | Buildings<br>on<br>leasehold<br>land | Plant and<br>machinery | Furniture<br>and<br>fixtures | Office<br>equipment<br>and<br>appliances | Vehicles | Total<br>Mar - Sep<br>2019 | Total<br>Mar - Sep<br>2018 |
|-------------|--------------------------------------|------------------------|------------------------------|--|----------|----------------------------|----------------------------|
|             | <b>----- (Rupees' 000) -----</b>     |                        |                              |  |          |                            |                            |
| Additions   | 437                                  | 8,034                  | 878                          | 1,164                                    | 874      | 11,387                     | 31,614                     |

- 5.2 The net book value of operating assets disposed of during the six months ended September 30, 2019 amounted to Rs. 1.502 million (September 30, 2018: Rs. 3.186 million).

|                                     | Note          | (Unaudited)<br>September 30,<br>2019 | (Audited)<br>March 31,<br>2019 |
|-------------------------------------|---------------|--------------------------------------|--------------------------------|
| <b>5.3 Capital work-in-progress</b> |               | <b>----- (Rupees '000) -----</b>     |                                |
| Plant and machinery                 | 5.3.1 & 5.3.2 | <u>21,006</u>                        | <u>716</u>                     |

- 5.3.1 The following additions have been made to capital work-in-progress during the six months ended September 30, 2019:

|                                 | <b>For the six months ended<br/>September 30,<br/>2019      2018<br/>(Unaudited)<br/>----- (Rupees '000) -----</b> |               |
|---------------------------------|--|---------------|
| Buildings on leasehold land     | 437  | 2,013         |
| Plant and machinery             | 28,324   | 4,699         |
| Furniture and fixtures          | 878  | 1,119         |
| Office equipment and appliances | 1,164  | 1,168         |
| Vehicles                        | 874  | 5,087         |
|                                 | <u>31,677</u>  | <u>14,086</u> |

- 5.3.2 The following transfers have been made from capital work-in-progress during the six months ended September 30, 2019:

|                                 | <b>For the six months ended<br/>September 30,<br/>2019      2018<br/>(Unaudited)<br/>----- (Rupees '000) -----</b> |               |
|---------------------------------|--|---------------|
| Buildings on leasehold land     | 437  | 2,013         |
| Plant and machinery             | 8,034  | 22,227        |
| Furniture and fixtures          | 878  | 1,119         |
| Office equipment and appliances | 1,164  | 1,168         |
| Vehicles                        | 874  | 5,087         |
|                                 | <u>11,387</u>  | <u>31,614</u> |



|   | Note   | (Unaudited)<br>September 30,<br>2019<br>------(Rupees '000)----- | (Audited)<br>March 31,<br>2019 |
|---|--|--|--------------------------------|
| <b>6 LONG-TERM DEPOSITS</b>   |  |  |                                |
| Utilities   |  | 19,708   | 19,708                         |
| Others  |  | 19,712   | 27,106                         |
|   |  | <u>39,420</u>  | <u>46,814</u>                  |
| Less: provision against long-term deposits  | 6.1  | <u>(1,049)</u>   | <u>-</u>                       |
|   |  | <u>38,371</u>  | <u>46,814</u>                  |
| <b>6.1 Provision against long-term deposits</b>   |  |  |                                |
| Opening balance   |  | -  | -                              |
| Impact on adoption of IFRS 9  | 2.5.1.2  | 553  | -                              |
| Provision made during the period / year   |  | 496  | -                              |
| Closing balance   |  | <u>1,049</u>   | <u>-</u>                       |
| <b>7 STOCK-IN-TRADE</b>   |  |  |                                |
| Raw and packing materials and components [including goods-in-transit<br>of Rs 201.77 million (March 31, 2019: Rs 155.82 million)] |  | 1,372,315  | 1,043,932                      |
| Work-in-process   |  | 469,136  | 440,877                        |
| Finished goods  |  | 857,350  | 724,931                        |
|   |  | <u>2,698,801</u>   | <u>2,209,740</u>               |
| Less: provision against slow moving and obsolete stock-in-trade   | 7.1  | <u>(33,307)</u>  | <u>(33,307)</u>                |
|   |  | <u>2,665,494</u>   | <u>2,176,433</u>               |
| <b>7.1 Provision against slow moving and obsolete stock-in-trade</b>  |  |  |                                |
| Opening balance   |  | 33,307   | 29,458                         |
| Provision made during the period / year   |  | -  | 4,688                          |
| Provision written back  |  | -  | (839)                          |
| Closing balance   |  | <u>33,307</u>  | <u>33,307</u>                  |
| <b>8 TRADE DEBTS - unsecured</b>  |  |  |                                |
| Considered  |  |  |                                |
| - good  |  | 2,615,987  | 3,565,856                      |
| - doubtful  |  | 74,512   | 52,062                         |
|   |  | <u>2,690,499</u>   | <u>3,617,918</u>               |
| Less: provision against doubtful trade debts  | 8.1  | <u>(74,512)</u>  | <u>(52,062)</u>                |
|   |  | <u>2,615,987</u>   | <u>3,565,856</u>               |
| <b>8.1 Provision against doubtful trade debts</b>   |  |  |                                |
| Opening balance   |  | 52,062   | 44,528                         |
| Impact on adoption of IFRS 9  | 2.5.1.2  | 17,207   | -                              |
| Provision made during the period / year   |  | 5,243  | 7,534                          |
| Closing balance   |  | <u>74,512</u>  | <u>52,062</u>                  |
| <b>9 CONTINGENCIES AND COMMITMENTS</b>  |  |  |                                |
| <b>9.1 Contingencies</b>  |  |  |                                |
| <b>9.1.1</b>  | 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 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 unconsolidated condensed interim financial statements in respect of this amount. |  |                                |

- 9.1.2** The Company received a notice from the Directorate of Intelligence and Investigation – the 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 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 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 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.

- 9.1.3** 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 (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 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.

- 9.1.4** 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, provision amounting to Rs 79.57 million for the year ended March 31, 2017 has not been made in these unconsolidated condensed interim financial statements in respect of the additional tax liability and the management expects a favourable outcome in this respect.

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, a provision amounting to Rs 9.73 million for the year ended March 31, 2018 has not been made in these unconsolidated condensed interim financial statements in respect of the additional tax liability and the management expects a favourable outcome in this respect.

- 9.1.5** The Additional Director and Deputy Director of Directorate of Intelligence & Investigation (Inland Revenue), Karachi ("the Directorate") raided the registered office of the Company under section 38 of The Sales Act, 1990. The officials collected certain information from the Company. The purpose of the raid was not disclosed by the authorities and the Company believes that the raid conducted by the Directorate was illegal. The Company had filed a constitution petition in the Honorable Sindh High Court and requested that no coercive action against the Company should be taken. The hearing of the case has been adjourned many times and could not be held after the initial directive. The next date of hearing has been fixed for December 3, 2019. The Honorable High Court of Sindh had served a notice to the Company on May 24, 2019 by giving reference to the order of the Honorable Supreme Court of Pakistan for payment of minimum of 50 percent of the tax liability calculated by the Income Tax Authorities belonging to this raid. The Company was required to pay the amount before May 30, 2019. The Company based on the advice of its legal counsel believes that the matter will be decided in the favour of the Company. No specific provision has been recognised in respect of the above matter in these unconsolidated condensed interim financial statements as the details of eventual payment, if any, and the details of claims or defendant are not raised / communicated by the department and management is confident that there will not be any potential liability on this matter.

|   | (Unaudited)<br>September 30,<br>2019 | (Audited)<br>March 31,<br>2019 |
|---|--------------------------------------|--------------------------------|
|   | ------(Rupees '000)-----             |                                |
| <b>9.2 Commitments</b>                              |                                      |                                |
| <b>Commitments in respect of:</b>                   |                                      |                                |
| Capital expenditure contracted for but not incurred | 1,230                                | 1,183                          |
| Letters of credit                                   | 293,365                              | 159,541                        |
| Letters of guarantee                                | 136,600                              | 49,225                         |
|   | <b>For the six months ended</b>      |                                |
|   | <b>September 30,</b>                 |                                |
|   | <b>2019</b>                          | <b>2018</b>                    |
|   | <b>(Unaudited)</b>                   |                                |
|   | ----- (Rupees '000) -----            |                                |
| <b>10 COST OF SALES</b>                             |                                      |                                |
| Raw and packing materials consumed                  | 3,937,800                            | 4,184,213                      |
| Salaries, wages and benefits                        | 190,763                              | 174,912                        |
| Spares consumed                                     | 25,286                               | 27,308                         |
| Rent, rates and taxes                               | 937                                  | 1,215                          |
| Fuel, power and water                               | 214,204                              | 190,600                        |
| Insurance   | 13,610                               | 13,042                         |
| Repairs and maintenance                             | 27,933                               | 32,074                         |
| Depreciation  | 74,152                               | 75,463                         |
| Amortisation  | 3,850                                | 3,482                          |
| General expenses                                    | 20,162                               | 30,324                         |
|   | 570,897                              | 548,420                        |
| Opening stock of work-in-process                    | 440,877                              | 452,817                        |
| Closing stock of work-in-process                    | (469,136)                            | (556,965)                      |
|   | (28,259)                             | (104,148)                      |
| <b>Cost of goods manufactured</b>                   | <b>4,480,438</b>                     | <b>4,628,485</b>               |
| Opening stock of finished goods                     | 724,931                              | 706,272                        |
| Closing stock of finished goods                     | (857,350)                            | (1,079,875)                    |
|   | (132,419)                            | (373,603)                      |
|   | <b>4,348,019</b>                     | <b>4,254,882</b>               |

- 10.1** 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, 2019 was 16,500 MT (September 30, 2018: 16,500 MT) whereas actual production during the period was 14,630 MT (September 30, 2018: 13,889 MT).

|   | Note | For the six months ended<br>September 30,<br>2019                      2018<br>(Unaudited)<br>----- (Rupees '000) ----- |                    |
|---|------|---|--------------------|
| <b>11 TAXATION - NET</b>  |      |   |                    |
| Current - for the period  |      | 72,448  | 59,050             |
| Deferred - net  |      | 4,105   | (12,076)           |
|   |      | <u>76,553</u>   | <u>46,974</u>      |
| <b>12 CASH GENERATED FROM / (USED IN) OPERATIONS</b>  |      |   |                    |
| Loss before taxation  |      | (184,490)   | (152,289)          |
| <b>Adjustments:</b>   |      |   |                    |
| Depreciation  |      | 78,056  | 79,433             |
| Amortisation  |      | 4,053   | 3,666              |
| Gain on disposal of property, plant and equipment - operating assets  |      | (1,720)   | (2,021)            |
| Provision against doubtful trade debts  |      | 5,243   | 3,254              |
| Provision against long-term deposits  |      | 496   | -                  |
| Provision against slow moving and obsolete stock-in-trade   |      | -   | 1,800              |
| Provision for gratuity  |      | 1,500   | 2,242              |
| Finance cost  |      | 188,052   | 96,652             |
| Working capital changes   | 12.1 | 663,899   | (874,828)          |
|   |      | <u>755,089</u>  | <u>(842,091)</u>   |
| <b>12.1 Working capital changes</b>   |      |   |                    |
| <b>(Increase) / decrease in current assets</b>  |      |   |                    |
| Stores and spares   |      | (9,628)   | (11,620)           |
| Stock-in-trade  |      | (489,061)   | (1,184,521)        |
| Trade debts   |      | 927,419   | 972,290            |
| Loans and advances  |      | (27,219)  | (16,147)           |
| Trade deposits, prepayments and other receivables   |      | 19,166  | 1,112              |
|   |      | <u>420,677</u>  | <u>(238,886)</u>   |
| <b>Increase / (decrease) in current liabilities</b>   |      |   |                    |
| Trade and other payables  |      | 243,222   | (635,942)          |
|   |      | <u>663,899</u>  | <u>(874,828)</u>   |
| <b>13 CASH AND CASH EQUIVALENTS</b>   |      |   |                    |
| Cash and cash equivalents included in the unconsolidated condensed interim statement of cash flows comprise the following unconsolidated condensed interim statement of financial position amounts: |      |   |                    |
|   |      | As at September 30,<br>2019                      2018<br>(Unaudited)<br>----- (Rupees '000) -----                       |                    |
| Cash and bank balances  |      | 84,231  | 133,200            |
| Short-term borrowings   |      | (2,825,532)   | (3,223,131)        |
| <b>Cash and cash equivalents at the end of the period</b>   |      | <u>(2,741,301)</u>  | <u>(3,089,931)</u> |

## 14 SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

### 14.1 Segment information as at September 30, 2019

|                           | Batteries and Others               |                              | Chemicals                          |                              | Total                              |                              |
|---------------------------|------------------------------------|------------------------------|------------------------------------|------------------------------|------------------------------------|------------------------------|
|                           | Unaudited<br>September<br>30, 2019 | Audited<br>March 31,<br>2019 | Unaudited<br>September<br>30, 2019 | Audited<br>March 31,<br>2019 | Unaudited<br>September<br>30, 2019 | Audited<br>March 31,<br>2019 |
| ----- (Rupees '000) ----- |                                    |                              |                                    |                              |                                    |                              |
| Segment assets            | 6,617,574                          | 7,168,566                    | 293,410                            | 265,458                      | 6,910,984                          | 7,434,024                    |
| Unallocated assets        |                                    |                              |                                    |                              | 1,254,195                          | 1,122,039                    |
|                           |                                    |                              |                                    |                              | <u>8,165,179</u>                   | <u>8,556,063</u>             |
| Segment liabilities       | 342,981                            | 310,517                      | 7,173                              | 6,266                        | 350,154                            | 316,783                      |
| Unallocated liabilities   |                                    |                              |                                    |                              | 4,312,958                          | 4,458,410                    |
|                           |                                    |                              |                                    |                              | <u>4,663,112</u>                   | <u>4,775,193</u>             |

### 14.2 Segment information for the six months ended September 30, 2019 (Unaudited)

|                                     | Batteries and Others        |                  | Chemicals                   |                | Total                       |                  |
|-------------------------------------|-----------------------------|------------------|-----------------------------|----------------|-----------------------------|------------------|
|                                     | As at September 30,<br>2019 | 2018             | As at September 30,<br>2019 | 2018           | As at September 30,<br>2019 | 2018             |
| ----- (Rupees '000) -----           |                             |                  |                             |                |                             |                  |
| Net Sales (note 14.2.1)             | 4,683,093                   | 4,555,991        | 207,638                     | 167,975        | 4,890,731                   | 4,723,966        |
| Cost of sales                       | (4,184,303)                 | (4,112,882)      | (163,716)                   | (142,000)      | (4,348,019)                 | (4,254,882)      |
| Gross profit                        | <u>498,790</u>              | <u>443,109</u>   | <u>43,922</u>               | <u>25,975</u>  | <u>542,712</u>              | <u>469,084</u>   |
| Selling and distribution expenses   | (450,724)                   | (411,835)        | (2,251)                     | (2,040)        | (452,975)                   | (413,875)        |
| Administrative and general expenses | (58,090)                    | (61,857)         | (2,575)                     | (2,281)        | (60,665)                    | (64,138)         |
|                                     | <u>(508,814)</u>            | <u>(473,692)</u> | <u>(4,826)</u>              | <u>(4,321)</u> | <u>(513,640)</u>            | <u>(478,013)</u> |
|                                     | <u>(10,024)</u>             | <u>(30,583)</u>  | <u>39,096</u>               | <u>21,654</u>  | <u>29,072</u>               | <u>(8,929)</u>   |
| Unallocated other income            |                             |                  |                             |                | 5,684                       | 13,718           |
| Unallocated other operating charges |                             |                  |                             |                | (31,194)                    | (60,426)         |
| Operating profit / (loss)           |                             |                  |                             |                | <u>3,562</u>                | <u>(55,637)</u>  |

**14.2.1** Net sales of batteries and others includes sales of solar energy solutions amounting to Rs 73.42 million (September 30, 2018: Nil).

**14.3** Certain liabilities, assets, other income and other operating charges of the Company cannot be allocated to a specific segment. Accordingly, these amounts have been classified as unallocated.

## 15 TRANSACTIONS WITH RELATED PARTIES

| Six months ended September 30, 2019                          |                          |                                |       |       | Six months ended<br>September 30,<br>2018 |
|--|--------------------------|--------------------------------|-------|-------|---|
| Subsidiary<br>company  | Other related<br>parties | Key<br>management<br>personnel | Total |       |   |
| (Rupees '000)  |                          |                                |       |       |   |
| <b>Transactions</b>  |                          |                                |       |       |   |
| Transactions with key management personnel                   |                          |                                |       |       |   |
| - Salaries and wages   | -                        | -                              | 9,319 | 9,319 | 9,495                                     |
| - Defined benefit plan - post employment<br>benefits         | -                        | -                              | 114   | 114   | 114                                       |
| - Defined contribution plan                                  | -                        | -                              | 137   | 137   | 137                                       |
| Expenses charged in respect of staff<br>contribution plan    | -                        | 4,363                          | -     | 4,363 | 4,264                                     |
| Expenses charged in respect of staff<br>defined benefit plan | -                        | 1,500                          | -     | 1,500 | 2,242                                     |
| Payment in respect of staff defined<br>benefit plan          | -                        | 739                            | -     | 739   | 1,110                                     |
| Reversal of rent expense                                     | -                        | -                              | -     | -     | 7,200                                     |
| Payment of rent  | -                        | -                              | -     | -     | 29,145                                    |
| Royalty expense  | -                        | 4,039                          | -     | 4,039 | 3,897                                     |
| Payment made to  | 6                        | -                              | -     | 6     | 3   |

| As at September 30, 2019 |                       |                          |       | As at March 31, 2019 |
|--------------------------|-----------------------|--------------------------|-------|----------------------|
| Subsidiary company       | Other related parties | Key management personnel | Total |                      |
| (Rupees '000)            |                       |                          |       |                      |

#### Balances

|  |     |        |         |         |         |
|--|-----|--------|---------|---------|---------|
| Long term investment                       | 224 | -      | -       | 224     | 224     |
| Receivable from staff defined benefit plan | -   | 23,925 | -       | 23,925  | 24,686  |
| Payable to the subsidiary company          | 5   | -      | -       | 5       | 11      |
| Loan from a Director                       | -   | -      | 305,500 | 305,500 | 305,500 |
| Payable in respect of employee benefits    | -   | 17,390 | -       | 17,390  | 21,469  |
| Royalty payable                            | -   | 11,930 | -       | 11,930  | 7,891   |

## 16 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 to be significantly different from the respective book values as the items are either short-term in nature or repriced periodically.

### 16.1 Fair value hierarchy

International Financial Reporting Standard 13, 'Fair Value Measurement' requires the Company to classify assets 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:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

Currently there are no financial assets or financial liabilities which are measured at their fair value in the unconsolidated condensed interim statement of financial position.

## 17 CORRESPONDING FIGURES

No rearrangements or reclassifications have been made in these unconsolidated condensed interim financial statements during the current period.

## 18 DATE OF AUTHORISATION FOR ISSUE

These unconsolidated condensed interim financial statements were authorised for issue on **November 29, 2019** by the Board of Directors of the Company.

## 19 GENERAL

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



**Altaf Hashwani**  
Chairman



**Arshad Shehzada**  
Chief Executive Officer



**S. Haider Mehdi**  
Chief Financial Officer





CONSOLIDATED  
**FINANCIAL  
STATEMENTS**

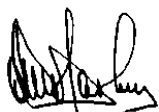
**EXIDE PAKISTAN LIMITED**  
**CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**  
**AS AT SEPTEMBER 30, 2019**

|   | Note | (Unaudited)<br>September 30,<br>2019 | (Audited)<br>March 31,<br>2019 |
|---|------|--------------------------------------|--------------------------------|
|   |      | ----- Rupees '000 -----              |                                |
| <b>ASSETS</b>   |      |                                      |                                |
| <b>Non-current assets</b>   |      |                                      |                                |
| Fixed assets  | 5    | 1,455,942                            | 1,507,876                      |
| Long-term loans   |      | 1,868                                | 585                            |
| Long-term deposits  | 6    | 38,371                               | 46,814                         |
|   |      | <u>1,496,181</u>                     | <u>1,555,275</u>               |
| <b>Current assets</b>   |      |                                      |                                |
| Stores and spares   |      | 125,615                              | 115,987                        |
| Stock-in-trade  | 7    | 2,665,494                            | 2,176,433                      |
| Trade debts   | 8    | 2,615,987                            | 3,565,856                      |
| Loans and advances  |      | 53,699                               | 26,480                         |
| Trade deposits, prepayments and other receivables                     |      | 47,946                               | 67,872                         |
| Taxation recoverable  |      | 1,075,802                            | 898,853                        |
| Cash and bank balances  |      | 84,233                               | 149,085                        |
|   |      | <u>6,668,776</u>                     | <u>7,000,566</u>               |
| <b>TOTAL ASSETS</b>   |      | <u><u>8,164,957</u></u>              | <u><u>8,555,841</u></u>        |
| <b>EQUITY AND LIABILITIES</b>   |      |                                      |                                |
| <b>SHARE CAPITAL AND RESERVES</b>                                     |      |                                      |                                |
| <b>Authorised share capital</b>                                       |      |                                      |                                |
| 18,000,000 (March 31, 2019: 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                         |
| Accumulated losses  |      | (533,126)                            | (263,039)                      |
| Revaluation surplus on property, plant and equipment - net of tax     |      | <u>600,388</u>                       | <u>609,132</u>                 |
|   |      | <u>3,501,021</u>                     | <u>3,779,852</u>               |
| <b>LIABILITIES</b>  |      |                                      |                                |
| <b>Non-current liabilities</b>  |      |                                      |                                |
| Deferred taxation - net   |      | 4,105                                | -                              |
| <b>Current liabilities</b>  |      |                                      |                                |
| Trade and other payables  |      | 1,425,542                            | 1,182,292                      |
| Unclaimed dividend  |      | 6,076                                | 6,076                          |
| Accrued profit / mark-up  |      | 96,406                               | 81,683                         |
| Loan from a Director  |      | 306,275                              | 306,275                        |
| Short-term borrowings   |      | 2,825,532                            | 3,199,663                      |
|   |      | <u>4,659,831</u>                     | <u>4,775,989</u>               |
| <b>TOTAL LIABILITIES</b>  |      | <u>4,663,936</u>                     | <u>4,775,989</u>               |
| <b>TOTAL EQUITY AND LIABILITIES</b>                                   |      | <u><u>8,164,957</u></u>              | <u><u>8,555,841</u></u>        |
| <b>CONTINGENCIES AND COMMITMENTS</b>                                  |      |                                      |                                |

9

9

The annexed notes 1 to 19 form an integral part of these consolidated condensed interim financial statements.



**Altaf Hashwani**  
Chairman



**Arshad Shehzada**  
Chief Executive Officer




**S. Haider Mehdi**  
Chief Financial Officer

**EXIDE PAKISTAN LIMITED**  
**CONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UNAUDITED)**  
**FOR THE THREE MONTHS AND SIX MONTHS ENDED SEPTEMBER 30, 2019**

| Note  | Batteries and Others                  |                                     |                                       |                                     | Chemicals                             |                                     |                                       |                                     | Total                                 |                                     |                                       |                                     |
|---|---------------------------------------|-------------------------------------|---------------------------------------|-------------------------------------|---------------------------------------|-------------------------------------|---------------------------------------|-------------------------------------|---------------------------------------|-------------------------------------|---------------------------------------|-------------------------------------|
|   | Three months ended September 30, 2019 | Six months ended September 30, 2019 | Three months ended September 30, 2018 | Six months ended September 30, 2018 | Three months ended September 30, 2019 | Six months ended September 30, 2019 | Three months ended September 30, 2018 | Six months ended September 30, 2018 | Three months ended September 30, 2019 | Six months ended September 30, 2019 | Three months ended September 30, 2018 | Six months ended September 30, 2018 |
| ----- (Rupees '000) -----                       |                                       |                                     |                                       |                                     |                                       |                                     |                                       |                                     |                                       |                                     |                                       |                                     |
| Net sales                                       | 2,099,862                             | 4,683,093                           | 1,686,364                             | 4,555,991                           | 110,066                               | 207,638                             | 91,780                                | 167,975                             | 2,209,928                             | 4,890,731                           | 1,778,144                             | 4,723,966                           |
| Cost of sales                                   | 10 1,783,219                          | 4,184,303                           | 1,566,684                             | 4,112,882                           | 87,923                                | 163,716                             | 78,686                                | 142,000                             | 1,871,142                             | 4,348,019                           | 1,645,370                             | 4,254,882                           |
| Gross profit                                    | 316,643                               | 498,790                             | 119,680                               | 443,109                             | 22,143                                | 43,922                              | 13,094                                | 25,975                              | 338,786                               | 542,712                             | 132,774                               | 469,084                             |
| Selling and distribution expenses               | 185,393                               | 450,724                             | 168,511                               | 411,835                             | 1,150                                 | 2,251                               | 1,004                                 | 2,040                               | 186,543                               | 452,975                             | 169,515                               | 413,875                             |
| Administrative and general expenses             | 21,676                                | 58,090                              | 27,637                                | 61,857                              | 1,328                                 | 2,575                               | 1,371                                 | 2,281                               | 23,004                                | 60,665                              | 29,008                                | 64,138                              |
|   | 207,069                               | 508,814                             | 196,148                               | 473,692                             | 2,478                                 | 4,826                               | 2,375                                 | 4,321                               | 209,547                               | 513,640                             | 198,523                               | 478,013                             |
| Other income                                    | 109,574                               | (10,024)                            | (76,468)                              | (30,583)                            | 19,665                                | 39,096                              | 10,719                                | 21,654                              | 129,239                               | 29,072                              | (65,749)                              | (8,929)                             |
|   |                                       |                                     |                                       |                                     |                                       |                                     |                                       |                                     | 5,118                                 | 5,684                               | 11,324                                | 13,718                              |
| Other operating charges                         |                                       |                                     |                                       |                                     |                                       |                                     |                                       |                                     | 134,357                               | 34,756                              | (54,425)                              | 4,789                               |
| Operating profit / (loss)                       |                                       |                                     |                                       |                                     |                                       |                                     |                                       |                                     | 30,397                                | 31,222                              | 39,776                                | 60,451                              |
| Finance cost                                    |                                       |                                     |                                       |                                     |                                       |                                     |                                       |                                     | 103,960                               | 3,534                               | (94,201)                              | (55,662)                            |
| Profit / (loss) before taxation                 |                                       |                                     |                                       |                                     |                                       |                                     |                                       |                                     | 101,359                               | 188,052                             | 58,260                                | 96,652                              |
| Taxation - net                                  |                                       |                                     |                                       |                                     |                                       |                                     |                                       |                                     | 2,601                                 | (184,518)                           | (152,461)                             | (152,314)                           |
| Loss after taxation                             |                                       |                                     |                                       |                                     |                                       |                                     |                                       |                                     | 11 36,341                             | 76,553                              | 10,151                                | 46,974                              |
|   |                                       |                                     |                                       |                                     |                                       |                                     |                                       |                                     | (33,740)                              | (261,071)                           | (162,612)                             | (199,288)                           |
| ----- Rupees -----                              |                                       |                                     |                                       |                                     |                                       |                                     |                                       |                                     |                                       |                                     |                                       |                                     |
| Earnings / (loss) per share (basic and diluted) |                                       |                                     |                                       |                                     |                                       |                                     |                                       |                                     | (4.34)                                | (33.61)                             | (20.93)                               | (25.65)                             |

The annexed notes 1 to 19 form an integral part of these consolidated condensed interim financial statements.

  
**Altaf Hashwani**  
Chairman

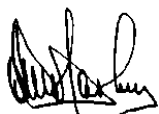
  
**Arshad Shehzada**  
Chief Executive Officer

  
**S. Haider Mehdi**  
Chief Financial Officer

**EXIDE PAKISTAN LIMITED**  
**CONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS**  
**AND OTHER COMPREHENSIVE INCOME (UNAUDITED)**  
**FOR THE THREE MONTHS AND SIX MONTHS ENDED SEPTEMBER 30, 2019**

|  | Three months ended September 30, 2019 | Six months ended September 30, 2019 | Three months ended September 30, 2018 | Six months ended September 30, 2018 |
|--|---------------------------------------|-------------------------------------|---------------------------------------|-------------------------------------|
|  | ----- (Rupees '000) -----             |                                     |                                       |                                     |
| <b>Loss for the period</b>                     | (33,740)                              | (261,071)                           | (162,612)                             | (199,288)                           |
| Other comprehensive income for the period      | -                                     | -                                   | -                                     | -                                   |
| <b>Total comprehensive loss for the period</b> | <u>(33,740)</u>                       | <u>(261,071)</u>                    | <u>(162,612)</u>                      | <u>(199,288)</u>                    |

The annexed notes 1 to 19 form an integral part of these consolidated condensed interim financial statements.



**Altaf Hashwani**  
Chairman



**Arshad Shehzada**  
Chief Executive Officer




**S. Haider Mehdi**  
Chief Financial Officer

**EXIDE PAKISTAN LIMITED**  
**CONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)**  
**FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2019**

|   | Note | Six months ended<br>September 30, |                    |
|---|------|-----------------------------------|--------------------|
|   |      | 2019                              | 2018               |
|   |      | ----- (Rupees '000) -----         |                    |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                                     |      |                                   |                    |
| Cash generated from / (used in) operations                                      | 12   | 755,089                           | (842,092)          |
| Financial charges paid  |      | (173,329)                         | (78,958)           |
| Gratuity paid   |      | (740)                             | (1,110)            |
| Income taxes paid   |      | (249,397)                         | (183,634)          |
| Decrease / (increase) in long-term deposits                                     |      | 7,394                             | (4,395)            |
| Increase in long-term loans   |      | (1,283)                           | (947)              |
| <b>Net cash flows generated from / (used in) operating activities</b>           |      | <b>337,734</b>                    | <b>(1,111,136)</b> |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                                     |      |                                   |                    |
| Payments for capital expenditure  |      | (31,677)                          | (14,086)           |
| Proceeds from disposal of property, plant and equipment - operating assets      |      | 3,222                             | 5,207              |
| <b>Net cash flows used in investing activities</b>                              |      | <b>(28,455)</b>                   | <b>(8,879)</b>     |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                                     |      |                                   |                    |
| Dividends paid  |      | -                                 | -                  |
| <b>Net cash flows used in financing activities</b>                              |      | <b>-</b>                          | <b>-</b>           |
| <b>Net increase / (decrease) in cash and cash equivalents during the period</b> |      | <b>309,279</b>                    | <b>(1,120,015)</b> |
| Cash and cash equivalents at the beginning of the period                        |      | (3,050,578)                       | (1,969,911)        |
| <b>Cash and cash equivalents at the end of the period</b>                       | 13   | <b>(2,741,299)</b>                | <b>(3,089,926)</b> |

The annexed notes 1 to 19 form an integral part of these consolidated condensed interim financial statements.



**Altaf Hashwani**  
Chairman



**Arshad Shehzada**  
Chief Executive Officer



**S. Haider Mehdi**  
Chief Financial Officer

**EXIDE PAKISTAN LIMITED**  
**CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**  
**FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2019**

|   | Issued,<br>subscribed<br>and paid-up<br>share<br>capital | Capital reserves              |  | Revenue reserves              |                       | Revaluation<br>surplus on<br>property,<br>plant and<br>equipment -<br>net of tax | Total            |
|---|--|-------------------------------|--|-------------------------------|-----------------------|--|------------------|
|   |  | General<br>capital<br>reserve | Reserve<br>arising on<br>amalgama-<br>tion - net | General<br>revenue<br>reserve | Accumulated<br>losses |  |                  |
|   | (Rupees '000)  |                               |  |                               |                       |  |                  |
| Balance as at March 31, 2018  | 77,686   | 259                           | 25,823   | 3,329,991                     | 227,593               | 624,793  | 4,286,145        |
| Loss after taxation for the six months<br>ended September 30, 2018                    | -  | -                             | -  | -                             | (199,288)             | -  | (199,288)        |
| Transferred from revaluation surplus on<br>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>39,267</u>         | <u>613,831</u>   | <u>4,086,857</u> |
| Balance as at March 31, 2019  | 77,686   | 259                           | 25,823   | 3,329,991                     | (263,039)             | 609,132  | 3,779,852        |
| Adoption of IFRS 9 (note 2.4.1)   | -  | -                             | -  | -                             | (17,760)              | -  | (17,760)         |
| Balance as at April 1, 2019 - as restated   | <u>77,686</u>  | <u>259</u>                    | <u>25,823</u>                                    | <u>3,329,991</u>              | <u>(280,799)</u>      | <u>609,132</u>   | <u>3,762,092</u> |
| Loss after taxation for the six months<br>ended September 30, 2019                    | -  | -                             | -  | -                             | (261,071)             | -  | (261,071)        |
| Transferred from revaluation surplus on<br>property, plant and equipment - net of tax | -  | -                             | -  | -                             | 8,744                 | (8,744)  | -                |
| Balance as at September 30, 2019  | <u>77,686</u>  | <u>259</u>                    | <u>25,823</u>                                    | <u>3,329,991</u>              | <u>(533,126)</u>      | <u>600,388</u>   | <u>3,501,021</u> |

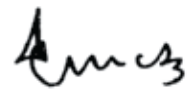
The annexed notes 1 to 19 form an integral part of these consolidated condensed interim financial statements.



**Altaf Hashwani**  
Chairman



**Arshad Shehzada**  
Chief Executive Officer



**S. Haider Mehdi**  
Chief Financial Officer



**EXIDE PAKISTAN LIMITED**  
**NOTES TO AND FORMING PART OF THE CONSOLIDATED CONDENSED**  
**INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
**FOR THE THREE MONTHS AND SIX MONTHS ENDED SEPTEMBER 30, 2019**

**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 Limited. The Company is engaged in the manufacturing and sale of batteries, chemicals and acid and in trading of solar energy solutions. 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**

These consolidated 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.

**2.2 Accounting convention**

These consolidated 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 consolidated condensed interim financial statements do not include all information and disclosures required in a full set of financial statements and should be read in conjunction with the consolidated annual audited financial statements of the Company for the year ended March 31, 2019.

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

There are certain new standards, interpretations and amendments to accounting and reporting standards which are applicable for the first time on the Company's accounting periods beginning on or after April 1, 2019. The details of these standards are given below.

**2.4.1 IFRS 9 'Financial Instruments**

**2.4.1.1** Effective from April 1, 2019, the Company has adopted IFRS 9, 'Financial instruments' which has replaced IAS 39, 'Financial instruments: recognition and measurement'. The standard addresses recognition, classification, measurement and derecognition of financial assets and financial liabilities. The standard has also introduced a new impairment model for financial assets which requires recognition of impairment charge based on 'expected credit losses' (ECL) approach rather than 'incurred credit losses' approach, as previously given under IAS 39. The ECL has an impact on the assets of the Company which are exposed to credit risk.

**2.4.1.2** The adoption of IFRS 9 from April 1, 2019 resulted in changes in accounting policies and adjustments to the amounts recognised in the consolidated condensed interim financial statements. The new accounting policies are set out in note 3.1. However, in accordance with the transitional provisions in IFRS 9, the Company has an option of not restating comparative figures. As a result, the adjustments arising from the new impairment rules are therefore not reflected in the consolidated condensed interim statement of financial position as at March 31, 2019, but are recognised in the opening statement of financial position on April 1, 2019.

The following tables show the adjustments recognised for each individual line item. Line items that were not affected by the changes have not been included.

|   | As at April<br>1, 2019 - as<br>previously<br>stated | Impact of<br>adoption of<br>IFRS 9 | As at April<br>1, 2019 - as<br>restated |
|---|---|------------------------------------|---|
|   | ----- Rupees '000 -----                             |                                    |   |
| <b>ASSETS</b>   |   |                                    |   |
| <b>Non-current assets</b>   |   |                                    |   |
| Long-term deposits - increase in provision of long-term deposits                  | 46,814  | (553)                              | 46,261                                  |
| <b>Current assets</b>   |   |                                    |   |
| Trade debts (net of provision) - increase in provision of<br>doubtful trade debts | 3,565,856   | (17,207)                           | 3,548,649                               |
| <b>EQUITY AND LIABILITIES</b>   |   |                                    |   |
| <b>Share capital and reserves</b>   |   |                                    |   |
| Accumulated losses  | (263,039)   | (17,760)                           | (280,799)                               |

Bank balances which are subject to credit risk are with financial institutions having high credit ratings. Loans, advances and other receivables of the Company that are exposed to credit risk pertain to receivable from counterparties that have a history of very low defaults. Therefore, the impact of ECL would be very minimal and hence, the same has not been accounted for in these consolidated condensed interim financial statements.

This change in accounting policy has no impact on consolidated condensed interim statement of profit or loss, consolidated condensed interim statement of profit or loss and other comprehensive income and consolidated condensed interim statement of cash flows.

**2.4.1.3** The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade debts. To measure the expected credit losses, trade debts have been grouped based on days past due. On that basis, the loss allowance as at April 1, 2019 (on adoption of IFRS 9) and as at September 30, 2019 was determined as follows for trade debts:

| April 1, 2019                       | Not Yet Due | 0-30 Days | 31-60 Days | 61-90 Days | 90-120 Days | 121-150 Days | 150+ Days |
|-------------------------------------|-------------|-----------|------------|------------|-------------|--------------|-----------|
| (Rupees' 000)                       |             |           |            |            |             |              |           |
| Expected loss rate                  | 0.25%       | 0.99%     | 1.86%      | 3.42%      | 5.40%       | 9.05%        | 13.86%    |
| Gross carrying amount - trade debts | 1,502,913   | 1,249,887 | 394,766    | 46,902     | 148,982     | 40,539       | 233,929   |
| Loss allowance                      | 3,810       | 12,379    | 7,343      | 1,603      | 8,042       | 3,668        | 32,424    |
| September 30, 2019                  | Not Yet Due | 0-30 Days | 31-60 Days | 61-90 Days | 90-120 Days | 121-150 Days | 150+ Days |
| (Rupees' 000)                       |             |           |            |            |             |              |           |
| Expected loss rate                  | 0.45%       | 1.31%     | 2.19%      | 3.71%      | 5.54%       | 8.23%        | 10.92%    |
| Gross carrying amount - trade debts | 1,390,500   | 33,700    | 373,383    | 409,571    | 89,005      | 132,364      | 261,976   |
| Loss allowance                      | 6,267       | 443       | 8,182      | 15,191     | 4,930       | 10,898       | 28,601    |

For all other financial assets, a life time ECL is recorded in which there has been Significant Increase in Credit Risk (SICR) from the date of initial recognition and for financial assets which are credit impaired as on reporting date. A 12 months ECL is recorded for all other financial assets which do not meet the criteria for SICR or "credit impaired" as at reporting date. To assess whether there is a significant increase in credit risk the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. The Company also considers reasonable and supportive forwarding-looking information in determination of ECL.

#### 2.4.1.4 Reclassifications of financial instruments on adoption of IFRS 9

On the date of initial application, April 1, 2019, the financial instruments of the Company were as follows, with any reclassifications noted:

|   | Carrying amount                           |                                  |            |
|---|---|----------------------------------|------------|
|   | Original - IAS 39 (Loans and Receivables) | New - IFRS 9 (At Amortised Cost) | Difference |
|   | ----- Rupees '000 -----                   |                                  |            |
| <b>Non-current assets</b>                         |   |                                  |            |
| Long-term loans                                   | 585                                       | 585                              | -          |
| Long-term deposits                                | 46,814                                    | 46,261                           | 553        |
| <b>Current assets</b>                             |   |                                  |            |
| Trade debts                                       | 3,565,856                                 | 3,548,649                        | 17,207     |
| Loans and advances                                | 26,480                                    | 26,480                           | -          |
| Trade deposits, prepayments and other receivables | 67,872                                    | 67,872                           | -          |
| Cash and bank balances                            | 149,085                                   | 149,085                          | -          |

- 2.4.2** IFRS 15, 'Revenue from contracts with customers' (effective from annual reporting periods beginning on or after July 1, 2018) - IFRS 15 replaces the previous revenue standards: IAS 18, 'Revenue', IAS 11, 'Construction Contracts', and the related interpretations on revenue recognition. IFRS 15 introduces a single five-step model for revenue recognition and establishes a comprehensive framework for recognition of revenue from contracts with customers based on a core principle that an entity should recognise revenue when the control of goods or services have been transferred to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The applicability of this standard did not have any impact on the Company during the period.

- 2.4.3** IFRS 16, 'Leases' (effective from annual reporting periods beginning on or after January 1, 2019) - IFRS 16 will affect primarily the accounting by lessees and will result in the recognition of almost all leases on statement of financial position. The standard removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases.

The accounting by lessors will not significantly change. Some differences may arise as a result of the new guidance on the definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

All the leases of the Company are classified as short-term leases under IFRS 16. Accordingly the applicability of this standard did not have any impact on the Company during the period.

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

There are certain new and amended standards, interpretations and amendments that are mandatory for the Company's accounting periods beginning on or after April 1, 2020 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 consolidated condensed interim financial statements.

### 3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted and the methods of computation of balances used in the preparation of these consolidated condensed interim financial statements are the same as those applied in the preparation of the consolidated annual audited financial statements of the Company for the year ended March 31, 2019, except for the changes in accounting policies as a result of adoption of IFRS 9, IFRS 15 and IFRS 16 which are as follows:

#### 3.1 Financial instruments

##### 3.1.1 Financial assets

##### 3.1.1.1 Classification and subsequent measurement

The Company has applied IFRS 9 and classifies its financial assets in the following measurement categories:

- at amortised cost;
- at fair value through other comprehensive income (FVOCI); and
- at fair value through profit or loss (FVPL).

The classification requirements for debt instruments are described below:

### **Debt instruments**

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans, government and corporate bonds and puttable instruments.

Classification and subsequent measurement of debt instruments depend on:

- the Company's business model for managing the asset; and
- the cash flow characteristics of the asset.

Based on these factors, the Company classifies its debt instruments in one of the following three measurement categories:

#### **a) At amortised cost**

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest (SPPI), and that are not designated at FVPL, are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured as described in note 3.1.1.2.

#### **b) Fair value through other comprehensive income (FVOCI)**

Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated at FVPL, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, recognised and measured as described in note 3.1.1.2, interest revenue and foreign exchange gains and losses on the instrument's amortised cost which are recognised in the statement of profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to the statement of profit or loss.

#### **c) Fair value through profit or loss (FVPL)**

Assets that do not meet the criteria for classification at amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in the statement of profit or loss in the period in which it arises.

### **3.1.1.2 Impairment**

The Company assesses on a forward-looking basis the expected credit losses (ECL) associated with its debt instrument assets carried at amortised cost and FVOCI. The Company recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

### **3.1.2 Business model**

The business model reflects how the Company manages the assets in order to generate cash flows. That is, whether the objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVPL. Factors considered by the Company in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated.

### 3.1.3 SPPI

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Company assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the 'SPPI test'). In making this assessment, the Company considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

### 3.1.4 Reclassifications

The Company reclassifies debt investments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and none occurred during the period.

## 3.2 Revenue recognition

The Company recognises revenue from sale of goods when the goods are transferred to the customer and the performance obligations are fulfilled. Goods are considered to be transferred when the control belongs to the customer.

Therefore, the Company recognises revenue based on the following principles:

- identification of customer contracts;
- identification of performance obligations;
- determination of transaction price in the contract;
- allocation of price to performance obligations; and
- recognition of revenue when the performance obligations are fulfilled.

The Company recognises revenue from sales of goods (including scrap sales) when significant risks and rewards of ownership have been transferred to buyer and the control belongs to the customer.

## 3.3 Leases

The company leases various offices and warehouses. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Until March 31, 2019, leases were classified as either finance or operating leases. Payments made under operating leases were charged to the statement of profit or loss on a straight-line basis over the period of the lease.

From April 1, 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the statement of profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in the statement of profit or loss. Short-term leases are leases with a lease term of 12 months or less.

## 4 ACCOUNTING ESTIMATES AND JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

- 4.1 The preparation of these consolidated 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 consolidated annual audited financial statements for the year ended March 31, 2019, except for the changes in accounting policies as a result of adoption of IFRS 9, IFRS 15 and IFRS 16 as stated in note 2.5 and 3.

- 4.2 The financial risk management objectives and policies are consistent with those disclosed in the consolidated annual audited financial statements of the Company for the year ended March 31, 2019.

|                               | Note      | (Unaudited)<br>September 30,<br>2019 | (Audited)<br>March 31,<br>2019 |
|-------------------------------|-----------|--------------------------------------|--------------------------------|
|                               |           | ------(Rupees '000)-----             |                                |
| <b>5 FIXED ASSETS</b>         |           |                                      |                                |
| Property, plant and equipment |           |                                      |                                |
| - Operating assets            | 5.1 & 5.2 | 1,430,108                            | 1,498,279                      |
| - Capital work-in-progress    | 5.3       | 21,006                               | 716                            |
| Intangible assets             |           | 4,828                                | 8,881                          |
|                               |           | <u>1,455,942</u>                     | <u>1,507,876</u>               |

- 5.1 The following additions have been made to operating assets during the six months ended September 30, 2019:

| Particulars | Buildings<br>on<br>leasehold<br>land | Plant and<br>machinery | Furniture<br>and<br>fixtures | Office<br>equipment<br>and<br>appliances | Vehicles | Total<br>Mar - Sep<br>2019 | Total<br>Mar - Sep<br>2018 |
|-------------|--------------------------------------|------------------------|------------------------------|--|----------|----------------------------|----------------------------|
|             | (Rupees' 000)                        |                        |                              |  |          |                            |                            |
| Additions   | 437                                  | 8,034                  | 878                          | 1,164                                    | 874      | 11,387                     | 31,614                     |

- 5.2 The net book value of operating assets disposed of during the six months ended September 30, 2019 amounted to Rs. 1.502 million (September 30, 2018: Rs. 3.186 million).

|                                     | Note          | (Unaudited)<br>September 30,<br>2019 | (Audited)<br>March 31,<br>2019 |
|-------------------------------------|---------------|--------------------------------------|--------------------------------|
|                                     |               | ------(Rupees '000)-----             |                                |
| <b>5.3 Capital work-in-progress</b> |               |                                      |                                |
| Plant and machinery                 | 5.3.1 & 5.3.2 | <u>21,006</u>                        | <u>716</u>                     |

- 5.3.1 The following additions have been made to capital work-in-progress during the six months ended September 30, 2019:

|                                 | For the six months ended<br>September 30,<br>2019 |  | 2018          |  |
|---------------------------------|---|--|---------------|--|
|                                 | (Unaudited)                                       |  |               |  |
|                                 | ------(Rupees '000)-----                          |  |               |  |
| Buildings on leasehold land     | 437   |  | 2,013         |  |
| Plant and machinery             | 28,324  |  | 4,699         |  |
| Furniture and fixtures          | 878   |  | 1,119         |  |
| Office equipment and appliances | 1,164   |  | 1,168         |  |
| Vehicles                        | 874   |  | 5,087         |  |
|                                 | <u>31,677</u>                                     |  | <u>14,086</u> |  |

- 5.3.2 The following transfers have been made from capital work-in-progress during the six months ended September 30, 2019:

|                                 | For the six months ended<br>September 30,<br>2019 |  | 2018          |  |
|---------------------------------|---|--|---------------|--|
|                                 | (Unaudited)                                       |  |               |  |
|                                 | ------(Rupees '000)-----                          |  |               |  |
| Buildings on leasehold land     | 437   |  | 2,013         |  |
| Plant and machinery             | 8,034   |  | 22,227        |  |
| Furniture and fixtures          | 878   |  | 1,119         |  |
| Office equipment and appliances | 1,164   |  | 1,168         |  |
| Vehicles                        | 874   |  | 5,087         |  |
|                                 | <u>11,387</u>                                     |  | <u>31,614</u> |  |

|   | Note   | (Unaudited)<br>September 30,<br>2019 | (Audited)<br>March 31,<br>2019 |
|---|--|--------------------------------------|--------------------------------|
|   |  | ------(Rupees '000)-----             |                                |
| <b>6 LONG-TERM DEPOSITS</b>   |  |                                      |                                |
| Utilities   |  | 19,708                               | 19,708                         |
| Others  |  | 19,712                               | 27,106                         |
|   |  | <u>39,420</u>                        | <u>46,814</u>                  |
| Less: provision against long-term deposits  | 6.1  | <u>(1,049)</u>                       | <u>-</u>                       |
|   |  | <u>38,371</u>                        | <u>46,814</u>                  |
| <b>6.1 Provision against long-term deposits</b>   |  |                                      |                                |
| Opening balance   |  | -                                    | -                              |
| Impact on adoption of IFRS 9  | 2.4.1.2  | 553                                  | -                              |
| Provision made during the period / year   |  | 496                                  | -                              |
| Closing balance   |  | <u>1,049</u>                         | <u>-</u>                       |
| <b>7 STOCK-IN-TRADE</b>   |  |                                      |                                |
| Raw and packing materials and components [including goods-in-transit<br>of Rs 201.77 million (March 31, 2019: Rs 155.82 million)] |  | 1,372,315                            | 1,043,932                      |
| Work-in-process   |  | 469,136                              | 440,877                        |
| Finished goods  |  | 857,350                              | 724,931                        |
|   |  | <u>2,698,801</u>                     | <u>2,209,740</u>               |
| Less: provision against slow moving and obsolete stock-in-trade   | 7.1  | <u>(33,307)</u>                      | <u>(33,307)</u>                |
|   |  | <u>2,665,494</u>                     | <u>2,176,433</u>               |
| <b>7.1 Provision against slow moving and obsolete stock-in-trade</b>  |  |                                      |                                |
| Opening balance   |  | 33,307                               | 29,458                         |
| Provision made during the period / year   |  | -                                    | 4,688                          |
| Provision written back  |  | -                                    | (839)                          |
| Closing balance   |  | <u>33,307</u>                        | <u>33,307</u>                  |
| <b>8 TRADE DEBTS - unsecured</b>  |  |                                      |                                |
| Considered  |  |                                      |                                |
| - good  |  | 2,615,987                            | 3,565,856                      |
| - doubtful  |  | 74,512                               | 52,062                         |
|   |  | <u>2,690,499</u>                     | <u>3,617,918</u>               |
| Less: provision against doubtful trade debts  | 8.1  | <u>(74,512)</u>                      | <u>(52,062)</u>                |
|   |  | <u>2,615,987</u>                     | <u>3,565,856</u>               |
| <b>8.1 Provision against doubtful trade debts</b>   |  |                                      |                                |
| Opening balance   |  | 52,062                               | 44,528                         |
| Impact on adoption of IFRS 9  | 2.4.1.2  | 17,207                               | -                              |
| Provision made during the period / year   |  | 5,243                                | 7,534                          |
| Closing balance   |  | <u>74,512</u>                        | <u>52,062</u>                  |
| <b>9 CONTINGENCIES AND COMMITMENTS</b>  |  |                                      |                                |
| <b>9.1 Contingencies</b>  |  |                                      |                                |
| <b>9.1.1</b>  | 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 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 consolidated condensed interim financial statements in respect of this amount. |                                      |                                |



- 9.1.2** The Company received a notice from the Directorate of Intelligence and Investigation – the 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 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 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 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.

- 9.1.3** 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 (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 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.

- 9.1.4** 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, provision amounting to Rs 79.57 million for the year ended March 31, 2017 has not been made in these consolidated condensed interim financial statements in respect of the additional tax liability and the management expects a favourable outcome in this respect.

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, a provision amounting to Rs 9.73 million for the year ended March 31, 2018 has not been made in these consolidated condensed interim financial statements in respect of the additional tax liability and the management expects a favourable outcome in this respect.

**9.1.5** The Additional Director and Deputy Director of Directorate of Intelligence & Investigation (Inland Revenue), Karachi ("the Directorate") raided the registered office of the Company under section 38 of The Sales Act, 1990. The officials collected certain information from the Company. The purpose of the raid was not disclosed by the authorities and the Company believes that the raid conducted by the Directorate was illegal. The Company had filed a constitution petition in the Honorable Sindh High Court and requested that no coercive action against the Company should be taken. The hearing of the case has been adjourned many times and could not be held after the initial directive. The next date of hearing has been fixed for December 3, 2019. The Honorable High Court of Sindh had served a notice to the Company on May 24, 2019 by giving reference to the order of the Honorable Supreme Court of Pakistan for payment of minimum of 50 percent of the tax liability calculated by the Income Tax Authorities belonging to this raid. The Company was required to pay the amount before May 30, 2019. The Company based on the advice of its legal counsel believes that the matter will be decided in the favour of the Company. No specific provision has been recognised in respect of the above matter in these consolidated condensed interim financial statements as the details of eventual payment, if any, and the details of claims or defendant are not raised / communicated by the department and management is confident that there will not be any potential liability on this matter.

|   | (Unaudited)<br>September 30,<br>2019   | (Audited)<br>March 31,<br>2019 |
|---|--|--------------------------------|
|   | ------(Rupees '000)-----   |                                |
| <b>9.2 Commitments</b>                              |  |                                |
| <b>Commitments in respect of:</b>                   |  |                                |
| Capital expenditure contracted for but not incurred | 1,230  | 1,183                          |
| Letters of credit                                   | 293,365  | 159,541                        |
| Letters of guarantee                                | 136,600  | 49,225                         |
|   | <b>For the six months ended</b><br><b>September 30,</b><br><b>2019                      2018</b><br><b>(Unaudited)</b><br><b>----- (Rupees '000) -----</b> |                                |
| <b>10 COST OF SALES</b>                             |  |                                |
| Raw and packing materials consumed                  | 3,937,800  | 4,184,213                      |
| Salaries, wages and benefits                        | 190,763  | 174,912                        |
| Spares consumed                                     | 25,286   | 27,308                         |
| Rent, rates and taxes                               | 937  | 1,215                          |
| Fuel, power and water                               | 214,204  | 190,600                        |
| Insurance   | 13,610   | 13,042                         |
| Repairs and maintenance                             | 27,933   | 32,074                         |
| Depreciation  | 74,152   | 75,463                         |
| Amortisation  | 3,850  | 3,482                          |
| General expenses                                    | 20,162   | 30,324                         |
|   | 570,897  | 548,420                        |
| Opening stock of work-in-process                    | 440,877  | 452,817                        |
| Closing stock of work-in-process                    | (469,136)  | (556,965)                      |
|   | (28,259)   | (104,148)                      |
| <b>Cost of goods manufactured</b>                   | 4,480,438  | 4,628,485                      |
| Opening stock of finished goods                     | 724,931  | 706,272                        |
| Closing stock of finished goods                     | (857,350)  | (1,079,875)                    |
|   | (132,419)  | (373,603)                      |
|   | 4,348,019  | 4,254,882                      |

- 10.1** 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, 2019 was 16,500 MT (September 30, 2018: 16,500 MT) whereas actual production during the period was 14,630 MT (September 30, 2018: 13,889 MT).

|   | Note | For the six months ended<br>September 30,<br>2019                      2018<br>(Unaudited)<br>----- (Rupees '000) ----- |                    |
|---|------|---|--------------------|
| <b>11 TAXATION - NET</b>  |      |   |                    |
| Current - for the period  |      | 72,448  | 59,050             |
| Deferred - net  |      | 4,105   | (12,076)           |
|   |      | <u>76,553</u>   | <u>46,974</u>      |
| <b>12 CASH GENERATED FROM / (USED IN) OPERATIONS</b>  |      |   |                    |
| Loss before taxation  |      | (184,518)   | (152,314)          |
| <b>Adjustments:</b>   |      |   |                    |
| Depreciation  |      | 78,056  | 79,433             |
| Amortisation  |      | 4,053   | 3,666              |
| Gain on disposal of property, plant and equipment - operating assets  |      | (1,720)   | (2,021)            |
| Provision against doubtful trade debts  |      | 5,243   | 3,254              |
| Provision against long-term deposits  |      | 496   | -                  |
| Provision against slow moving and obsolete stock-in-trade   |      | -   | 1,800              |
| Provision for gratuity  |      | 1,500   | 2,242              |
| Finance cost  |      | 188,052   | 96,652             |
| Working capital changes   | 12.1 | 663,927   | (874,804)          |
|   |      | <u>755,089</u>  | <u>(842,092)</u>   |
| <b>12.1 Working capital changes</b>   |      |   |                    |
| <b>(Increase) / decrease in current assets</b>  |      |   |                    |
| Stores and spares   |      | (9,628)   | (11,620)           |
| Stock-in-trade  |      | (489,061)   | (1,184,521)        |
| Trade debts   |      | 927,419   | 972,290            |
| Loans and advances  |      | (27,219)  | (16,147)           |
| Trade deposits, prepayments and other receivables   |      | 19,166  | 1,112              |
|   |      | <u>420,677</u>  | <u>(238,886)</u>   |
| <b>Increase / (decrease) in current liabilities</b>   |      |   |                    |
| Trade and other payables  |      | 243,250   | (635,918)          |
|   |      | <u>663,927</u>  | <u>(874,804)</u>   |
| <b>13 CASH AND CASH EQUIVALENTS</b>   |      |   |                    |
| Cash and cash equivalents included in the consolidated condensed interim statement of cash flows comprise the following consolidated condensed interim statement of financial position amounts: |      |   |                    |
|   |      | As at September 30,<br>2019                      2018<br>(Unaudited)<br>----- (Rupees '000) -----                       |                    |
| Cash and bank balances  |      | 84,233  | 133,206            |
| Short-term borrowings   |      | (2,825,532)   | (3,223,131)        |
| <b>Cash and cash equivalents at the end of the period</b>   |      | <u>(2,741,299)</u>  | <u>(3,089,926)</u> |

## 14 SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

### 14.1 Segment information as at September 30, 2019

|                         | Batteries and Others               |                              | Chemicals                          |                              | Total                              |                              |
|-------------------------|------------------------------------|------------------------------|------------------------------------|------------------------------|------------------------------------|------------------------------|
|                         | Unaudited<br>September<br>30, 2019 | Audited<br>March 31,<br>2019 | Unaudited<br>September<br>30, 2019 | Audited<br>March 31,<br>2019 | Unaudited<br>September<br>30, 2019 | Audited<br>March 31,<br>2019 |
| (Rupees '000)           |                                    |                              |                                    |                              |                                    |                              |
| Segment assets          | 6,617,574                          | 7,168,566                    | 293,410                            | 265,458                      | 6,910,984                          | 7,434,024                    |
| Unallocated assets      |                                    |                              |                                    |                              | 1,253,973                          | 1,122,039                    |
|                         |                                    |                              |                                    |                              | <u>8,164,957</u>                   | <u>8,556,063</u>             |
| Segment liabilities     | 342,981                            | 310,517                      | 7,173                              | 6,266                        | 350,154                            | 316,783                      |
| Unallocated liabilities |                                    |                              |                                    |                              | 4,313,781                          | 4,458,410                    |
|                         |                                    |                              |                                    |                              | <u>4,663,936</u>                   | <u>4,775,193</u>             |

### 14.2 Segment information for the six months ended September 30, 2019 (Unaudited)

|                                     | Batteries and Others        |                  | Chemicals                   |                | Total                       |                  |
|-------------------------------------|-----------------------------|------------------|-----------------------------|----------------|-----------------------------|------------------|
|                                     | As at September 30,<br>2019 | 2018             | As at September 30,<br>2019 | 2018           | As at September 30,<br>2019 | 2018             |
| (Rupees '000)                       |                             |                  |                             |                |                             |                  |
| Net Sales (note 14.2.1)             | 4,683,093                   | 4,555,991        | 207,638                     | 167,975        | 4,890,731                   | 4,723,966        |
| Cost of sales                       | (4,184,303)                 | (4,112,882)      | (163,716)                   | (142,000)      | (4,348,019)                 | (4,254,882)      |
| Gross profit                        | <u>498,790</u>              | <u>443,109</u>   | <u>43,922</u>               | <u>25,975</u>  | <u>542,712</u>              | <u>469,084</u>   |
| Selling and distribution expenses   | (450,724)                   | (411,835)        | (2,251)                     | (2,040)        | (452,975)                   | (413,875)        |
| Administrative and general expenses | (58,090)                    | (61,857)         | (2,575)                     | (2,281)        | (60,665)                    | (64,138)         |
|                                     | <u>(508,814)</u>            | <u>(473,692)</u> | <u>(4,826)</u>              | <u>(4,321)</u> | <u>(513,640)</u>            | <u>(478,013)</u> |
|                                     | <u>(10,024)</u>             | <u>(30,583)</u>  | <u>39,096</u>               | <u>21,654</u>  | <u>29,072</u>               | <u>(8,929)</u>   |
| Unallocated other income            |                             |                  |                             |                | 5,684                       | 13,718           |
| Unallocated other operating charges |                             |                  |                             |                | (31,222)                    | (60,451)         |
| Operating profit / (loss)           |                             |                  |                             |                | <u>3,534</u>                | <u>(55,662)</u>  |

**14.2.1** Net sales of batteries and others includes sales of solar energy solutions amounting to Rs 73.42 million (September 30, 2018: Nil).

**14.3** Certain liabilities, assets, other income and other operating charges of the Company cannot be allocated to a specific segment. Accordingly, these amounts have been classified as unallocated.

## 15 TRANSACTIONS WITH RELATED PARTIES

|   | Six months ended September 30, 2019 |                       |                          |       | Six months ended September 30, 2018 |
|---|-------------------------------------|-----------------------|--------------------------|-------|-------------------------------------|
|   | Subsidiary company                  | Other related parties | Key management personnel | Total |                                     |
| ----- (Rupees '000) -----                                 |                                     |                       |                          |       |                                     |
| <b>Transactions</b>                                       |                                     |                       |                          |       |                                     |
| Transactions with key management personnel                |                                     |                       |                          |       |                                     |
| - Salaries and wages                                      | -                                   | -                     | 9,319                    | 9,319 | 9,495                               |
| - Defined benefit plan - post employment benefits         | -                                   | -                     | 114                      | 114   | 114                                 |
| - Defined contribution plan                               | -                                   | -                     | 137                      | 137   | 137                                 |
| Expenses charged in respect of staff contribution plan    | -                                   | 4,363                 | -                        | 4,363 | 4,264                               |
| Expenses charged in respect of staff defined benefit plan | -                                   | 1,500                 | -                        | 1,500 | 2,242                               |
| Payment in respect of staff defined benefit plan          | -                                   | 739                   | -                        | 739   | 1,110                               |
| Reversal of rent expense                                  | -                                   | -                     | -                        | -     | 7,200                               |
| Payment of rent   | -                                   | -                     | -                        | -     | 29,145                              |
| Royalty expense   | -                                   | 4,039                 | -                        | 4,039 | 3,897                               |

| As at September 30, 2019  |                       |                          |       | As at March 31, 2019 |
|---------------------------|-----------------------|--------------------------|-------|----------------------|
| Subsidiary company        | Other related parties | Key management personnel | Total |                      |
| ----- (Rupees '000) ----- |                       |                          |       |                      |

#### Balances

|  |   |        |         |         |         |
|--|---|--------|---------|---------|---------|
| Receivable from staff defined benefit plan | - | 23,925 | -       | 23,925  | 24,686  |
| Loan from a Director                       | - | -      | 305,500 | 305,500 | 305,500 |
| Payable in respect of employee benefits    | - | 17,390 | -       | 17,390  | 21,469  |
| Royalty payable                            | - | 11,930 | -       | 11,930  | 7,891   |

## 16 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 to be significantly different from the respective book values as the items are either short-term in nature or repriced periodically.

### 16.1 Fair value hierarchy

International Financial Reporting Standard 13, 'Fair Value Measurement' requires the Company to classify assets 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:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

Currently there are no financial assets or financial liabilities which are measured at their fair value in the consolidated condensed interim statement of financial position.

## 17 CORRESPONDING FIGURES

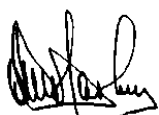
No rearrangements or reclassifications have been made in these consolidated condensed interim financial statements during the current period.

## 18 DATE OF AUTHORISATION FOR ISSUE

These consolidated condensed interim financial statements were authorised for issue on **November 29, 2019** by the Board of Directors of the Company.

## 19 GENERAL

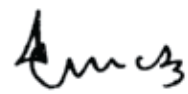
Figures in these consolidated condensed interim financial statements have been rounded off to the nearest thousand rupees.



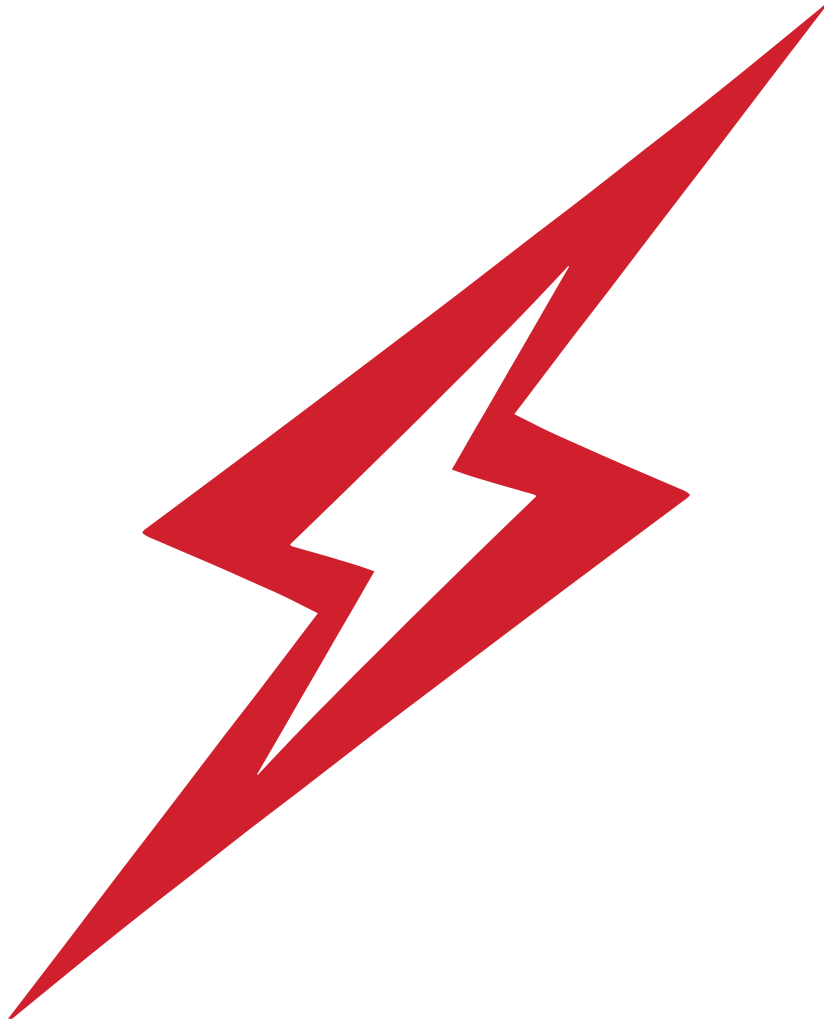
**Altaf Hashwani**  
Chairman



**Arshad Shehzada**  
Chief Executive Officer



**S. Haider Mehdi**  
Chief Financial Officer



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