

EXIDE PAKISTAN LIMITED

CHAIRMAN'S REVIEW

I am pleased to present on behalf of the Board of Directors un-audited Accounts of the Company for 1st Quarter ended June 30, 2109.

The Economy

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

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

The Industry

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

Production

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

Sales

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

Profitability

Gross profit for the quarter under review decreased from Rs.336.3 million to Rs.203.926 million down by 39% due to reduced margins on account of higher raw material prices and less sale revenue. Selling and distribution expenses increased by 9.01% from 244.4 million to 266.4 million. Administration and general expenses increased by 7.4% from Rs.35.1 million to Rs.37.7 million. Operating Loss of Rs.100.2 million recorded as against profit of Rs.56.8 achieved in the corresponding period of last year. Financial charges increased by 125% from Rs.38.4 million to Rs.86.7 million on account of higher borrowings and increase in markup rates. Loss before tax for the period under review was Rs.187.1 million compared to profit before tax of Rs.0.16 million in the Corresponding period of last year.

Future Prospects

It is anticipated that indigenous organized battery industry will face tough competition due to capacity expansion of existing battery plants, new entrants and changing market dynamics. Profitability in future will also be adversely impacted owing to increase in prices of basic raw materials and devaluation of Pak rupee. In order to improve operating performance in future, the management your Company is considering. Furthermore, your management is determined to avail full benefits of the opportunities by continued focus on quality, productivity, cost control and after sales service to improve its competitiveness.

ALTAF HASHWANI



Chairman
Karachi – July 30, 2019

EXIDE PAKISTAN LIMITED

BALANCE SHEET AS AT JUNE 30, 2019

	(Unaudited) June 30, 2019	(Audited) March 31, 2019
	-----Rupees '000-----	
Property, plant and equipment	1,468,138	1,507,876
Long-term investments	224	224
Long-term loans and advances - unsecured	455	585
Long-term deposits	43,906	46,814
Current assets		
Spares	106,279	115,987
Stock-in-trade	2,491,921	2,176,433
Trade debts	2,709,102	3,565,856
Loans and advances	33,361	26,480
Short-term prepayments, deposits and other receivables	56,264	67,872
Taxation recoverable	1,015,027	898,853
Cash and bank balances	884,995	149,083
	7,296,949	7,000,564
Current liabilities		
Trade and other payables	1,058,477	1,188,297
Mark-up accrued	80,894	81,683
Loan from Director	305,550	305,550
Short-term borrowings	3,811,201	3,199,663
	5,256,122	4,775,193
Net current assets	2,040,827	2,225,371
Deferred taxation	—	—
	3,553,550	3,780,870
Financed by:		
Share Capital and Reserves		
Authorised capital		
18,000,000 ordinary shares of Rs 10 each	180,000	180,000
Issued, subscribed and paid-up capital	77,686	77,686
Capital reserves	259	259
Revenue reserves	3,329,991	3,329,991
Reserves arising on amalgamation - net	25,823	25,823
Unappropriated profit / (loss)	(489,341)	(262,021)
	2,944,418	3,171,738
Surplus on revaluation of fixed assets - net of tax	609,132	609,132
	3,553,550	3,780,870

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



ALTAF HASHWANI
Chairman



ARSHAD SHEHZADA
Chief Executive



S. HAIDER MEHDI
Chief Financial Officer



ALTAF HASHWANI
Chairman



ARSHAD SHEHZADA
Chief Executive



S. HAIDER MEHDI
Chief Financial Officer



ALTAF HASHWANI
Chairman



ARSHAD SHEHZADA
Chief Executive



S. HAIDER MEHDI
Chief Financial Officer

EXIDE PAKISTAN LIMITED

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

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

Appropriations have been reflected in the Statement of Changes in Equity.

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

EXIDE PAKISTAN LIMITED

CASH FLOW STATEMENT FOR THE QUARTER ENDED JUNE 30, 2019 (UNAUDITED)

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

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


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

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

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


ALTAF HASHWANI
Chairman



ARSHAD SHEHZADA
Chief Executive



S. HAIDER MEHDI
Chief Financial Officer


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

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

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


ALTAF HASHWANI
Chairman


ARSHAD SHEHZADA
Chief Executive


S. HAIDER MEHDI
Chief Financial Officer

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

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

4. PROPERTY, PLANT AND EQUIPMENT

Following is the cost of operating property, plant and equipment that have been added / disposed off during the quarter ended June 30, 2019

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

5. TRANSACTIONS WITH RELATED PARTIES

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

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

Key management personnel received an amount of Rs. 9,781 thousands (2018 : Rs.6,008 thousands) out of which Rs.358 thousands (2018: Rs. 125 thousands) relates to post employment benefits.

6. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

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

7. ESTIMATES

Judgments and estimates made by the management in the preparation of these interim financial statements were the same as those that were applied to the financial statements for the year ended March 31, 2019.

8. GENERAL

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

9. DATE OF AUTHORISATION FOR ISSUE

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



**FIRST QUARTERLY REPORT
JUNE 30, 2019**

CORPORATE PROFILE

BOARD OF DIRECTORS

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

CHIEF FINANCIAL OFFICER

S. Haider Mehdi

AUDIT COMMITTEE

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

HUMAN RESOURCES AND REMUNERATION COMMITTEE

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

BANKERS

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

AUDITORS

A. F. Ferguson & Co.

SOLICITORS

Orr Dignam & Co.

REGISTERED OFFICE

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