

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 \$ 10.97billion 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 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.6.763billion 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) December 31, 2018 -----Rupees '000-----	(Audited) 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
	7,049,445	7,201,204

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
	4,724,394	4,575,496
Net current assets	2,325,051	2,625,708

Deferred taxation	9,595	9,595
	<u>3,897,876</u>	<u>4,287,106</u>

Financed by:

Share Capital and Reserves

Authorised capital		
18,000,000 ordinary shares of Rs 10 each	180,000	180,000
Issued, subscribed and paid-up capital	77,686	77,686
Capital reserves	259	259
Revenue reserves	3,329,991	3,329,991
Reserves arising on amalgamation - net	25,823	25,823
Unappropriated profit / (loss)	(160,676)	228,554
	3,273,083	3,662,313
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

EXIDE PAKISTAN LIMITED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED) FOR THE NINE MONTHS ENDED DECEMBER 31, 2018									
(Unaudited)									
Rupees '000									
					Total				
Batteries					Chemicals				
For the 3rd Quarter months ended December 31, 2018	For the nine months ended December 31, 2018	For the 3rd Quarter months ended December 31, 2017	For the nine months ended December 31, 2017	For the 3rd Quarter months ended December 31, 2018	For the nine months ended December 31, 2018	For the 3rd Quarter months ended December 31, 2017	For the nine months ended December 31, 2017	For the 3rd Quarter months ended December 31, 2018	For the nine months ended December 31, 2018
1,930,508	6,506,499	2,116,928	8,665,878	88,789	256,764	77,009	224,567	2,039,297	6,763,263
Cost of goods sold									
1,760,971	5,873,853	1,913,434	7,730,265	75,349	217,349	62,106	189,240	1,836,320	6,091,202
Gross profit									
189,537	632,646	263,494	935,613	13,440	39,415	14,813	35,327	202,977	672,061
Distribution cost									
262,004	673,932	2,288,976	6,670,811	3,001	3,001	1,008	3,515	267,998	676,983
Administrative expenses	8,396	25,926	8,490	1,144	3,922	1,088	3,615	37,208	10,343
Total Operating expenses	298,071	771,763	2,566,493	731,530	2,132	6,453	5,730	300,203	778,216
Operating profit / (loss)	(108,534)	(139,117)	7,001	204,083	11,308	32,992	29,597	(97,226)	(106,155)
Other operating income									
								1,940	15,658
Financial charges								(95,286)	(90,497)
Other operating charges								68,601	165,253
Workers' profit participation fund								897	61,323
Workers' welfare fund								-	-
Profit / (Loss) before Taxation								69,498	226,576
Provision for taxation								(14,435)	31,435
- current								(164,784)	(317,073)
- deferred									(9,225)
Profit / (Loss) after taxation								37,567	84,541
Earnings per Share								37,567	84,541
Appropriations have been reflected in the Statement of Changes in Equity.								33,809	33,809
The annexed notes form an integral part of these financial statements.								(202,351)	(401,614)
								(43,034)	(15,076)
								(51,700)	(5,544)
									(1,944)

ARIF HASHWANI
Director

ASHRAF SHEHZADA
Chief Executive

S. HAIDER MEHDI
Chief Financial Officer

BOARD OF DIRECTORS

CHIEF FINANCIAL OFFICER

AUDIT COMMITTEE

HUMAN RESOURCES AND REMUNERATION COMMITTEE

BANKERS


AUDITORS

SOLICITORS

REGISTERED OFFICE



PAKISTAN MOVES ON
EXIDE®



If undelivered please return to:

**A/44, Hill Street, Off: Manghopir Road,
S.I.T.E., Karachi-75700 Pakistan.**

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

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

4.1 CAPITAL WORK-IN-PROGRESS

5. TRANSACTIONS WITH RELATED PARTIES

	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

6. **FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES**

7. ESTIMATES

8. GENERAL

9. **DATE OF AUTHORISATION FOR ISSUE**


ARIF HASHWAN
Director


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


ARIF HASHWANI
Director

Arshad Shehzada
ARSHAD SHEHZADA
Chief Executive

S. Haider Mehdi
S. HAIDER MEHDI
Chief Financial Officer