### **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 3<sup>rd</sup> 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

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)

	(Unaudited) December 31 2018Rupe	, March 31, 2018	ноез юнган шева рагот шеге планста мателена
Property, plant and equipment	1,538,873	1,631,860	
Long-term investments	224	224	E 54
Long-term loans and advances - unsecured	-	916	ģ
Long-term deposits	43,323	37,993	i es
Current assets			
Spares	68,008	105,404	C a
Stock-in-trade	3,182,445	2,266,384	y 2
Trade debts	2,828,348	3,146,701	
Loans and advances	-	33,551	Š
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	HASH
	7,049,445	7,201,204	for for
Current liabilities			Z s
Trade and other payables	1,017,349	1,378,971	≥
Mark-up accrued	70,296	40,644	£E æ
Loan from Director	305,550	305,550	Adalios La SHAD SHEHZA Chief Executive
Short-term borrowings	3,331,199	2,850,331	HEH Cecut
	4,724,394	4,575,496	Alaliog L ARSHAD SHEHZADA Chief Executive
Net current assets	2,325,051	2,625,708	À
Deferred taxation	9,595	9,595	S. HAIDER MEHDI Chief Financial Officer
	3,897,876	4,287,106	HAIDER MEHDI
F4			offw.
Financed by:			DI icer
Share Capital and Reserves			
Authorised capital	100.000	100.000	
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	

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

Surplus on revaluation of fixed assets - net of tax



Hickorda ARSHAD SHEHZADA S. HAIDER MEHDI Chief Financial Officer

3,897,876 4,287,106

624,793

3,662,313

624,793

# **EXIDE** PAKISTAN LIMITED

	2018	2017
	(Rupees	s '000)
CASH FLOW FROM OPERATING ACTIVITIES		
Cash generated from operations	(940,009)	23,3
Financial charges paid	(139,601)	(97,3
Taxes paid	(234,424)	(248,8
Decrease / (Increase) in long-term loans	916	1 8
Decrease / (Increase) in long-term deposits	(5,330)	(9
Net cash inflow from operating activities	(1,318,448)	(322,9
Payment for capital expenditure Proceeds from sale of fixed assets Net cash outflow on investing activities	(36,940) 6,600 (30,340)	(260,1 9,4 (250,1
CASH FLOW FROM FINANCING ACTIVITIES		
Dividends paid	-	(23,9
Loan from Director	-	305,
	-	281,
Net Increase / (decrease) in cash and cash equivalents	(1,348,788)	(291,9
Cash and cash equivalents at the beginning of the period	(1,969,917)	(2,099,
	(3,318,705)	(2.201



ARSHAD SHEHZADA

S. HAIDER MEHDI

	and paid-up capital	reserves	reserves	Shares to be issued (Rupee	on prising on prising on prising on per issued amalgmation - net per (Rupees '000)	profit	
ance at March 31, 2017	77,686	259	2,729,991	' '	25,823	893,562	
If dividend for the year ended March 31, 2017 asfer to revenue reserves for the year ended	ı	Ī	ı	ı	į	(97,108)	
urch 31, 2017	ı	i	600,000	1	Í	(600,000)	
it/(Loss) after taxation for the nine months							
ided December 31, 2017 isferred from surplus on revaluation of	1	1	,	1	1	(15,076)	
roperty, plant and equipment - net of tax	,	ı	,	,		6,343	
ance at December 31, 2017	77,686	259	3,329,991	1	25,823	187,721	
ince at March 31, 2018	77,686	259	3,329,991	ı	25,823	228,554	
al dividend for the year ended March 31, 2018 are to revenue reserves for the year ended	1	,	,	,	1	1	
arch 31, 2018	1	ı	1	1	ì	1	
it/(Loss) after taxation for the nine months ded December 31, 2018	ı	í	1	1	1	(401,614)	
nsferred from surplus on revaluation of roperty, plant and equipment - net of tax	1	i	1	1	1	12,384	
ince at December 31, 2018	77,686	259	3,329,991	-	25,823	(160,676)	
annexed notes form an integral part of these financial statements.	cial statements.						

Balar Frans Mar Profit end Trans pro Balar Final Trans Mar Profit end Trans final

# **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

DE PAKISTAN LIMITED
DENSED INTERIM STATEMENT OF CHANGES
THE NINE MONTHS ENDED DECEMBER 31, 20

4.1

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 additio	Cost of additions/(deletions)	
	December	December	
	2018	2017	
	(Rupe	es '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	
CAPITAL WORK-IN-PROGRESS			
	December	March	
	31, 2018	31, 2018	
	(Rupe	es '000)	
Advance against purchase of land		-	
Plant and machinery	62,630	115,608	
Advances to suppliers/contractors	-	-	
	62,630	115,608	

#### 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

	2018	2017	
	(Rupe	s '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

#### 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.

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

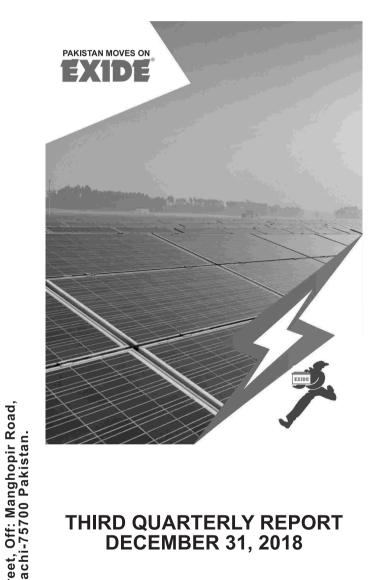


Halogle ARIF HASHWANI ARSHAD SHEHZADA

S. HAIDER MEHDI Chief Financial Officer

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THIRD QUARTERLY REPORT **DECEMBER 31, 2018** 

# **CORPORATE PROFILE**

#### **BOARD OF DIRECTORS**

Altaf Hashwani

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

- Chairman

# **CHIEF FINANCIAL OFFICER**

S. Haider Mehdi

#### **AUDIT COMMITTEE**

Ayub Hameed Chairman Altaf Hashwani Member S M Faig Member Salim Abdul Ali Secretary **HUMAN RESOURCES AND REMUNERATION COMMITTEE** 

# Avub Hameed

- Chairman Arif Hashwani - Member Altaf Hashwani - Member Sved Zulguarnain Shah - Secretary

# **BANKERS**

Allied Bank Limited Bank Al-Falah Limited

BankIslami Pakistan Limited

Dubai Islamic Bank Pakistan Limited

Habib Bank Limited

Habib Metropolitan Bank Limited

JS Bank Limited

MCB Bank Limited

MCB Islamic Bank Limited

Meezan Bank Limited

Standard Chartered Bank (Pakistan) Limited

United Bank Limited

# **AUDITORS**

A. F. Ferguson & Co.

# **SOLICITORS**

Orr Dignam & Co.

# **REGISTERED OFFICE**

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

Website: www.exide.com.pk E-mail: exidepk@exide.com.pk

