

EXIDE PAKISTAN LIMITED

CHAIRMAN'S REVIEW:

I am pleased to present on behalf of the Board of Directors, un-audited Accounts of the Company for the 3rd Quarter ended December 31, 2018.

The Economy

Pakistan GDP growth rate in the Current year is expected to plunge from 5.8 percent last year to below 4 percent clouded by the widening fiscal and external account deficits.

Pakistan trade deficit shrank by 5 percent to US \$ 16.8 billion in the first half of current year compared to US \$ 17.7 billion the same period of last year. The half yearly exports posted a paltry growth of 2.19 percent to US \$ 11.21 billion from US \$ 10.97 billion in the same period last year, while imports declined by 2.29 percent to US \$ 28.03 billion from US \$ 28.69 billion. The current account deficit slightly declined by 4.4 percent to US \$ 7.98 billion, mainly due to improved remittances which jumped 10 percent to US \$ 10.72 billion during the first half of current fiscal year compared to US \$ 9.74 billion in the same period last year. Total foreign exchange reserves of the Country amounted to US \$ 13.60 billion while reserves held by the state Bank of Pakistan is US \$ 7.05 billion, at the lowest level since 2013. Foreign Direct Investment declined by 19 percent to US \$ 1.32 billion compared to US \$ 1.63 billion in the same period of last year.

The Industry

Growth of automotive sector in the preceding years was instrumental in better capacity utilization of the battery industry. Sales of locally produced cars increased by 1 percent to 104,038 units in July – December 2018 as compared to 103,432 to units sold during corresponding period of last year. Truck and buses sales declined by 17 percent from 4562 to 3771 units. Farm tractors sales declined by 24 percent to 24,483 units against 32,310 units sold in the same period a year ago. Sale of motorcycles and three wheelers declined by 3 percent from 939,752 units to 909,560 units. Significant demand contraction in the auto sector is due to deteriorating macroeconomic environment, multiple price hike in the last one year and impact of law requiring car purchasers to be tax filer.

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 vigour for further strengthening quality standards of the products of your Company.

Sales

Net sales revenue of the Company for the Quarter under review decreased to Rs.2.039 billion down by 9.5

percent as compared with Rs.2.254 billion during the same period of last year. Cumulative sale for the nine months decreased from Rs.8.890 billion to Rs.6.763 billion down by 23.9 percent as compared to corresponding period of the last year on account of decreased in sale value and extra discount allowed to trade to fight severe market competition.

Profitability

Gross profit for the quarter under review decreased from Rs.278.3million to Rs.202.97million down by 26.9 percent due to increase in cost of sales on account of higher raw material prices and less sales revenues.

Selling and distribution expenses increased by 18.5 percent as against decrease in net sale revenue by 9.5 percent. Operating loss of Rs.97.2 million recorded as against profit of Rs. 19.70 million achieved in the Corresponding period of last year. Financial charges increased to Rs.68.6 million from Rs. 37.2 million on account of higher borrowings, and increase in markup rates.

Loss before tax for the nine months under review was Rs.317.1million compared to profit of Rs.118.3 million during the same period of last year. Loss after tax for the period under report was Rs.401.6 million as against loss of Rs.15.1 million recorded in the corresponding period of last year.

Future Prospects

It is anticipated that indigenous organized battery industry will face tough competition due to capacity expansion of existing battery plants, new entrants, inflow of imported batteries and changing market dynamics. Profitability during the remaining period of current year will also be adversely impacted owing to increase in prices of basic raw materials and devaluation of Pak Rupee. Nevertheless, your management is determined to avail full benefits of the opportunities by continued focus on quality, productivity, cost control and after sales service to improve its competitiveness.

ALTAF HASHWANI



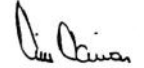
Chairman

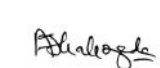
Karachi – January 30, 2019


EXIDE PAKISTAN LIMITED CONDENSED INTERIM BALANCE SHEET AS AT DECEMBER 31, 2018

	(Unaudited) (Audited)	
	December 31, 2018	March 31, 2018
	---- Rupees '000 ----	
Property, plant and equipment	1,538,873	1,631,860
Long-term investments	224	224
Long-term loans and advances - unsecured	-	916
Long-term deposits	43,323	37,993
Current assets		
Spares	68,008	105,404
Stock-in-trade	3,182,445	2,266,384
Trade debts	2,828,348	3,146,701
Loans and advances	-	33,551
Short-term prepayments, deposits and other receivables	75,660	55,333
Taxation recoverable	882,490	713,417
Cash and bank balances	12,494	880,414
	<u>7,049,445</u>	<u>7,201,204</u>
Current liabilities		
Trade and other payables	1,017,349	1,378,971
Mark-up accrued	70,296	40,644
Loan from Director	305,550	305,550
Short-term borrowings	3,331,199	2,850,331
	<u>4,724,394</u>	<u>4,575,496</u>
Net current assets	<u>2,325,051</u>	<u>2,625,708</u>
Deferred taxation	9,595	9,595
	<u>3,897,876</u>	<u>4,287,106</u>
Financed by:		
Share Capital and Reserves		
Authorised capital	180,000	180,000
18,000,000 ordinary shares of Rs 10 each		
Issued, subscribed and paid-up capital	77,686	77,686
Capital reserves	259	259
Revenue reserves	3,329,991	3,329,991
Reserves arising on amalgamation - net	25,823	25,823
Unappropriated profit / (loss)	(160,676)	228,554
	<u>3,273,083</u>	<u>3,662,313</u>
Surplus on revaluation of fixed assets - net of tax	624,793	624,793
	<u>3,897,876</u>	<u>4,287,106</u>

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


ARIF HASHWANI
 Director


ARSHAD SHEHZADA
 Chief Executive


S. HAIDER MEHDI
 Chief Financial Officer

Turnover	For the 3rd quarter ended				For the 3rd quarter ended	Total
	December 31, 2018	December 31, 2018	December 31, 2017	December 31, 2017		
	(Rupees '000)					(Rupees '000)
Cost of goods sold	1,760,971	5,873,883	1,913,434	7,730,265	88,789	217,349
Gross Profit	1,899,537	6,326,946	2,631,924	9,358,613	13,440	39,415
Distribution cost	262,007	673,892	228,497	646,038	1,441	3,021
Selling and distribution expenses	298,071	771,769	256,493	731,530	2,132	6,453
Total Operating Expenses	(108,534)	(139,117)	7,001	204,083	11,308	32,962
Operating profit / (loss)						
Other operating income						
Financial charges						
Other operating charges						
Workers' profit participation fund						
Workers' welfare fund						
Profit / (Loss) before Taxation						
Provision for taxation						
- current - for the period						
- deferred						
Profit / (Loss) after taxation						
Earnings per share						
Basic						
Diluted						

Appropriations have been reflected in the Statement of Changes in Equity. The annexed notes form an integral part of these financial statements.

EXIDE PAKISTAN LIMITED CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED) FOR THE NINE MONTHS ENDED DECEMBER 31, 2018

	2018		2017	
	---- (Rupees '000) ----		---- (Rupees '000) ----	
CASH FLOW FROM OPERATING ACTIVITIES				
Cash generated from operations	(940,009)	23,385	(139,601)	(97,343)
Financial charges paid	(234,424)	(248,884)	916	844
Taxes paid	(5,330)	(942)		
Decrease / (Increase) in long-term loans				
Decrease / (Increase) in long-term deposits				
Net cash inflow from operating activities	<u>(1,318,448)</u>	<u>(322,940)</u>		
CASH FLOW FROM INVESTING ACTIVITIES				
Payment for capital expenditure	(36,940)	(260,028)	6,600	9,451
Proceeds from sale of fixed assets	(30,340)	(250,577)		
Net cash outflow on investing activities				
CASH FLOW FROM FINANCING ACTIVITIES				
Dividends paid	-	(23,964)	-	305,550
Loan from Director	-	281,586	-	
Net Increase / (decrease) in cash and cash equivalents	<u>(1,348,788)</u>	<u>(291,931)</u>	<u>(1,348,788)</u>	<u>(291,931)</u>
Cash and cash equivalents at the beginning of the period	(1,969,917)	(2,099,560)	(3,318,705)	(2,391,491)
Cash and cash equivalents at end of the period	<u>(3,318,705)</u>	<u>(2,391,491)</u>		

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


ARIF HASHWANI
 Director


ARSHAD SHEHZADA
 Chief Executive


S. HAIDER MEHDI
 Chief Financial Officer

CORPORATE PROFILE

BOARD OF DIRECTORS

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

CHIEF FINANCIAL OFFICER

S. Haider Mehdi

AUDIT COMMITTEE

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

HUMAN RESOURCES AND REMUNERATION COMMITTEE

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

BANKERS

Allied Bank Limited
Bank Al-Falah Limited
BankIslami Pakistan Limited
Dubai Islamic Bank Pakistan Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
JS Bank Limited
MCB Bank Limited
MCB Islamic Bank Limited
Meezan Bank Limited
Standard Chartered Bank (Pakistan) Limited
United Bank Limited

AUDITORS

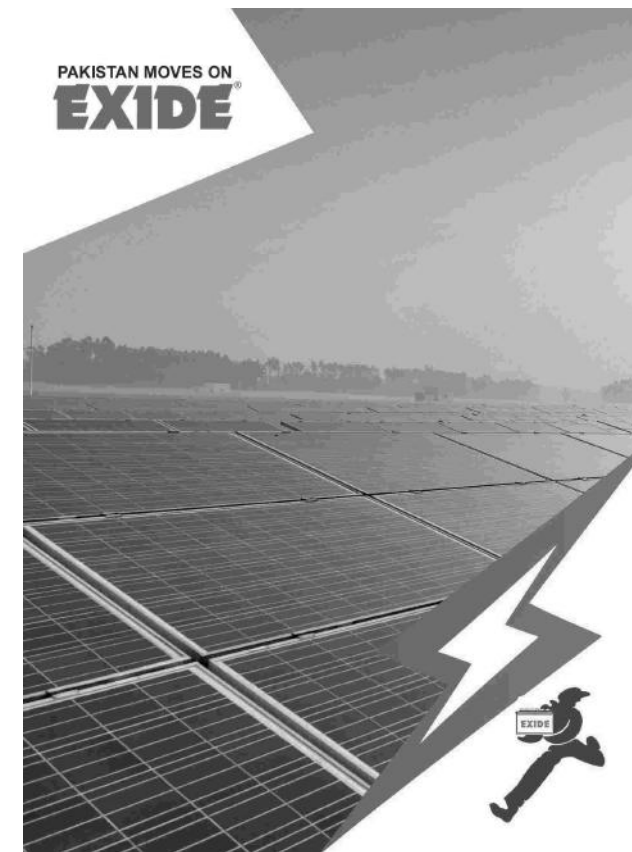
A. F. Ferguson & Co.

SOLICITORS

Orr Dignam & Co.

REGISTERED OFFICE

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



PAKISTAN MOVES ON
EXIDE

THIRD QUARTERLY REPORT DECEMBER 31, 2018

If undelivered please return to:

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EXIDE PAKISTAN LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE NINE MONTHS ENDED DECEMBER 31, 2018

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

Following is the cost of operating property, plant and equipment that have been added / disposed off during the nine months ended December 31, 2018

	Cost of additions/(deletions)	
	December 2018	December 2017
	(Rupees '000)	
Land	-	118,393
Building	16,872	16,467
Plant and machinery	57,401	90,254
Furniture and fixture	1,368	1,381
Office equipment	1,674	2,813
Vehicles	12,603	14,334
	(11,182)	(13,976)
	78,736	229,666

4.1 CAPITAL WORK-IN-PROGRESS

	December 31, 2018	March 31, 2018
	(Rupees '000)	
Advance against purchase of land	-	-
Plant and machinery	62,630	115,608
Advances to suppliers/contractors	-	-
	62,630	115,608

5. TRANSACTIONS WITH RELATED PARTIES

The related parties and associated undertakings comprise of local associated companies, staff retirement funds, directors and key management personnel. Transactions with related parties and associated undertakings other than remuneration and benefits to key management personnel, which are under the terms of their employment, are as follows:

	December 2018	December 2017
	(Rupees '000)	
Expenses charged to associated undertakings	3	3
Rent expense	-	7,712
Expenses charged in respect of staff retirement benefits	6,449	3,316
Payment made to the employee defined benefit plan	2,250	5,803

Key management personnel received an amount of Rs. 15,968 thousands (2017 : Rs.21,463 thousands) out of which Rs.376 thousands (2017: Rs. 595 thousands) relates to post employment benefits.

6. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

The carrying value of all financial assets and liabilities reflected in the financial statements approximate their fair values.

7. ESTIMATES

Judgments and estimates made by the management in the preparation of these interim financial statements were the same as those that were applied to the financial statements for the year ended March 31, 2018.

8. GENERAL

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

9. DATE OF AUTHORISATION FOR ISSUE

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

ARIF HASHWANI
Director

ARSHAD SHEHZADA
Chief Executive

S. HAIDER MEHDI
Chief Financial Officer

EXIDE PAKISTAN LIMITED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED) FOR THE NINE MONTHS ENDED DECEMBER 31, 2018

	Balance at March 31, 2017	Final dividend for the year ended March 31, 2017	Transfer to revenue reserves for the year ended March 31, 2017	Profit/(Loss) after taxation for the nine months ended December 31, 2017	Transfer from surplus on revaluation of property, plant and equipment - net of tax	Balance at December 31, 2017	Balance at March 31, 2018	Final dividend for the year ended March 31, 2018	Transfer to revenue reserves for the year ended March 31, 2018	Profit/(Loss) after taxation for the nine months ended December 31, 2018	Transfer from surplus on revaluation of property, plant and equipment - net of tax	Balance at December 31, 2018
Issued, subscribed and capital	77,686	-	-	-	-	77,686	77,686	-	-	-	-	77,686
Capital reserves	259	-	-	-	-	259	259	-	-	-	-	259
Revenue Reserves	2,729,991	-	600,000	-	-	3,329,991	3,329,991	-	-	-	-	3,329,991
Shares to be issued	-	-	-	-	-	-	-	-	-	-	-	-
Reserve arising on amalgamation - net	25,823	-	-	-	-	25,823	25,823	-	-	-	-	25,823
Unappropriated profit	893,562	(97,108)	(600,000)	(15,076)	6,343	187,721	228,554	(401,614)	-	-	12,384	(401,614)
Total	3,727,321	(97,108)	(600,000)	(15,076)	6,343	3,621,480	3,662,313	(401,614)	-	-	12,384	3,273,083

Balance at March 31, 2017
Final dividend for the year ended March 31, 2017
Transfer to revenue reserves for the year ended March 31, 2017
Profit/(Loss) after taxation for the nine months ended December 31, 2017
Transfer from surplus on revaluation of property, plant and equipment - net of tax
Balance at December 31, 2017
Balance at March 31, 2018
Final dividend for the year ended March 31, 2018
Transfer to revenue reserves for the year ended March 31, 2018
Profit/(Loss) after taxation for the nine months ended December 31, 2018
Transfer from surplus on revaluation of property, plant and equipment - net of tax
Balance at December 31, 2018
The annexed notes form an integral part of these financial statements.

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