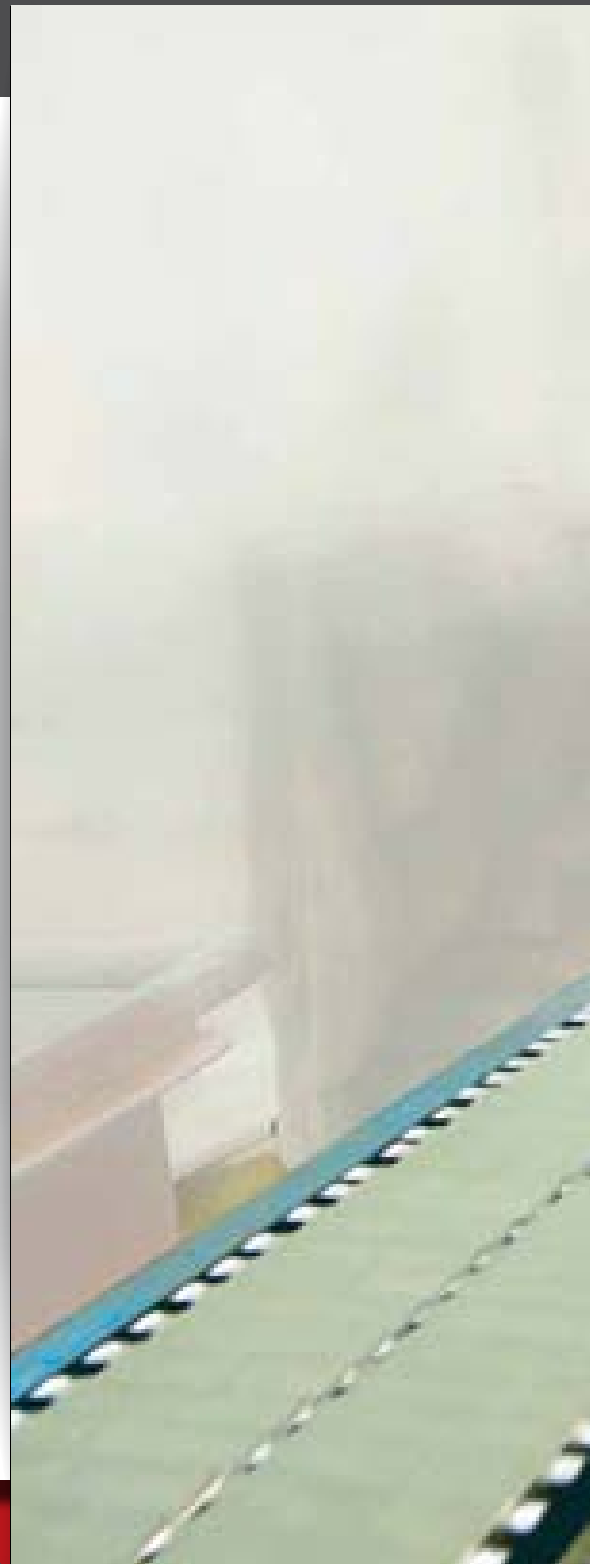


*Pakistan Moves on* **EXIDE**



*Annual  
Report  
2014*

# Battery for Renowned Brands





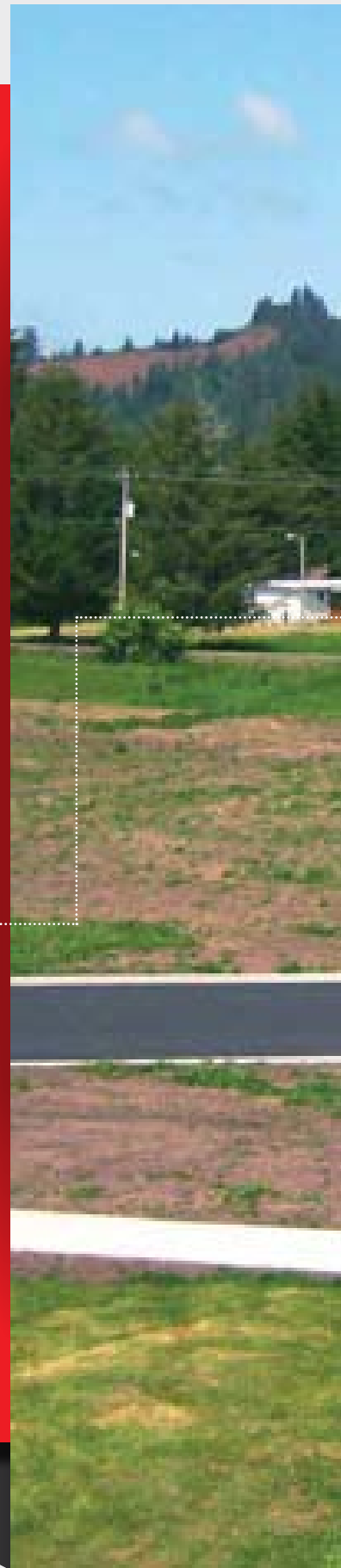
## Contents

04	Vision and Mission Statement
08	Corporate Profile
12	Notice of Meeting
16	Chairman's Review
20	Directors' Report
24	Statement of Compliance with the Code of Corporate Governance
28	Statement Under Section 237(1)(e) of the Companies Ordinance, 1984
29	Performance Highlights
34	Review Report to The Members
35	Auditors' Report to The Members
40	Balance Sheet
42	Profit and Loss Account
43	Statement of Comprehensive Income
44	Cash Flow Statement
45	Statement of Changes in Equity
46	Notes to the Accounts
86	Pattern of Shareholding
87	Categories of Shareholders Form of Proxy

### Chloride Pakistan (Private) Limited

92	Corporate Profile
93	Directors' Report
94	Auditors' Report to the Members
95	Balance Sheet
96	Profit and Loss Account
97	Statement of Comprehensive Income
98	Cash Flow Statement
99	Statement of Changes in Equity
100	Notes to the Accounts

# CREATIVE COMMUNITY Solutions





## Vision

To remain leader in automotive battery industry by supplying quality product to the customers at affordable price and to satisfy their needs by providing reliable product as per international standard and best suited to local environment.

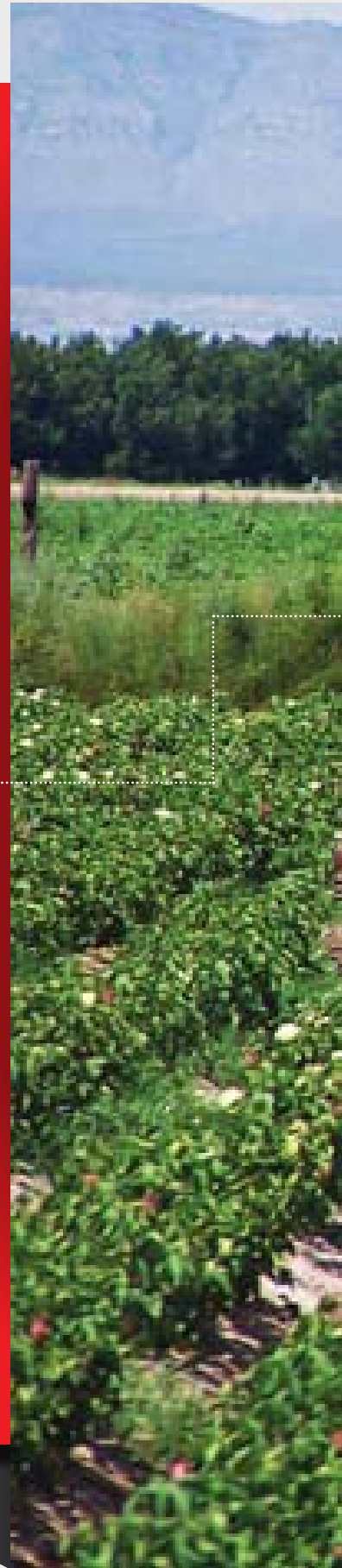
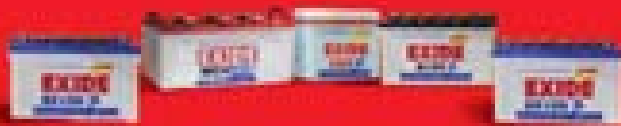
## Mission

1. Continuous improvement in workmanship, process, productivity and elimination of wastage by effective implementation of total quality control.
2. To be honest and fair with all partners namely shareholders, employees, suppliers, financial institutions, government and the customers.
3. To train and motivate employees for building up dedicated and loyal team.
4. To be good citizen and contribute effectively in betterment and prosperity of our country.





# TOWARDS GREENER Pastures







# Corporate Profile

## Board of Directors

Arif Hashwani - Chairman  
Arshad Shehzada - MD/CEO  
Altaf Hashwani  
Hussain Hashwani  
Engr. Abdul Jabbar  
S. Haider Mehdi  
S. M. Faiq

## Chief Financial Officer & Company Secretary

S. Haider Mehdi

## Audit Committee

Altaf Hashwani - Chairman  
Hussain Hashwani  
S. M. Faiq  
Salim Abdul Ali - Secretary

## Human Resource and Remuneration Committee

Arif Hashwani - Chairman  
Arshad Shehzada - Member  
Altaf Hashwani - Member  
S.M. Faiq - Member  
Syed Zulquarnain Shah - Secretary



#### Bankers

Allied Bank Ltd.  
Bank Alfalah Limited  
Barclays Bank PLC Pakistan  
BankIslami Pakistan Ltd.  
Bank of Tokyo Mitsubishi UFJ, Ltd.  
Habib Bank Ltd.  
Habib Metropolitan Bank Limited  
HSBC Middle East Bank Ltd.  
JS Bank Ltd.  
MCB Bank Ltd.

Meezan Bank Limited  
NIB Bank Limited  
Standard Chartered Bank  
(Pakistan) Ltd.  
United Bank Ltd.

#### 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)



BETTER  
LIVING  
is Possible





# Notice of Annual General Meeting

Notice is hereby given that the Sixty First Annual General Meeting of the shareholders of EXIDE Pakistan Limited will be held on Monday, the July 7, 2014 at 11.00 hours at the Registered Office of the Company at A-44, Hill Street Manghopir Road, SITE, Karachi to transact the following business:

## ORDINARY BUSINESS:


1. To read and confirm minutes of the Sixtieth Annual General Meeting of the shareholders of the Company held on Wednesday, July 31, 2013.
2. To receive and adopt the Audited Financial Statements for the year ended March 31, 2014 together with the Directors' and Auditors reports thereon.
3. To declare final dividend for the year ended March 31, 2014, as recommended by the Directors.
4. To appoint auditors for the year 2014-2015 and fix their remuneration.
5. To elect seven directors as fixed by the Board in accordance with the provisions of Section 178 of the Companies Ordinance, 1984 for a three-year term commencing from June 18, 2014. The retiring directors are Messrs. Arif Hashwani, Arshad Shehzada, Altaf Hashwani, Hussain Hashwani, Engr. Mr. Abdul Jabbar, S. Haider Mehdi and S. M. Faiq.

## B. SPECIAL BUSINESS:

6. To approve remuneration of the Chief Executive and other Working Directors of the Company for the period from July 01, 2014 to June 30, 2017.

A statement under section 160 of the Companies Ordinance, 1984 pertaining to the Special Business is being sent to the members with this notice.

By order of the Board



S. Haider Mehdi  
Company Secretary

Karachi: May 26, 2014

## NOTES:

- a) A member entitled to attend and vote at the Annual General Meeting is entitled to appoint another member as a proxy to attend and vote on his/her behalf. Proxies in order to be valid must be deposited with the Company not less than 48 hours before the scheduled time of the meeting.
- b) The Share Transfer Books of the Company will remain closed from July 1, 2014 to July 7, 2014, both days inclusive.
- c) Shareholders are requested to immediately notify the Company any change in their address and also forward a photocopy of the Computerised National Identity Card if not yet furnished at the Office of our Registrar M/s. THK Associates (Private) Limited, Ground Floor, State Life Building No.3, Dr. Ziauddin Ahmed Road, Karachi 75530.
- d) CDC shareholders or their proxies are required to bring with them original Computerised National Identity Cards or Passports along with the partici-



part's I.D. number and their account numbers at the time of attending the Annual General Meeting in order to authenticate their identity.

#### STATEMENT UNDER SECTION 160 OF THE COMPANIES ORDINANCE, 1984

This statement is annexed to the notice of the Sixty first Annual General Meeting of the shareholders of EXIDE Pakistan Limited to be held on 7th July 2014 and sets out the material facts concerning the following Special Business to be transacted at the Meeting for approval of shareholders.

#### 1. REMUNERATION OF THE CHIEF EXECUTIVE AND THE OTHER WORKING DIRECTORS OF THE COMPANY

A total amount of Rs.54.0 million will be proposed as the aggregate remuneration of the Chief Executive and the other Working Directors of the Company for the period from July 01, 2014 to June 30, 2017 in the form of following Resolution.

"RESOLVED that an aggregate sum of Rs.54.0 million (Rupees fifty four million only) be and is hereby approved as the Remuneration of the Managing Director/Chief Executive and the other Working Directors of the Company for the period from July 01, 2014 to June 30, 2017, covering their managerial remuneration, housing, utilities, bonus, provident fund and gratuity in addition to their entitlement to chauffeur driven company maintained cars, medical and hospitalisation expenses,

official entertainment expenses, residential utilities, telephone and security expenses, leave fare assistance and other fringe benefits as per rules of the Company. The above amount includes the meeting fee to be paid to nominee Director for attending the Board of Directors meeting."

Messrs. Arif Hashwani, S. Arshad Shehzada, Hussain Hashwani, S. Haider Mehdi are interested in this business to the extent of their respective remuneration.



# HARNESSING THE SUN'S Energy







# Chairman's Review

I am pleased to welcome you to the 61st Annual General Meeting of your Company and present on behalf of the Board of Directors the Audited Statement of Accounts for the year ended 31st March 2014, along with my review on the performance of your Company.

## The Economy

Pakistan's Economic performance, during the first nine month of the fiscal year 2013-14 showed a mixed trend, though there were visible signs of improvement. The country posted a growth of 4.1% during the first half of current fiscal year against 3.4% recorded last year. The main factor behind this increased growth is the rebound in the large scale manufacturing sector, as well as an improvement in energy supply to Industries during the relevant period.

CPI inflation remained in single digit averaging 9.2% from July 2013 to April 2014, up from 7.8% during the same period last year. This could be attributed to an increase in power tariff, and an upward revision in General Sales Tax. Continuous efforts were made to strengthen the Pak Rupee by building foreign exchange reserves, which crossed US\$ 10 billion by 31st March 2014 after hitting a low of US\$ 7.9 billion in January 2014. As a result, the Pak Rupee appreciated by 6.8% against the US Dollar during January to March 2014. Trade deficit fell to US\$ 13.93 billion in July to March 2014 from US\$ 14.74 billion in the corresponding period of last year. Inflow of foreign remittances improved to US\$ 11.58 billion in the first nine month of the current fiscal year showing a growth of 11.87 percent compared to US\$ 10.35 billion received during the same period of the last year.

## The Industry

Growth of automotive sector in the preceding few years has been instrumental to better capacity utilization for the battery industry. Sales of locally produced cars, light commercial vehicles and four-wheelers improved by 4% to 100,220 units in July-March 2014 as compared to 96,323 units for the corresponding period of last year. Sales of Trucks and Busses also improved by 25%. Farm tractors sales declined during the period from July to March 2014 by 11,796 units due to sales tax and agricultural loan issues. Sales of motorcycles and three-wheelers declined by 14%, from 685,856 units to 586,664 units. Prices of refined and recycled lead increased during the year under review. The depreciation of Pak Rupee

during the first three quarters and increase in energy charges also had an impact on cost of goods sold during the period.

I feel greatly honoured to inform you that your Company has been awarded "Brand of the year Award" for the year 2013 and it is the fourth such award.

## Sales

Net sales revenue of the Company for the year 2013-14 was up by 4.0 percent from Rs. 11.14 billion to Rs.11.59 billion. This increase was made possible due to a better sale mix.

## Production

In the first half of the year, production activities of battery division were seriously affected due to various reasons, which include energy crisis, law and order situation in the city of Karachi and labour unrest at our S.I.T.E. Plant resulting in poor productivity for the first two quarters. The Company also dismissed a sizeable number of unruly and trouble creating workers. The dismissed workers were nevertheless adequately compensated. Fresh workforce was hired and sufficient in-house training was arranged to ensure the development of appropriate skills. We are pleased to inform you that the situation has since been normalized from December 2013. Moreover electric power breakdowns have also reduced after the commissioning of a dedicated feeder from K-Electric acquired on a self finance basis.

## Profitability

Gross profit reduced to Rs. 1.433 billion compared to Rs.1.580 billion from the corresponding period last year. The decline in gross profit is attributed to increase in raw material prices, electricity tariff, fuel expenses and wages as a result of increase in the minimum wage rate. Unprecedented natural gas load shedding and low gas pressure compelled the management to rely on SNG based LPG which substantially increased the fuel expenses.

Selling and distribution expenses decreased to Rs.576.8 million from Rs.599.3 million as a result of reduced volume and effective controls on overheads. Administration and general expenses increased to Rs. 97.2 million from Rs.92.4 million. Operating profit decreased by 11.6% to Rs.699.9 million from Rs.791.8 million recorded last year. Financial charges increased to Rs.96.4 million from Rs.38.3 million due to increase

Net sales revenue of the Company for the year 2013-14 was up by 4.0 percent from Rs. 11.14 billion to Rs.11.59 billion. This increase was made possible due to a better sale mix.

in working capital requirements.

Pre-tax profit for the year 2013-14 is decreased by 20 percent to Rs.603.5 million from Rs.753.5 million.

Earnings per share decreased to Rs. 51.63 from Rs. Rs.62.54 as recorded in the previous year. The current ratio stood at 1:1.45 while the breakup value of the share was Rs.293.68 as on March 31, 2014.

#### Future Prospects

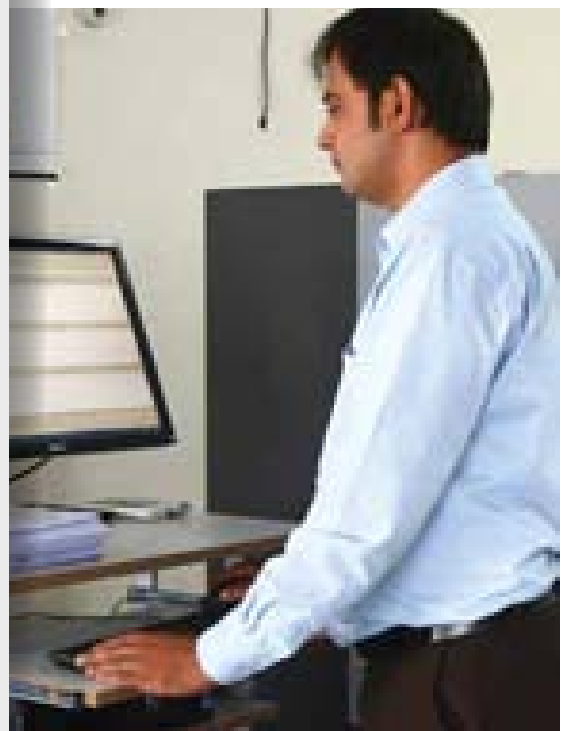
It is anticipated that indigenously organized battery industry will perform satisfactorily, although the cost pressures will remain on account of rising costs of utilities, water and power as well as other inflationary factors. Your management is determined to avail full benefits of the opportunities by continued focus on quality, productivity, cost control, and improved sales and after sales service to improve its competitiveness.

#### Acknowledgement

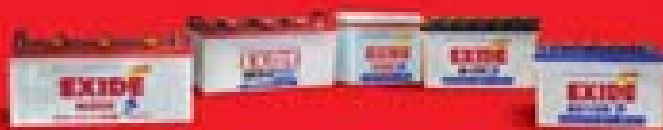
On my behalf and on behalf of the Board of Directors of your Company, I take this opportunity of acknowledging the devoted and sincere services of employees of all cadres of the Company. I am also grateful to our bankers, shareholders, The Furukawa Battery Company Limited (Japan), suppliers, main dealers, retailers and valued customers including Fauji Fertilizer Bin Qasim Limited, the Original Equipment Manufacturers and the government organizations.



**Arif Hashwani**  
Chairman  
Karachi May 26, 2014



# LINKING THE Country





# Directors' Report

The Directors of your Company have pleasure in submitting their report on audited statements of accounts for the year ended March 31, 2014.

## FINANCIAL HIGHLIGHTS

	(Rupees' 000)
Profit before taxation	603,457
Taxation	<u>(202,365)</u>
Profit after taxation	401,092
Un-appropriated profit brought forward	<u>49,067</u>
	450,159
Transferred from surplus on revaluation of property, plant and equipment - Current year - net of tax	9,989
Re-measurement of defined benefit plan - net of tax	<u>2,563</u>
Profit available for appropriation	462,711

### Appropriations:

Transfer to General Reserves	365,000
Proposed Cash Dividend @ 75% (Rs.7.5 per share)	<u>58,265</u>
Un-appropriated profit carried forward	<u>39,446</u>
Earnings per share (Rs)	51.63

We confirm that:

- The financial statements have been drawn up in conformity with the requirements of the Companies Ordinance, 1984 and present fairly state of its affairs, operating results, cash flow and changes in equity.
- Proper books of accounts have been maintained in the manner required under Companies Ordinance,

1984.

- Appropriate accounting policies have been applied in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgement.
- International Financial Reporting Standards, as applicable in Pakistan have been followed in preparation of the financial statements.
- The internal control system is being implemented and monitored.
- There are no significant doubts about the Company's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance as detailed by the listing regulations.
- The key operating and financial data of the past ten years is annexed to this report.
- Outstanding duties and taxes, if any, have been disclosed in the financial statements.
- The Chairman's Review dealing with the performance of the Company during the year ended March 31, 2014, future prospects and other matters of concern to the Company forms part of this report.
- The value of investments of provident and gratuity funds were Rs.131.0 million and Rs.71.2 million, respectively as on March 31, 2014.
- The number of board meetings held during the year 2013-14 was four. The attendance of the directors is as under:

Proper books of accounts have been maintained in the manner required under Companies Ordinance, 1984.

1.	Mr. Arif Hashwani	4
2.	Mr. S. Arshad Shehzada	4
3.	Mr. Altaf Hashwani	4
4.	Mr. Hussain Hashwani	4
5.	Engr. Abdul Jabbar	4
6.	Mr. S. Haider Mehdi	4
7.	Mr. S. M. Faiq	4

m) Pattern of shareholdings as at March 31, 2014 is annexed to this report.

n) Mr. Arif Hashwani purchased 26,200 shares during the year. However, no other Directors including CFO and their spouses and minor children have made transactions of the Company's shares during the year.

o) The Statement of Compliance with the Code of Corporate Governance is annexed to this report.

p) The present Auditors M/s. A. F. Ferguson & Co., Chartered Accountants, retires and being eligible, offers them selves for the re-appointment.



**ARIF HASHWANI**  
Chairman

Karachi: May 26, 2014



# POWERING THE POWER Supply







# Statement of Compliance with the Code of Corporate Governance for the year ended 31st March 2014

This statement is being presented to comply with the Code of Corporate Governance (Code) contained in Regulation No. 35 of Chapter XI of Listing Regulations of the Karachi Stock Exchange Limited and Lahore Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the Code in the following manner:

1. The Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors. At present the Board includes:

Category	Names
Independent Directors	Mr. Engr Abdul Jabbar
Executive Directors	Mr. Arif Hashwani Mr. Arshad Shahzada Mr. Hussain Hashwani Mr. S. Haider Mehdi
Non-Executive Directors	Mr. Altaf Hashwani Mr. S. Mohammad Faïq

2. The Directors have confirmed that none of them is serving as a director in more than seven listed companies, including this Company.
3. All the resident Directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a Development Financial Institution or a Non-banking Financial Institution or, being member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. No casual vacancy occurred on the Board during the period under review.
5. The Company has prepared a 'Code of Conduct' and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedure.
6. The Board has developed a vision / mission statement and formulated significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The Directors of the Company are professionally qualified and experienced persons and are well aware of their duties and responsibilities. The Directors have been pro-

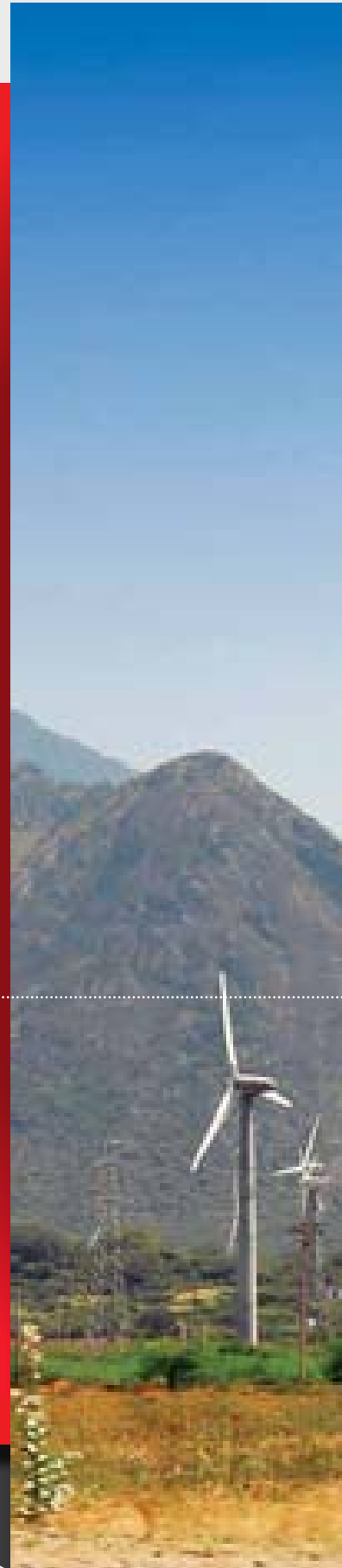
vided with the copies of the Listing Regulations of the Stock Exchanges, the Company's Memorandum and Articles of Association and the Code of Corporate Governance 2012. In addition, Mr. Arshad Shahzada and Mr. Altaf Hashwani attended training programme in January 2013 from Pakistan Institute of Corporate Governance. Mr. Arif Hashwani, Mr. Hussain Hashwani and Engr. Abdul Jabbar have more than 14 years of education and 15 years of experience on the Board of a listed company.

10. The Board has approved the appointment of the CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment.
11. The Directors' report for this year has been prepared in compliance with the requirements of the Code and describes the salient matters required to be disclosed.
12. The financial statements of the Company were duly endorsed by the Chief Executive Officer and the Chief Financial Officer before approval of the Board.
13. The Directors, Chief Executive Officer and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
14. The Company has complied with all the corporate and financial reporting requirements of the Code.
15. The Board has formed an Audit Committee. It comprises of three members and the Chairman of the Committee is a non-executive director.
16. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the Code. The terms of reference of the Committee have been formed and advised to the Committee for compliance.
17. The Board has formed a Human Resource and Remuneration Committee. It comprises of four members including the Chairman of the Committee. The Code requires that majority of the members of the HR&R Committee should be non executive Directors. The Company is taking steps to rectify this.
18. The Board has set up an effective internal audit function. The staff of Internal Audit department are suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.
19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review of programme of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Listing Regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchanges.
22. Material/price sensitive information has been disseminated among all market participants at once through stock exchanges.
23. We confirm that all other material principles enshrined in the Code have been complied with except for the matter as disclosed in point 17.



**Arif Hashwani**  
Chairman

# WINDS OF Change





# Statement Under Section 237 (1)(e) of the Companies Ordinance, 1984

The Audited Statements of Accounts for the year ended March 31, 2014 of Chloride Pakistan (Private) Limited, wholly owned subsidiary of the Company, along with the Auditors' and Directors' Reports thereon are annexed to these accounts. The Company subscribed 15,380 and 3,500 and again 3,500 shares at par of Chloride Pakistan (Private) Limited, a wholly owned subsidiary of the Company during the year ended March 31, 1995, 1996 and 1999 respectively with the approval of the Directors. Since the production activities in Chloride Pakistan (Private) Limited could not be started so far, the net aggregate amount of revenue profits/losses are not reported hereunder.

	Chloride Pakistan (Pvt) Ltd.
Extent of the interest of the holding Company (Exide Pakistan Limited) in the equity of its subsidiaries as at March 31, 2014	100%
The net aggregate amount of profits less losses of the subsidiary companies so far as these concern members of the holding company and have not been dealt with in the accounts of the holding company:	—
- for the year ended March 31, 2014;	—
- for the previous years but subsequent to the acquisition of the subsidiaries controlling interest by the holding company.	—
The net aggregate amount of profits less losses of the subsidiary companies so far as these have been dealt with or provision made for losses in the accounts of the holding company:	—
- for the year ended March 31, 2014;	—
- for the previous years, but subsequent to the acquisition of the controlling interest by the holding Company.	—



Arshad Shehzada  
Chief Executive



Arif Hashwani  
Chairman

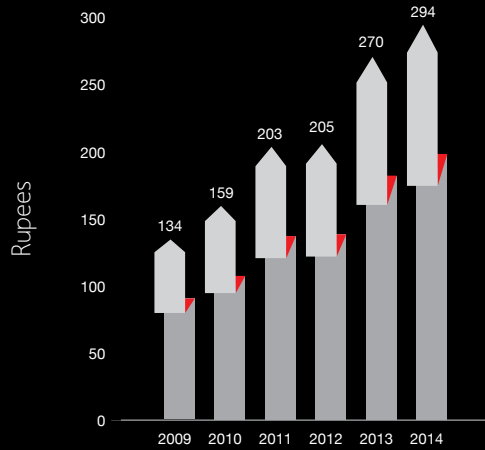
# Performance Highlights

	2005	2006	2007	2008	2009	2010	2011	2012	2013 (Restated)	2014
	Rupees '000									
Net sales	1,288,628	1,529,772	1,931,459	3,022,276	5,630,385	6,189,135	7,711,452	9,465,724	11,145,295	11,593,822
Operating profit	107,891	129,026	172,774	192,253	264,524	382,502	558,215	658,025	887,910	759,088
Profit/(Loss) before tax	87,551	97,334	139,859	143,154	182,003	303,554	429,726	500,926	753,452	603,457
Profit/(Loss) after tax	53,935	57,305	91,642	94,358	118,206	197,287	276,390	320,145	485,856	401,092
Cash dividend	5,406*	8,108*	13,514	13,514	27,028	33,899	33,899	42,374	42,374	58,265
Cash dividend %	10	15	25	25	50	60	60	60	60	75
Stock dividend	-	-	-	-	-	-	14,125	-	7,062	-
Stock dividend %	-	-	-	-	-	-	25	-	10	-
Paid-up share capital	54,057	54,057	54,057	54,057	54,057	56,499	56,499	70,624	70,624	77,686
Reserves & unappropriated profit	310,191	362,881	450,964	536,816	671,907	844,000	1,091,989	1,374,100	1,839,576	2,203,784
Shareholders' equity	364,248	416,938	505,021	590,873	725,964	900,499	1,148,488	1,444,724	1,910,200	2,281,470
Surplus on revaluation of fixed assets	31,955	248,665	244,115	239,107	255,000	249,502	449,916	439,926	429,937	419,948
Tangible fixed assets	298,662	506,150	502,357	599,749	671,711	776,542	1,027,910	1,018,471	1,039,059	1,249,709
Net current assets	142,624	241,797	273,655	360,458	334,508	397,224	593,067	899,155	1,339,730	1,490,379
Net assets employed	460,203	745,603	809,136	929,980	1,000,964	1,150,001	1,598,404	1,884,650	2,340,137	2,701,418
	Rupees									
Earnings per share before tax	16	18	25.87	26.42	33.67	53.73	76.06	70.93	106.68	97.71
Earnings per share after tax	10	10.60	16.95	17.46	21.87	34.92	48.92	45.33	62.54	51.63
Share break-up value	67	77	93	109.31	134.30	159.38	203.28	204.57	270.48	293.68
	Percentage									
Ratio of:										
Operating profit to sales	8%	8%	9%	6%	5%	6%	7%	7%	8%	7%
Profit/(Loss) before tax to sales	7%	6%	7%	5%	3%	5%	6%	5%	7%	5%
Profit/(Loss) after tax to sales	4%	4%	5%	3%	2%	3%	4%	3%	4%	3%
Return/(Loss) on equity	15%	14%	18%	16%	16%	22%	24%	22%	25%	18%
Return/(Loss) on net assets employed	12%	8%	11%	10%	12%	17%	17%	17%	21%	15%

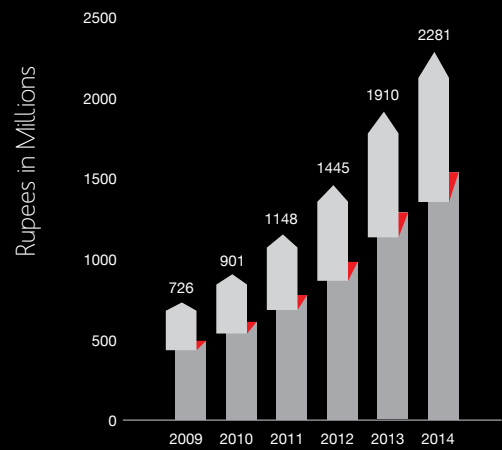
\* Effects of amendments made in the Fourth Schedule to the Companies Ordinance, 1984, have not been considered in performance highlights

# Performance Highlights

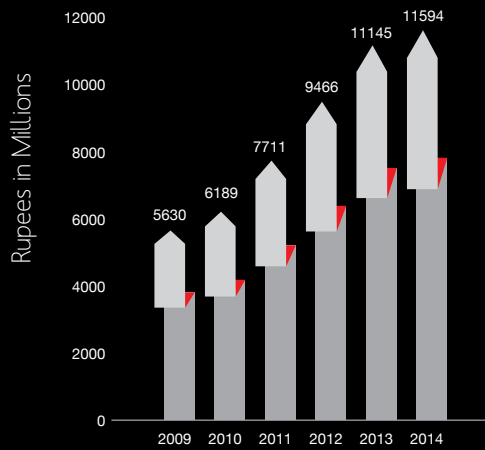
BREAK-UP VALUE PER SHARE



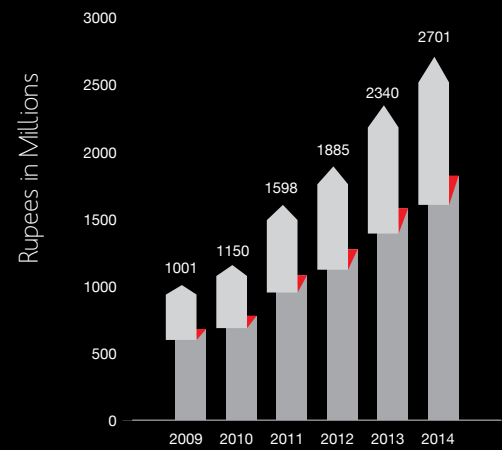
SHAREHOLDERS' EQUITY



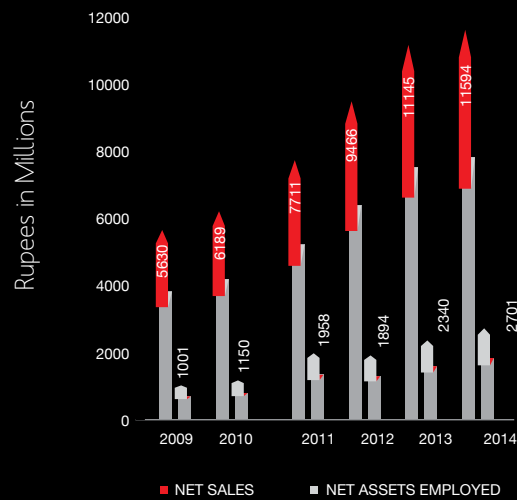
NET SALES



NET ASSETS EMPLOYED

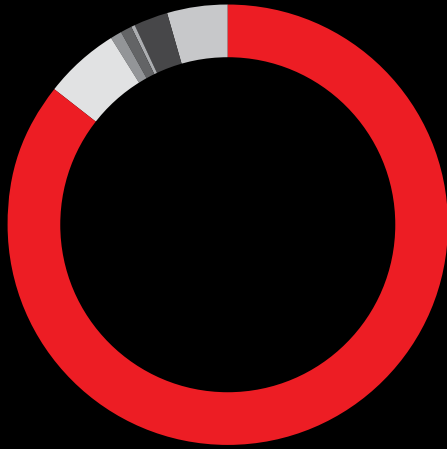


TURNOVER VS NET ASSETS EMPLOYED



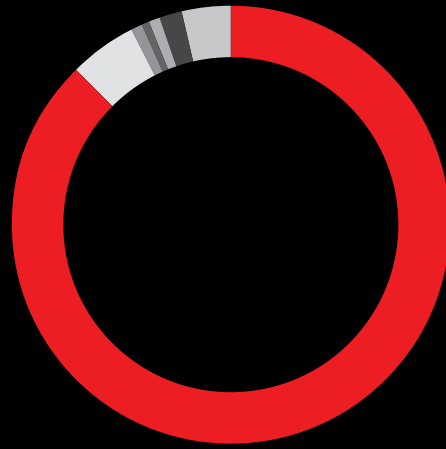


### Cost and Expenses Analysis 2013



■ Cost of Goods Sold	86%
■ Selling and Distribution Expenses	5%
■ Administration Expenses	1%
■ Other Charges Including WPPF and WWF	1%
■ Financial Charges	1%
■ Taxation	2%
■ Net Profit	4%

### Cost and Expenses Analysis 2014



■ Cost of Goods Sold	87%
■ Selling and Distribution Expenses	5%
■ Administration Expenses	1%
■ Other Charges Including WPPF and WWF	1%
■ Financial Charges	1%
■ Taxation	2%
■ Net Profit	4%

### Sales Analysis 2013 Rupees in Millions



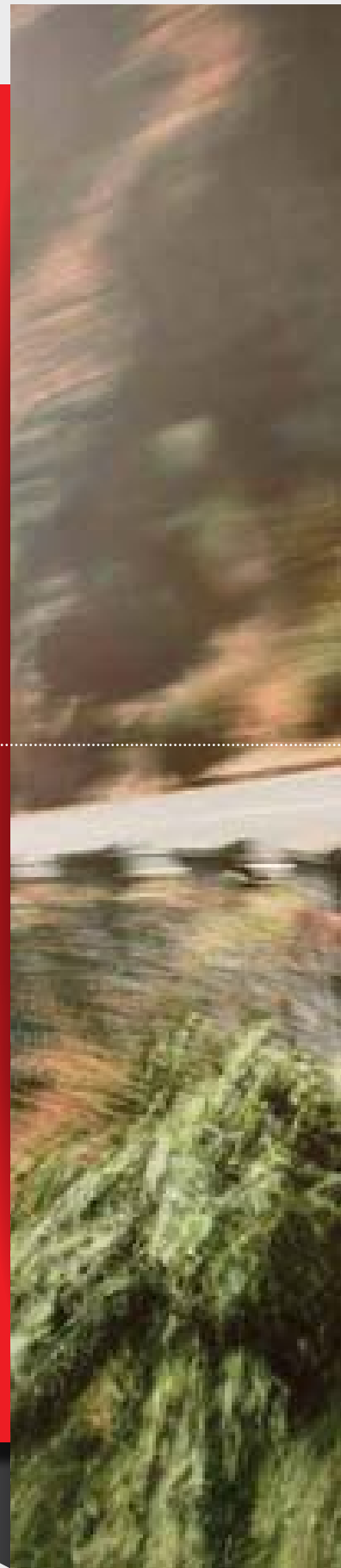
■ Gross Sales	13,611
■ Sales Tax and Exice Duty	1,888
■ Discounts	577
■ Net Sales	11,145

### Sales Analysis 2014 Rupees in Millions



■ Gross Sales	14,216
■ Sales Tax and Exice Duty	2,183
■ Discounts	439
■ Net Sales	11,594

# GEARED TOWARDS Success





# Review Report to the Members on the Statement of Compliance with the Best Practices of the Code of Corporate Governance

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of Exide Pakistan Limited (the Company) for the year ended March 31, 2014 to comply with the requirements of Regulation NO-35 Of Chapter XI contained in the Listing Regulation issued by the Karachi Stock Exchange Limited and Lahore Stock Exchange Limited where the Company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of the financial statements, we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Code requires the Company to place, before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism: We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable: to the Company for the year ended March 31, 2014.

Further, we highlight below instances of non-compliance with the requirements of the Code as reflected in the paragraph reference where these are stated in the Statement of Compliance:

Paragraph Reference	Description
i. 17	Human Resource and Remuneration Committee currently does not contain majority of non executive directors.

  
A.F. FERGUSON & CO.  
Chartered Accountants  
Karachi: May 30, 2014

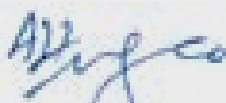
# Auditors' Report to the Members

We have audited the annexed balance sheet of Exide Pakistan Limited as at March 31, 2014 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- (a) in our opinion, proper books of accounts have been kept by the company as required by the Companies Ordinance, 1984;
- (b) in our opinion:
  - (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied except for the change as stated in note 2.1.3 to the financial statements with which we concur;
  - (ii) the expenditure incurred during the year was for the purpose of the company's business; and
  - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;
- (c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at March 31, 2014 and of the profit, its comprehensive income, its cash flows and changes in equity for the year then ended; and
- (d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980, was deducted by the company and deposited in the Central Zakat Fund established under Section 7 of that Ordinance



Chartered Accountants  
Engagement Partner: Rashid A. Jafer  
Dated: May 30, 2014  
Karachi

# THROTTLING FORWARD WITH Pride









The image features a large, solid red rectangular area on the right side, which serves as the background for the text. On the left side, there is a vertical grey bar containing several overlapping, semi-transparent grey geometric shapes, including a triangle pointing right, a rounded rectangle, and various curved forms. The text 'Financial Statements' is centered within the red area in a white, sans-serif font.

# Financial Statements

# Balance Sheet

As at March 31, 2014

	Note	2014	2013 Restated (Rupees '000)	2012 Restated
<b>SHARE CAPITAL &amp; RESERVES</b>				
Authorised share capital 18,000,000 (2013: 18,000,000) ordinary shares of Rs 10 each		<u>180,000</u>	<u>180,000</u>	<u>180,000</u>
Issued, subscribed and paid-up share capital	4	77,686	70,624	70,624
Capital reserve		259	259	259
Revenue reserves		1,714,991	1,269,991	981,991
Reserve arising on amalgamation - net		25,823	25,823	25,823
Unappropriated profit		<u>462,711</u>	<u>543,503</u>	<u>375,377</u>
		<u>2,281,470</u>	<u>1,910,200</u>	<u>1,454,074</u>
<b>SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - net of tax</b>				
	5	419,948	429,937	439,926
<b>NON - CURRENT LIABILITIES</b>				
Deferred tax liability - net	6	65,579	59,030	60,397
<b>CURRENT LIABILITIES</b>				
Trade and other payables	7	<u>1,193,062</u>	<u>960,478</u>	<u>703,934</u>
Accrued mark-up	8	29,094	6,259	32,005
Short-term borrowings	9	<u>2,080,257</u>	<u>451,748</u>	<u>1,253,521</u>
		<u>3,302,413</u>	<u>1,418,485</u>	<u>1,989,460</u>
<b>CONTINGENCIES AND COMMITMENTS</b>				
	10	<u>6,069,410</u>	<u>3,817,652</u>	<u>3,943,857</u>

The annexed notes 1 to 43 form an integral part of these financial statements.

	Note	2014	2013 Restated	2012 Restated
----- (Rupees '000) -----				
<b>NON - CURRENT ASSETS</b>				
Property, plant and equipment	11	1,249,709	1,039,059	1,018,471
Long-term investment	12	224	224	224
Long-term loans	13	1,165	1,451	1,946
Long-term deposits	14	25,520	18,703	20,216
		1,276,618	1,059,437	1,040,857
<b>CURRENT ASSETS</b>				
Spares	15	93,039	73,136	67,761
Stock-in-trade	16	2,355,195	1,605,155	1,497,121
Trade debts	17	602,809	286,504	346,205
Loans and advances	18	25,969	20,347	22,707
Trade deposits, short-term prepayments and other receivables	19	48,969	87,711	43,133
Taxation recoverable		400,259	102,600	182,395
Cash and bank balances	20	1,266,552	582,762	743,678
		4,792,792	2,758,215	2,903,000
		<u>6,069,410</u>	<u>3,817,652</u>	<u>3,943,857</u>

  
Arif Hashwani  
Chairman

  
Arshad Shehzada  
Chief Executive Officer

# Profit and Loss Account

For the year ended March 31, 2014

	Note	2014	2013 Restated
		------(Rupees '000)-----	
Net sales	21	11,593,822	11,145,295
Cost of sales	22	(10,160,746)	(9,565,660)
Gross profit		<u>1,433,076</u>	<u>1,579,635</u>
Selling and distribution expenses	23	(576,757)	(599,332)
Administration and general expenses	24	(97,231)	(92,393)
		<u>759,088</u>	<u>887,910</u>
Other income	26	15,649	9,126
		<u>774,737</u>	<u>897,036</u>
Other operating charges	27	(74,857)	(105,257)
<b>Operating profit</b>		<u>699,880</u>	<u>791,779</u>
Finance cost	28	(96,423)	(38,327)
<b>Profit before taxation</b>		<u>603,457</u>	<u>753,452</u>
Taxation - net	29	(202,365)	(267,596)
<b>Profit after taxation</b>		<u><u>401,092</u></u>	<u><u>485,856</u></u>
		------(Rupees)-----	
<b>Earnings per share (EPS)</b>	30	<u><u>51.63</u></u>	<u><u>62.54</u></u>

Appropriations have been reflected in the statement of changes in equity.

The annexed notes 1 to 43 form an integral part of these financial statements.

  
Arif Hashwani  
Chairman

  
Arshad Shehzada  
Chief Executive Officer


# Statement of Comprehensive Income

For the year ended March 31, 2014

	Note	2014	2013 Restated
------(Rupees '000)-----			
Profit for the year		401,092	485,856
Other comprehensive Income :			
Items that will not be reclassified to profit and loss			
Components of comprehensive income reflected in equity			
- Remeasurements of defined benefit plan	2.1.3	3,943	4,085
- Deferred tax (liability) / asset on remeasurements of defined benefit plan		(1,380)	(1,430)
		2,563	2,655
Comprehensive income transferred to equity		403,655	488,511
Components of comprehensive income not reflected in equity		-	-
Total comprehensive income for the year		403,655	488,511

The annexed notes 1 to 43 form an integral part of these financial statements.

  
Arif Hashwani  
Chairman

  
Arshad Shehzada  
Chief Executive Officer

# Cash Flow Statement

For the year ended March 31, 2014

	Note	2014	2013 Restated
------(Rupees '000)-----			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash (used in) / generated from operations	34	(6,950)	1,047,050
Financial charges paid		(73,588)	(64,073)
Taxes paid		(493,475)	(189,168)
Increase in long-term deposits		(6,817)	1,513
Increase / (decrease) in long-term loans		286	495
<b>Net cash (used in) / generated from operating activities</b>		<b>(580,544)</b>	<b>795,817</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for capital expenditure		(323,772)	(115,241)
Proceeds from disposal of operating fixed assets		1,943	2,622
<b>Net cash used in investing activities</b>		<b>(321,829)</b>	<b>(112,619)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Loan repaid to director		-	(28,000)
Dividends paid		(42,346)	(42,341)
<b>Net cash used in financing activities</b>		<b>(42,346)</b>	<b>(70,341)</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>(944,719)</b>	<b>612,857</b>
Cash and cash equivalents at the beginning of the year		131,014	(481,843)
<b>Cash and cash equivalents at the end of the year</b>	35	<b>(813,705)</b>	<b>131,014</b>

The annexed notes 1 to 43 form an integral part of these financial statements.

  
Arif Hashwani  
Chairman

  
Arshad Shehzada  
Chief Executive Officer

# Statement of Changes in Equity

For the year ended March 31, 2014

	Issued, subscribed and paid-up share capital	Capital reserve	Revenue reserves	Reserve arising on amalgama- tion - net	Unappro- priated profit Restated	Total
	----- (Rupees '000) -----					
<b>Balance at April 1, 2012 as previously reported</b>	70,624	259	981,991	25,823	366,027	1,444,724
Effect of change in accounting policy with respect to accounting for remeasurement gain on defined benefit plan net of tax (note 2.1.3)	-	-	-	-	9,350	9,350
<b>Balance at April 1, 2012 - restated</b>	<u>70,624</u>	<u>259</u>	<u>981,991</u>	<u>25,823</u>	<u>375,377</u>	<u>1,454,074</u>
Final dividend for the year ended March 31, 2012 declared	-	-	-	-	(42,374)	(42,374)
Transfer to revenue reserves made subsequent to the year ended March 31, 2012	-	-	288,000	-	(288,000)	-
Profit after taxation for the year ended March 31, 2013-restated	-	-	-	-	485,856	485,856
<b>Other comprehensive income for the year</b>						
Remeasurements of defined benefit plan (note 2.1.3)	-	-	-	-	4,085	4,085
Tax on remeasurements of defined benefit plan (note 2.1.3)	-	-	-	-	(1,430)	(1,430)
Transferred from surplus on revaluation of property, plant and equipment - net of tax (note 3.1.1)	-	-	-	-	2,655	2,655
<b>Balance as at March 31, 2013 - restated</b>	<u>70,624</u>	<u>259</u>	<u>1,269,991</u>	<u>25,823</u>	<u>543,503</u>	<u>1,910,200</u>
Final dividend for the year ended March 31, 2013 declared subsequent to year end	-	-	-	-	(42,374)	(42,374)
Transfer to revenue reserves made subsequent to the year ended March 31, 2013	-	-	445,000	-	(445,000)	-
Issue of bonus shares at 10%	7,062	-	-	-	(7,062)	-
Profit after taxation for the year ended March 31, 2014	-	-	-	-	401,092	401,092
<b>Other comprehensive income for the year</b>						
Remeasurements of defined benefit plan (note 2.1.3)	-	-	-	-	3,943	3,943
Tax on remeasurements of defined benefit plan (note 2.1.3)	-	-	-	-	(1,380)	(1,380)
Transferred from surplus on revaluation of property, plant and equipment - net of tax (note 3.1.1)	-	-	-	-	2,563	2,563
<b>Balance as at March 31, 2014</b>	<u>77,686</u>	<u>259</u>	<u>1,714,991</u>	<u>25,823</u>	<u>462,711</u>	<u>2,281,470</u>

Appropriations of dividend and transfer between reserves made subsequent to the year ended March 31, 2014 are disclosed in note 41 to these financial statements.

The annexed notes 1 to 43 form an integral part of these financial statements.



Arif Hashwani  
Chairman



Arshad Shehzada  
Chief Executive Officer

# Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2014

## 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 Karachi and Lahore Stock Exchanges. The Company is engaged in the manufacturing and sale of batteries, chemicals and acid. Manufacturing facilities for batteries are located at S.I.T.E Karachi and HUB Balochistan while facilities for chemical and acid are located at S.I.T.E and Bin Qasim Karachi.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless stated otherwise.

### 2.1 Basis of preparation

#### 2.1.1 Statement of compliance

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, the requirements of the Companies Ordinance, 1984 and the directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the Companies Ordinance, 1984, or directives issued by the SECP differ with the requirements of IFRS, the requirements of the Companies Ordinance 1984 or the directives issued by the SECP prevail.

#### 2.1.2 Accounting convention

These financial statements have been prepared under the historical cost convention, except that certain properties are stated at revalued amounts and certain staff retirement benefits are carried at present value.

#### 2.1.3 New and amended standards and interpretations that are effective in the current year:

The following standards and amendments to existing standards and interpretations have been published and are mandatory for the accounting periods beginning on April 1, 2013:

IAS 1, 'Financial statement presentation' has been amended effective January 1, 2013. The main change resulting from these amendments is a requirement for entities to group items presented in 'Other Comprehensive Income' (OCI) on the basis of whether they are potentially reclassifiable to the profit or loss subsequently (reclassification adjustments). The specified change has been made in the statement of comprehensive income for the year.

IAS 19 (revised) 'Employee benefits' which became effective for annual periods beginning on or after January 1, 2013 amends accounting for employee benefits. The standard requires immediate recognition of past service cost and also replaces the interest cost on the defined benefit obligation and the expected return on plan assets with a net interest cost based on the net defined benefit asset or liability and the discount rate, measured at the beginning of the year.



# Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2014

Further, a new term “remeasurements” has been introduced. This is made up of actuarial gains and losses and the difference between actual investment returns and the return implied by the net interest cost. The standard requires “remeasurements” to be recognised in the Balance Sheet immediately, with a charge or credit to Other Comprehensive Income in the periods in which they occur.

During the year the Company has changed its accounting policy to comply with the changes made in IAS 19. As per the previous policy actuarial gains and losses were recognised in the profit and loss account over the future expected average remaining working lives of the employees to the extent of the greater of 10% of the present value of defined benefit obligation at that date and 10% of the fair value of plan assets at that date.

The change in accounting policy has been accounted for retrospectively in accordance with the requirements of IAS 8, ‘Accounting Policies, Changes in Accounting Estimates and Errors’ and comparative figures have been restated.

The Company’s financial statements are affected only by the ‘remeasurements’ relating to prior years. The effects have been summarised below:

	March 31, 2014	March 31, 2013	March 31, 2012
	----- Rupees in ‘000 -----		
<b>Impact on Balance Sheet</b>			
Increase in deferred tax Liability	7,537	6,157	5,035
Increase in other assets	14,466	14,466	10,611
Decrease in other liabilities	7,069	3,126	3,774
Increase in unappropriated profit	13,998	11,435	9,350
<b>Impact on Statement of Comprehensive Income</b>			
Remeasurements of defined benefit plan	3,943	4,085	-
Tax on remeasurement of defined benefit plan	(1,380)	(1,430)	-
Increase / (decrease) in other comprehensive income	2,563	2,655	-
<b>Impact on Statement of Changes in Equity</b>			
Increase / (decrease) in unappropriated profit			
- Impact on unappropriated profit for 2012	-		9,350
- Impact for the year	2,563	2,085	-
<b>Impact on Profit and Loss Account</b>			
Increase in administrative expenses	-	877	360
Effect of related taxation	-	(307)	(126)

The Company’s policy for Staff Retirement Benefits (note 3.11) and disclosure relating to Defined Benefit Plan (note 25) have been amended to comply with the requirement of IAS 19 (revised).

# Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2014

## 2.1.4 New and amended standards and interpretations to published approved accounting standards that are not yet effective in the current year

There are certain new and amended standards and interpretations to published approved accounting standards that are mandatory for accounting periods beginning on or after April 1, 2014 but are considered not to be relevant or do not have any significant effect on the Company's operations and are therefore not detailed in these financial statements.

## 2.1.5 Critical accounting estimates and judgments

The preparation of financial statements in conformity with the approved accounting standards as applicable in Pakistan requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 39 to these financial statements.

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 3.1 Property, plant and equipment

#### 3.1.1 Operating fixed assets

Leasehold land and buildings on leasehold land are stated at revalued amounts less accumulated depreciation/amortisation and accumulated impairment losses (if any). Plant and machinery, furniture and fixtures, office equipment and appliances and vehicles are stated at cost less accumulated depreciation and accumulated impairment losses (if any).

Subsequent costs are included in the asset's carrying amounts or recognised as a separate asset, as appropriate, only when it is probable that future benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All repairs and maintenance are charged to the profit and loss account as and when incurred.

Depreciation on all property, plant and equipment is charged using the straight line method in accordance with the rates specified in note 11.1 to these financial statements and after taking into account residual values, (if significant). The revalued amount of leasehold land is amortised equally over the lease period. The residual values, useful lives and depreciation methods are reviewed and adjusted, if appropriate, at each balance sheet date.

Depreciation on additions is charged from the month in which the assets become available for use, while on disposals depreciation is charged upto the month of disposal.

Any surplus arising on revaluation of property, plant and equipment is credited to the surplus on revaluation account. Revaluation is carried out with sufficient regularity to ensure that the carrying amount of assets does not differ materially from the fair value. To the extent of the incremental depreciation charged on the revalued assets, the related surplus on revaluation of property, plant and equipment (net of deferred taxation) is transferred directly to unappropriated profit.

Gains / losses on disposal of property, plant and equipment are charged to the profit and loss account, except that the related surplus on revaluation of property, plant and equipment (net of deferred taxation) is transferred directly to unappropriated profit.

# Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2014

## 3.1.2 Capital work-in-progress

Capital work-in-progress is stated at cost less accumulated impairment losses (if any). All expenditure connected to the specific assets incurred during installation and construction period is carried under capital work-in-progress. These are transferred to specific assets as and when these are available for use.

## 3.2 Intangible assets

Computer software acquired by the Company are stated at cost less accumulated amortisation. Cost represents the expense incurred to acquire the software licence and bring them to use. The cost of computer software is amortised over the estimated useful life i.e. 2 years.

Cost associated with maintaining computer software is charged to profit and loss account.

## 3.3 Financial Instruments

### 3.3.1 Financial assets

#### 3.3.1.1 Classification

The management determines the appropriate classification of its financial assets in accordance with the requirements of International Accounting Standard 39 (IAS 39), "Financial Instruments: Recognition and Measurement" at the time of purchase of financial assets and re-evaluates this classification on a regular basis. The financial assets of the Company are categorised as follows:

#### a) Financial assets at fair value through profit or loss

Financial assets that are acquired principally for the purpose of generating profit from short-term fluctuations in prices are classified as 'financial assets at fair value through profit or loss'.

#### b) Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Company's loans and receivables comprise of trade debts, loans and advances, deposits, cash and bank balances and other receivables in the balance sheet.

#### c) Held to maturity

These are financial assets with fixed or determinable payments and fixed maturity which the Company has positive intent and ability to hold to maturity.

#### d) Available for sale financial assets

Financial assets intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in equity prices, are classified as 'available for sale'. Available for sale financial instruments are those non-derivative financial assets that are designated as available for sale or are not classified as (a) loans and receivables (b) held to maturity (c) financial assets at fair value through profit or loss.

# Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2014

## 3.3.1.2 Initial recognition and measurement

All financial assets are recognised at the time the Company becomes a party to the contractual provisions of the instrument. Financial assets are initially recognised at fair value plus transaction costs except for financial assets carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs associated with these financial assets are taken directly to the profit and loss account.

## 3.3.1.3 Subsequent measurement

Subsequent to initial recognition, financial assets are valued as follows:

### a) 'Financial asset at fair value through profit or loss' and 'available for sale'

'Financial assets at fair value through profit or loss' are marked to market using the closing market rates and are carried on the balance sheet at fair value. Net gains and losses arising on changes in fair values of these financial assets are taken to the profit and loss account in the period in which these arise.

'Available for sale' financial assets are marked to market using the closing market rates and are carried on the balance sheet at fair value. Net gains and losses arising on changes in fair values of these financial assets are recognised in other comprehensive income.

### b) 'Loans and receivables' and 'held to maturity'

Loans and receivables and held to maturity financial assets are carried at amortised cost.

## 3.3.1.4 Impairment

The Company assesses at each balance sheet date whether there is objective evidence that financial asset is impaired.

### a) Assets carried at amortised cost

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the profit and loss account.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating) the reversal of the previously recognised impairment loss is recognised in the profit and loss account.

### b) Assets Classified as 'available for sale'

Impairment loss in respect of available for sale assets is recognised based on management's assessment of objective evidence of impairment as a result of one or more events that may have an impact on the estimated future cash flows of these assets.

# Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2014

If any evidence for impairment exists, the cumulative loss is removed from equity and recognised in the profit and loss account. For investments, other than equity instruments, the increase in fair value in a subsequent period thereby resulting in reversal of impairment is reversed through the profit and loss account. Impairment losses recognised in the profit and loss account on equity instruments are not reversed through the profit and loss account.

## 3.3.2 Investment in subsidiary company

Investment in subsidiary company is stated at cost less impairment, if any, for any diminution in its value.

## 3.3.3 Financial liabilities

All financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument.

## 3.3.4 Derecognition

Financial assets are derecognised at the time when the Company loses control of the contractual rights that comprise the financial assets. Financial liabilities are derecognised at the time when they are extinguished i.e. when the obligation specified in the contract is discharged, cancelled, or expires. Any gain or loss on derecognition of financial assets and financial liabilities is taken to the profit and loss account.

## 3.3.5 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the assets and settle the liabilities simultaneously.

## 3.4 Spares

These are valued at lower of cost determined using the weighted average method and the net realisable value. Items in transit are valued at cost comprising invoice value plus other charges incurred thereon.

Provision is made in the financial statements for obsolete and slow moving spares based on management's best estimate regarding their future usability.

Net realisable value signifies the estimated selling price in the ordinary course of business less the estimated costs necessary to be incurred to make the sale.

## 3.5 Stock-in-trade

Raw and packing material and components, work-in-process and finished goods are valued at lower of cost, determined using the weighted average method and the net realisable value. Cost in relation to components, work-in-process and finished goods, represents direct cost of materials, direct wages and an appropriate portion of production overheads and the related duties where applicable. Items in transit are valued at cost comprising invoice values plus other charges incurred thereon.

# Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2014

Provision is made in the financial statements for obsolete and slow moving stock based on management's best estimate regarding their future usability.

Net realisable value signifies the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated costs necessary to be incurred to make the sale.

## 3.6 Trade debts and other receivables

Trade debts and other receivables are carried at original invoice value less an estimate made for doubtful receivables which is determined based on management's review of outstanding amounts and previous repayment pattern. Balances considered bad and irrecoverable are written off.

## 3.7 Borrowings and borrowing costs

Borrowings are recognised initially at fair value.

Borrowing costs are recognised as an expense in the period in which these are incurred except to the extent of those that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs, if any, are capitalised as part of the cost of that asset.

## 3.8 Trade and other payables

Liabilities for trade and other amounts payable are carried at cost, which is the fair value of consideration to be paid in the future for goods and services whether or not billed to the Company.

## 3.9 Provision for battery warranty claims

The Company provides after sales warranty for its products for a specified period. Accrual is made in the financial statements for this warranty based on previous trends and is determined using the management's best estimate.

## 3.10 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the outflow can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

## 3.11 Staff retirement benefits

The Company operates:

- (a) An approved funded gratuity plan covering all eligible employees. Separate fund is being maintained by the Company for employees of Automotive Battery Company Limited (now merged with and into the Company). Annual contributions are made to the funds based on actuarial recommendations. The actuarial valuations are carried out using the Projected Unit Credit Method. Actuarial gains and losses in excess of 10% of the fair value of plan assets or 10% of the present value of defined benefit obligations, whichever is higher, are amortised over the average expected future service lives of employees;

# Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2014

- (b) approved contributory provident funds for all eligible employees; and
- (c) an unfunded pension scheme for certain management staff who had opted to remain in the pension scheme at the time of winding up of the State Life pension scheme. Provision is made annually to cover the obligations under the scheme based on management's estimate.

Staff retirement benefits are payable to staff on completion of the prescribed qualifying period of service under these funds / scheme.

## 3.12 Employees' compensated absences

The Company accounts for the liability in respect of employees' compensated absences in the year in which these are earned.

## 3.13 Taxation

### Current

Provision for current taxation is based on taxable income at the current rates of taxation after taking into account tax credits, rebates and exemptions available, if any. The charge for current tax also includes adjustments where necessary, relating to prior years which arise from assessments framed / finalised during the current year.

### Deferred

Deferred taxation is recognised using the balance sheet liability method on all major temporary differences arising between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax liabilities are recognised for all taxable temporary differences. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. The Company also recognises deferred tax asset / liability on deficit / surplus on revaluation of property, plant and equipment which is adjusted against the related deficit / surplus in accordance with the requirements of International Accounting Standard 12, 'Income Taxes'. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantially enacted by the balance sheet date.

## 3.14 Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease.

## 3.15 Impairment of non-financial assets

The carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment loss. If such indication exists, the asset's recoverable amount is estimated in order to determine the extent of impairment loss, if any. The resulting impairment loss is taken to the profit and loss account except for the impairment loss on revalued assets, which is adjusted against related revaluation surplus to the extent that the impairment loss does not exceed the surplus on revaluation of that asset.

# Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2014

## 3.16 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. Cash and cash equivalents include cash and cheques in hand, balances with banks in current and deposit accounts and short-term finances with original maturities of three months or less.

## 3.17 Revenue recognition

Revenue is recognised to the extent that is probable that the economic benefit will flow to the Company and the revenue can be measured reliably. Revenue is measured at fair value of consideration received or receivable on the following basis :

- Sales are recognised as revenue on dispatch of goods to customers.
- Mark-up income on deposit, accounts with banks and other operating income are recognised as revenue on accrual basis.

## 3.18 Proposed dividends and transfers between reserves

Dividends declared and transfers between reserves made subsequent to the balance sheet date are considered as non-adjusting events and are recognised in the financial statements in the period in which such dividends are declared / transfers are made.

## 3.19 Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. As the operations of the Company are predominantly carried out in Pakistan, information relating to geographical segment is not considered relevant.

The Company accounts for segment reporting using the business segments as the primary reporting format based on the Company's practice of reporting to the management on the same basis.

Assets, liabilities, capital expenditures and other balances that are directly attributable to segments have been assigned to them while the carrying amount of certain assets used jointly by two or more segments have been allocated to segments on a reasonable basis. Those assets, liabilities, capital expenditures and other balances which cannot be allocated to a particular segment on a reasonable basis are reported as unallocated.

## 3.20 Functional and presentational currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates. The financial statements are presented in Pakistani Rupees, which is the Company's functional and presentational currency.



# Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2014

## 3.21 Foreign currency transactions

Transactions in foreign currencies are translated to Pakistani Rupees at the foreign exchange rates prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are translated into Pakistani Rupees at the rates of exchange approximating those at the balance sheet date. Exchange gains / losses resulting from the settlement of transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are taken to the profit and loss account.

## 3.22 Basic and diluted earnings per share

The Company presents basic and diluted earnings per share (EPS) for its shareholders. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, if any.

## 4 ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

2014 ----(Number of shares)----	2013		2014 ----- (Rupees '000)-----	2013
359,248	359,248	Ordinary shares of Rs 10 each issued as fully paid in cash	3,592	3,592
20,894	20,894	Ordinary shares of Rs 10 each issued for consideration other than cash	209	209
7,144,309	6,438,071	Ordinary shares of Rs 10 each issued as fully paid bonus shares	71,443	64,381
244,167	244,167	Ordinary shares of Rs 10 each issued to minority shareholders of Automotive Battery Company Limited	2,442	2,442
<u>7,768,618</u>	<u>7,062,380</u>		<u>77,686</u>	<u>70,624</u>

## 4.1 Shares held by the related parties of the Company

### Name of the shareholders

	2014 -----Number of shares-----	2013
Mr. Arif Hashwani *	3,138,073	2,828,976
Mr. Hussain Hashwani	1,250,601	1,136,910
Mr. Altaf Hashwani	1,412,946	1,284,496
Mr. S. Haider Mehdi	638	593
Syed Muhammad Faiq	687	625
Ms. Sana Hashwani	217	198
Mr. Arshad Shehzada	13	12

\* Mr. Arif Hashwani has purchased 26,200 shares during the year.

# Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2014

## 5 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT- net of tax

This represents surplus arising on revaluation of leasehold land and buildings, net of deferred tax thereon.

	2014	2013
	------(Rupees '000)-----	
Surplus on revaluation of operating fixed assets as at April 1	437,188	447,735
Surplus arising on revaluation during the year	-	-
Transferred to unappropriated profits:		
- surplus relating to incremental depreciation charged during the year - net of deferred tax	(9,989)	(9,989)
Related deferred tax liability	<u>(558)</u>	<u>(558)</u>
Surplus on revaluation of operating fixed assets as at March 31	426,641	437,188
Less: related deferred tax liability on:		
- revaluation as at April 1	7,251	7,809
- surplus arising on revaluation during the year	-	-
- incremental depreciation charged during the year transferred to the profit and loss account	<u>(558)</u>	<u>(558)</u>
	6,693	7,251
	<u>419,948</u>	<u>429,937</u>

## 6 DEFERRED TAX LIABILITY - NET

	Note	2014	2013	2012
			Restated	Restated
		------(Rupees '000)-----		
<b>Deferred tax liability arising on taxable temporary differences due to:</b>				
- Accelerated tax depreciation		84,730	78,998	73,573
- Arising on surplus on revaluation of property, plant and equipment	5	6,693	7,251	7,809
<b>Deferred tax assets arising on deductible temporary differences due to:</b>				
- Certain provisions		(24,464)	(25,789)	(26,020)
- Remeasurement of defined benefit obligations*		<u>(1,380)</u>	<u>(1,430)</u>	<u>5,035</u>
		<u>65,579</u>	<u>59,030</u>	<u>60,397</u>

\*restated amount / amounts included as a result of change in accounting policies.

# Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2014

	Note	2014	2013 Restated	2012 Restated
------(Rupees '000)-----				
<b>7</b>				
<b>TRADE AND OTHER PAYABLES</b>				
Creditors		335,816	155,120	93,259
Bills payable		388,978	397,020	260,335
Accrued liabilities	7.1	100,390	109,280	60,074
Advances from customers		46,058	68,933	51,255
Workers' Profits Participation Fund	7.2	1,835	143	24,631
Workers' Welfare Fund		62,803	50,488	34,879
Provision for battery warranty claims	7.3	61,651	65,749	46,790
Unclaimed dividends		1,625	1,597	1,564
Payable to provident fund		1,273	1,186	1,082
Royalty payable		11,405	13,279	18,208
Sales tax payable		151,109	77,405	96,688
Others		30,119	20,278	15,169
		<u>1,193,062</u>	<u>960,478</u>	<u>703,934</u>

7.1 This includes an amount of Rs 3.164 million (2013: Rs 2.760million) in respect of employees compensated absences.

	Note	2014	2013
------(Rupees '000)-----			
<b>7.2</b>			
<b>Workers' Profits Participation Fund</b>			
Balance at April 1		143	24,631
Allocation for the year	27	32,409	40,523
		<u>32,552</u>	65,154
Interest on funds utilised in the company's business	28	-	341
		<u>32,552</u>	65,495
Less: Amount paid during the year		30,717	65,352
Balance at March 31		<u>1,835</u>	<u>143</u>

7.3 Provision for battery warranty claims

Balance at April 1		65,749	46,790
Charge for the year	23	204,268	239,985
Claims paid		(208,366)	(221,026)
Balance at March 31		<u>61,651</u>	<u>65,749</u>

8 ACCRUED MARK-UP

Mark-up accrued on:			
- Short-term running finance		22,118	6,259
- Short-term finance		6,976	-
		<u>29,094</u>	<u>6,259</u>

# Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2014

	Note	2014	2013
		------(Rupees '000)-----	
<b>9</b>			
<b>SHORT-TERM BORROWINGS</b>			
From banking companies - secured	9.1		
Short-term running finance		1,570,656	265,978
Short-term finance		509,601	185,770
		<u>2,080,257</u>	<u>451,748</u>

- 9.1 The facilities for short-term running finance and short term finance available from various banks amounted to Rs 2,295 million (2013: Rs 1,095 million). The facilities carry mark-up at rates ranging from 10.43% to 12.68% (2013: 9.59% to 11.34%) and are repayable latest by August 17, 2014. The arrangements are secured by pari passu and joint hypothecation charge over the company's stock-in-trade and trade debts.

## 10 CONTINGENCIES AND COMMITMENTS

### Contingencies

- 10.1 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 27 January 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 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 financial statements in respect of this amount.
- 10.2 The Company has received notice from the Directorate of Intelligence and Investigation – Federal Board of Revenue (FBR), Lahore on April 15, 2011. In the said notice it has been alleged that the Company has purchased goods from certain dummy / fake suppliers who got themselves registered with Regional Tax Officers at Lahore, Faisalabad and Karachi and have 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 has been 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

# Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2014

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. 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. Therefore, no provision has been made in these financial statements in respect of any liability / penalty which may arise as a consequence of the said notice.

- 10.3 The Company received notice No 10(1)/IRAO(IANDI)/IR/2014/553 on 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 Honourable 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 Honourable 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.

## Commitments

Note                      2014                      2013  
------(Rupees '000)-----

### 10.4 Commitments in respect of :

Capital expenditure contracted for but not incurred	5,247	4,546
Letters of credit	274,836	335,295
Letters of guarantee	39,116	47,865

### 11 PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets	11.1	1,110,704	1,005,513
Capital work-in-progress	11.5	139,005	33,546
Intangible assets	11.6	-	-
		<u>1,249,709</u>	<u>1,039,059</u>

# Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2014

## 11.1 The following is a statement of operating fixed assets:

	2014						Total
	Leasehold land	Buildings on leasehold land	Plant and machinery	Furniture and fixtures	Office equipment and appliances	Vehicles	
	Rupees '000						
<b>At April 1, 2013</b>							
Cost / revalued amount	510,000	61,835	973,310	10,950	23,690	75,330	1,655,115
Accumulated depreciation / amortisation	(20,724)	(11,928)	(545,862)	(6,658)	(13,508)	(50,922)	(649,602)
<b>Net book value</b>	<b>489,276</b>	<b>49,907</b>	<b>427,448</b>	<b>4,292</b>	<b>10,182</b>	<b>24,408</b>	<b>1,005,513</b>
Additions	-	7,989	194,412	523	803	14,586	218,313
Disposals:							
Cost	-	-	-	-	-	(4,898)	(4,898)
Depreciation	-	-	-	-	-	4,802	4,802
	-	-	-	-	-	(96)	(96)
Depreciation / amortisation charge for the year	(10,200)	(6,160)	(82,375)	(898)	(2,811)	(10,582)	(113,026)
Closing net book value	<u>479,076</u>	<u>51,736</u>	<u>539,485</u>	<u>3,917</u>	<u>8,174</u>	<u>28,316</u>	<u>1,110,704</u>
<b>At March 31, 2014</b>							
Cost / revalued amount	510,000	69,824	1,167,722	11,473	24,493	85,018	1,868,530
Accumulated depreciation / amortisation	(30,924)	(18,088)	(628,237)	(7,556)	(16,319)	(56,702)	(757,826)
<b>Net book value</b>	<b>479,076</b>	<b>51,736</b>	<b>539,485</b>	<b>3,917</b>	<b>8,174</b>	<b>28,316</b>	<b>1,110,704</b>
Depreciation/amortisation rate % per annum	1 - 2	5 - 10	10 - 20	10 - 20	10 - 20	10 - 20	
	2013						
	Leasehold land	Buildings on leasehold land	Plant and machinery	Furniture and fixtures	Office equipment and appliances	Vehicles	Total
	Rupees '000						
<b>At April 1, 2012</b>							
Cost / revalued amount	510,000	61,165	893,081	9,154	14,406	70,509	1,558,315
Accumulated depreciation / amortisation	(11,190)	(4,700)	(481,414)	(5,804)	(11,151)	(47,506)	(561,765)
<b>Net book value</b>	<b>498,810</b>	<b>56,465</b>	<b>411,667</b>	<b>3,350</b>	<b>3,255</b>	<b>23,003</b>	<b>996,550</b>
Additions	-	670	80,229	1,796	9,284	8,900	100,879
Disposals:							
Cost	-	-	-	-	-	(4,079)	(4,079)
Depreciation	-	-	-	-	-	3,214	3,214
	-	-	-	-	-	(865)	(865)
Depreciation / amortisation charge for the year	(9,534)	(7,228)	(64,448)	(854)	(2,357)	(6,630)	(91,051)
Closing net book value	<u>489,276</u>	<u>49,907</u>	<u>427,448</u>	<u>4,292</u>	<u>10,182</u>	<u>24,408</u>	<u>1,005,513</u>
<b>At March 31, 2013</b>							
Cost / revalued amount	510,000	61,835	973,310	10,950	23,690	75,330	1,655,115
Accumulated depreciation / amortisation	(20,724)	(11,928)	(545,862)	(6,658)	(13,508)	(50,922)	(649,602)
<b>Net book value</b>	<b>489,276</b>	<b>49,907</b>	<b>427,448</b>	<b>4,292</b>	<b>10,182</b>	<b>24,408</b>	<b>1,005,513</b>
Depreciation/amortisation rate % per annum	1 - 2	5 - 10	10 - 20	10 - 20	10 - 20	10 - 20	

# Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2014

**11.1.1** Title documents in respect of one of the Company's property having net book value of Rs. 219.944 million (2013: Rs. 226.224 million) have been pledged with a consortium of banks for a financing facility. The facility has been fully settled and the Company has approached the banks for release of these documents.

**11.2** Leasehold land and buildings on leasehold land of the Company were revalued in March 2011 by M/s Shahani & Co., independent valuation consultants, on the basis of present market values. The revaluation resulted in a net surplus of Rs 208.418 million over the written down values of Rs 350.982 million which was incorporated in the books of the Company on March 31, 2011. Out of the revaluation surplus resulting from all the revaluations carried out to date, an amount of Rs 426.641 million (2013: 437.188 million) remains undepreciated as at March 31, 2014. As per the latest revaluation report dated May 15, 2014 by M/s Shahani & Co., the value of these assets on leasehold is not materially different from their book values as at March 31, 2014.

Had there been no revaluation, the book value of leasehold land and buildings on leasehold land would have been as follows:

	2014	2013
	----- (Rupees '000) -----	
Leasehold land	69,585	71,455
Buildings on leasehold land	34,586	30,540

**11.3** Particulars of operating fixed assets disposed of, having net book value exceeding Rs 50,000, or to related parties during the year are as follows:

	Cost	Accumulated depreciation	Net Book value	Sale proceeds	Mode of disposals / settlement	Particulars of buyers	Location
	----- (Rupees '000) -----						
Vehicles							
Honda City	931	853	78	326	Company Policy	Mr. Javed Kazimi	Karachi
<b>2014</b>	<u>931</u>	<u>853</u>	<u>78</u>	<u>326</u>			
2013	<u>2,406</u>	<u>1,542</u>	<u>864</u>	<u>1,966</u>			

**11.4** The Company allocates depreciation charge to cost of sales, selling and distribution expense and administration and general expenses. Amounts allocated during the year are as follows:

	Note	2014	2013
		----- (Rupees '000) -----	
Depreciation			
Cost of sales	22	107,375	86,498
Selling and distribution expenses	23	2,260	2,732
Administration and general expenses	24	3,391	1,821
		<u>113,026</u>	<u>91,051</u>

# Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2014

	Note	2014	2013
		------(Rupees '000)-----	
<b>11.5 Capital work-in-progress</b>			
Building		1,100	1,953
Plant and machinery		97,242	12,629
Advances to suppliers / contractors		40,663	18,964
		<u>139,005</u>	<u>33,546</u>
<b>11.6 Intangible assets</b>			
As at April 01		-	2,737
Additions		-	-
Amortisation		-	(2,737)
As at March 31	11.6.1	<u>-</u>	<u>-</u>
Amortisation rate % per annum		50%	50%
<b>11.6.1</b>	The Company allocates amortisation charge to cost of sales, selling and distribution expense and administration and general expenses. Amounts allocated during the year are as follows:		
	Note	2014	2013
		------(Rupees '000)-----	
<b>Amortisation</b>			
Cost of sales	22	-	1,383
Selling and distribution expenses	23	-	889
Administration and general expenses	24	-	465
		<u>-</u>	<u>2,737</u>
<b>12 LONG-TERM INVESTMENT</b>	Percentage holding	2014	2013
		------(Rupees '000)-----	
<b>Investment in related party - at cost</b>			
<b>Subsidiary company - Unquoted</b>			
22,380 (2013: 22,380) ordinary shares of Rs 10 each held in Chloride Pakistan (Private) Limited, a private limited company incorporated in Pakistan	100%	<u>224</u>	<u>224</u>
<b>12.1</b>	Chloride Pakistan (Private) Limited (CPL) has not yet commenced production. The auditors of CPL have included an emphasis of matter paragraph in their report on the matter highlighting that financial statements have not been prepared on a going concern basis and consequently all the assets appearing in the financial statements have been measured at their realisable values and the liabilities are reported at amounts not less than those at which these are expected to be settled. The accounts of the subsidiary shall be available for inspection at the registered office of the Company and will be available to the members on request.		



# Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2014

- 12.2 The Securities and Exchange Commission of Pakistan vide letter FMD/233/443/2002 dated May 23, 2014 has granted exemption to the Company from the preparation of consolidated financial statements. The audited balance sheet as at March 31, 2014 and the profit and loss account for the year ended March 31, 2014 of CPL are as follows:

	2014	2013
	------(Rupees '000)-----	
<b>BALANCE SHEET</b>		
<b>Current Assets</b>		
Receivable from Exide Pakistan Limited	36	46
Cash and bank balances	11	28
<b>Current Liability</b>		
Accrued expenses	<u>(58)</u>	<u>(49)</u>
	<u>(11)</u>	<u>25</u>
<b>Financed by:</b>		
Share capital	224	224
Accumulated loss	<u>(720)</u>	<u>(659)</u>
	<u>(496)</u>	<u>(435)</u>
Loan from a director - subordinated	<u>485</u>	<u>460</u>
	<u>(11)</u>	<u>25</u>
<b>PROFIT AND LOSS ACCOUNT</b>		
<b>Expenses</b>		
Legal and professional charges	(23)	(31)
Bank charges	-	-
	<u>(23)</u>	<u>(31)</u>
Auditors' Remuneration		
- Audit fees	<u>(32)</u>	<u>(32)</u>
- Out of pocket expenses	<u>(6)</u>	<u>(6)</u>
	<u>(38)</u>	<u>(38)</u>
<b>Loss before tax</b>	<u>(61)</u>	<u>(69)</u>
Tax	-	-
<b>Loss for the year</b>	<u>(61)</u>	<u>(69)</u>

- 12.3 The financial statements of the subsidiary company are available for inspection at the subsidiary company's registered office and would be available to the members on request without any cost.

	Note	2014	2013
		------(Rupees '000)-----	
<b>13 LONG-TERM LOANS (considered good - unsecured)</b>			
Due from:			
Executives	13.1, 13.2 & 13.3	1,452	658
Employees	13.1	<u>1,129</u>	<u>2,194</u>
		<u>2,581</u>	<u>2,852</u>
Less: receivable within one year	18	<u>(1,416)</u>	<u>(1,401)</u>
		<u>1,165</u>	<u>1,451</u>

# Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2014

13.1 Loans to executives and employees are provided for the purchase of motor vehicles and other general purposes in accordance with the terms of their employment. These loans are un-secured, interest free and are repayable over varying periods upto a maximum period of five years.

13.2 Reconciliation of carrying amount of loans to Director and Executives	2014		2013	
	Director	Executives	Director	Executives
	------(Rupees '000)-----			
Opening balance	-	658	-	534
Disbursements during the year	-	1,772	-	124
Repayments during the year	-	(978)	-	-
Closing balance	<u>-</u>	<u>1,452</u>	<u>-</u>	<u>658</u>

13.3 The maximum aggregate amount due from the Director and Executives at the end of any month during the year were Rs Nil and Rs 1.452 million respectively (2013: Rs Nil and Rs 0.658 million respectively).

14 LONG-TERM DEPOSITS	2014	2013
	------(Rupees '000)-----	
Utilities	13,147	11,215
Others	<u>12,373</u>	<u>7,488</u>
	<u>25,520</u>	<u>18,703</u>

15 SPARES	2014	2013
	Spares (including in transit of Rs 3.06 million (2013 : Rs 2.85 million))	101,657
Less: provision for slow moving and obsolete spares	<u>(8,618)</u>	<u>(2,992)</u>
	<u>93,039</u>	<u>73,136</u>

16 STOCK-IN-TRADE	2014	2013
	Raw and packing materials and components (including goods-in-transit of Rs 458.654 million (2013: 657.932 million))	1,294,069
Work-in-process	372,062	363,347
Finished goods	<u>696,774</u>	<u>92,650</u>
	<u>2,362,905</u>	<u>1,612,865</u>
Less: Provision for slow moving and obsolete stock-in-trade	<u>(7,710)</u>	<u>(7,710)</u>
	<u>2,355,195</u>	<u>1,605,155</u>

16.1 Raw materials and components amounting to Rs 24.727 million (2013: Rs 9.298 million ) were held by Pak Polymer (Private) Limited, Polyset (Private) Limited and Precision Polymers (Pvt) Limited, who under an arrangement with the Company, manufacture plastic containers, lids and vent plugs for the Company.

# Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2014

	Note	2014 ------(Rupees '000)-----	2013
<b>17 TRADE DEBTS - unsecured</b>			
Considered			
- good		602,809	286,504
- doubtful		<u>15,060</u>	<u>15,784</u>
		617,869	302,288
Less: Provision for impairment in trade debts	17.1	<u>(15,060)</u>	<u>(15,784)</u>
		<u>602,809</u>	<u>286,504</u>
<b>17.1 Provision for impairment</b>			
Balance at April 1		15,784	14,174
Provision made during the year		<u>1,608</u>	<u>2,663</u>
		17,392	16,837
Less: amount reversed during the year		<u>(2,332)</u>	<u>(1,053)</u>
Balance at March 31		<u>15,060</u>	<u>15,784</u>
<b>17.2</b>			
As at March 31, 2014, Rs 110.506 million (2013: Rs 166.67 million) of the gross trade debts are over due but not impaired. These balance relate to various customers for whom there is no recent history of default. The age analysis of these trade debts is as follows:			
	Note	2014 -----(Rupees '000)----	2013
Upto 1 month		52,257	94,049
1 to 6 months		16,254	31,346
Over 6 months		<u>41,995</u>	<u>41,275</u>
		<u>110,506</u>	<u>166,670</u>
<b>18 LOANS AND ADVANCES - (considered good - unsecured)</b>			
Loans due from - employees			
- current portion of long term loans to employees	13	1,416	1,401
Advances to			
- employees	18.1	70	149
- suppliers		<u>24,483</u>	<u>18,797</u>
		<u>25,969</u>	<u>20,347</u>
<b>18.1</b>			
Advances to employees are given to meet business expenses and are settled as and when expenses are incurred.			

# Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2014

	Note	2014	2013 Restated	2012 Restated
------(Rupees '000)-----				
<b>19 TRADE DEPOSITS, SHORT-TERM PREPAYMENTS AND OTHER RECEIVABLES</b>				
Advance to clearing agent		-	126	126
Margin deposits		-	1,932	1,932
Short-term prepayments		4,484	4,492	3,839
Container deposits		-	-	2,525
Insurance claims		23,932	42,982	23,609
Asset to be recognised against defined benefit obligation	19.1	19,200	14,466	10,611
Others		1,353	23,713	491
		<u>48,969</u>	<u>87,711</u>	<u>43,133</u>

## 19.1 Payable to gratuity funds

	2014			2013			2012		
	EXIDE	ABCL	Total	Restated EXIDE	Restated ABCL	Restated Total	Restated EXIDE	Restated ABCL	Restated Total
------(Rupees '000)-----									
Balance at April 1	(13,900)	(566)	(14,466)	(10,388)	(223)	(10,611)	3,010	2,248	5,258
Charge for the year	1,433	904	2,337	1,346	991	2,337	1,856	988	2,844
Other comprehensive									
Income	(4,256)	313	(3,943)	(2,751)	(1,334)	(4,085)	(12,495)	(1,890)	(14,385)
Contributions paid	(540)	(2,588)	(3,128)	(2,107)	-	(2,107)	(2,759)	(1,569)	(4,328)
Closing Net	<u>(17,263)</u>	<u>(1,937)</u>	<u>(19,200)</u>	<u>(13,900)</u>	<u>(566)</u>	<u>(14,466)</u>	<u>(10,388)</u>	<u>(223)</u>	<u>(10,611)</u>

19.2 Automotive Battery Company Limited (ABCL) merged with Exide Pakistan Limited (Exide) in accordance with the scheme of amalgamation approved by the Honorable High Court of Sindh on March 11, 2009. The said amalgamation was effective from March 31, 2008. However, the resulting amalgamation did not affect the staff retirement funds operated by both the companies as a result of which separate funds are operating for the employees of both companies.

	2014	2013
------(Rupees '000)-----		
<b>20 CASH AND BANK BALANCES</b>		
With banks - current accounts	1,175,820	503,768
Cheques in hand	90,648	78,948
Cash in hand	84	46
	<u>1,266,552</u>	<u>582,762</u>

# Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2014

## 21 OPERATING RESULTS

	Note	Batteries		Chemicals		Company	
		2014	2013	2014	2013	2014	2013
		Restated				Restated	
		------(Rupees '000)-----					
Sales	21.8	13,844,698	13,165,023	371,511	446,205	14,216,209	13,611,228
Sales tax		2,130,035	1,802,356	53,436	61,526	2,183,471	1,863,882
Excise duty		-	-	-	-	-	-
Special excise duty		-	24,437	-	143	-	24,580
Commission to distributor		-	1,530	-	-	-	1,530
Discounts to distributors and customers		438,916	575,941	-	-	438,916	575,941
		2,568,951	2,404,264	53,436	61,669	2,622,387	2,465,933
Net sales		11,275,747	10,760,759	318,075	384,536	11,593,822	11,145,295
Cost of sales	22	9,882,856	9,241,827	277,890	323,833	10,160,746	9,565,660
Gross profit		1,392,891	1,518,932	40,185	60,703	1,433,076	1,579,635
Selling and distribution expenses	23	569,127	592,495	7,630	6,837	576,757	599,332
Administration and general expenses	24	94,563	89,211	2,668	3,182	97,231	92,393
Other operating income		10,127	1,958	-	-	10,127	1,958
Unallocated other operating income	21.9					5,522	7,168
	26					15,649	9,126
Unallocated other operating charges						74,857	105,257
Operating profit		739,328	839,184	29,887	50,684	699,880	791,779
21.1 Segment assets		4,230,387	2,984,900	119,334	106,665	4,349,721	3,091,565
21.2 Unallocated assets	21.9					1,719,689	726,087
						6,069,410	3,817,652
21.3 Segment liabilities		496,156	528,905	11,936	16,076	508,092	544,981
21.4 Unallocated liabilities	21.9					2,859,900	932,534
						3,367,992	1,477,515
21.5 Capital expenditure		314,889	111,265	8,883	3,976	323,772	115,241
21.6 Depreciation expense		109,925	87,910	3,101	3,141	113,026	91,051
21.7 Amortisation expense		-	2,645	-	92	-	2,737

21.8 Sales of Rs 13.845 billion includes export sales amounting to Rs 26.399 million (2013: Rs. 73.502million).

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

# Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2014

## 22 COST OF SALES

	Note	Batteries		Chemicals		Company	
		2014	2013	2014	2013	2014	2013
		Restated				Restated	
		------(Rupees '000)-----					
Raw and packing materials consumed							
Opening stock		1,140,954	855,662	15,914	27,920	1,156,868	883,582
Purchases		9,704,029	8,511,642	227,971	250,177	9,932,000	8,761,819
		<u>10,844,983</u>	<u>9,367,304</u>	<u>243,885</u>	<u>278,097</u>	<u>11,088,868</u>	<u>9,645,401</u>
Closing stock		(1,249,988)	(1,140,954)	(49,399)	(15,914)	(1,299,387)	(1,156,868)
		<u>9,594,995</u>	<u>8,226,350</u>	<u>194,486</u>	<u>262,183</u>	<u>9,789,481</u>	<u>8,488,533</u>
Salaries, wages and benefits	22.1	247,012	216,715	18,364	16,388	265,376	233,103
Spares consumed		72,667	53,072	2,541	3,739	75,208	56,811
Rent, rates and taxes		40,302	39,786	957	181	41,259	39,967
Fuel, power and water		364,502	260,102	34,780	26,502	399,282	286,604
Insurance		14,565	15,510	1,213	1,163	15,778	16,673
Repairs and maintenance		85,099	55,917	4,205	4,385	89,304	60,302
Depreciation	11.4	104,429	82,173	2,946	4,325	107,375	86,498
Amortisation of intangible assets	11.6.1	-	1,337	-	46	-	1,383
General expenses		55,526	45,164	11,553	9,795	67,079	54,959
Opening stock of work-in-process		283,642	264,044	3,148	2,168	286,790	266,212
Closing stock of work-in-process		(369,854)	(283,642)	(2,208)	(3,148)	(372,062)	(286,790)
Cost of goods manufactured		<u>10,492,885</u>	<u>8,976,528</u>	<u>271,985</u>	<u>327,727</u>	<u>10,764,870</u>	<u>9,304,255</u>
Opening stock of finished goods		82,768	348,067	9,882	5,988	92,650	354,055
Finished goods purchased		-	-	-	-	-	-
		<u>10,575,653</u>	<u>9,324,595</u>	<u>281,867</u>	<u>333,715</u>	<u>10,857,520</u>	<u>9,658,310</u>
Closing stock of finished goods		(692,797)	(82,768)	(3,977)	(9,882)	(696,774)	(92,650)
		<u>9,882,856</u>	<u>9,241,827</u>	<u>277,890</u>	<u>323,833</u>	<u>10,160,746</u>	<u>9,565,660</u>

22.1 Salaries, wages and benefits include Rs 1.566 million (2013: Rs 1.566 million) in respect of staff retirement benefits.

## 23 SELLING AND DISTRIBUTION EXPENSES

	Note	Batteries		Chemicals		Company	
		2014	2013	2014	2013	2014	2013
		Restated				Restated	
		------(Rupees '000)-----					
Salaries, wages and benefits	23.1	33,718	30,912	463	603	34,181	31,515
Repairs and maintenance		923	1,065	-	-	923	1,065
Royalty		11,404	13,279	-	-	11,404	13,279
Advertising and sales promotion		61,692	86,664	-	-	61,692	86,664
Rent, rates and taxes		7,403	5,617	-	-	7,403	5,617
Insurance		15,629	437	-	-	15,629	437
Printing and stationery		736	786	-	8	736	794
Carriage and forwarding		208,047	186,214	6,933	5,902	214,980	192,116
Battery warranty claims	7.3	204,268	239,985	-	-	204,268	239,985
Travelling, conveyance and entertainment		8,774	9,483	-	-	8,774	9,483
Depreciation	11.4	2,198	2,638	62	94	2,260	2,732
Amortisation of intangible assets		-	859	-	30	-	889
Postage, telegram, telephone and telex		2,021	2,714	82	100	2,103	2,814
General expenses		12,314	11,842	90	100	12,404	11,942
		<u>569,127</u>	<u>592,495</u>	<u>7,630</u>	<u>6,837</u>	<u>576,757</u>	<u>599,332</u>

# Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2014

23.1 Salaries, wages and benefits include Rs 0.327 million (2013: Rs 0.327 million) in respect of staff retirement benefits.

## 24 ADMINISTRATION AND GENERAL EXPENSES

	Note	Batteries		Chemicals		Company	
		2014	2013	2014	2013	2014	2013
		Restated				Restated	
------(Rupees '000)-----							
Salaries, wages and benefits	24.1	58,727	54,852	1,657	1,955	60,384	56,807
Repairs and maintenance		6,200	4,909	175	175	6,375	5,084
Legal and professional charges		2,621	3,509	74	125	2,695	3,634
Rent, rates and taxes		57	233	2	8	59	241
Insurance		1,558	5,654	44	202	1,602	5,856
Depreciation	11.4	3,298	1,758	93	63	3,391	1,821
Amortisation of intangible assets		-	449	-	16	-	465
Printing and stationery		943	982	27	35	970	1,017
Travelling, conveyance and entertainment		11,424	9,647	322	345	11,746	9,992
Communication and postage		2,496	2,387	70	85	2,566	2,472
General expenses		7,239	4,831	204	173	7,443	5,004
		<u>94,563</u>	<u>89,211</u>	<u>2,668</u>	<u>3,182</u>	<u>97,231</u>	<u>92,393</u>

24.1 Salaries, wages and benefits include Rs 0.444 million (2013: Rs 0.444 million) in respect of staff retirement benefits.

## 25 DEFINED BENEFIT AND DEFINED CONTRIBUTION PLANS

### 25.1 Defined benefit plan - Staff retirement gratuity plan

#### General description

As mentioned in note 3.11 (a), the Company operates an approved funded gratuity plan covering all eligible employees. The latest actuarial valuation of the plan has been carried out as at March 31, 2014 and expense has been recorded based in this latest actuarial valuation report. Presently, separate funds are operating for the employees of Exide Pakistan Limited (Exide) and Automotive Battery Company Limited (ABCL) respectively.

#### Principal actuarial assumptions

The following significant assumptions have been used for valuation of this scheme.

	2014		2013		2012	
	EXIDE	ABCL	EXIDE	ABCL	EXIDE	ABCL
a. Valuation Discount rate	13.25%	13.00%	11.50%	11.50%	12.50%	12.50%
b. Salary increase rate	13.25%	13.00%	11.50%	11.50%	12.50%	12.50%
c. Expected rate of return on plan assets	13.25%	13.00%	11.50%	11.50%	12.50%	12.50%

d. Assumptions regarding future mortality experience are based on actuarial recommendations and published statistics.

The Gratuity scheme exposes the entity to the following risks:

# Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2014

## Mortality risks

The risk that the actual mortality experience is different. The effect depends on the beneficiaries' service / age distribution and the benefit.

## Investment risks

The risk of the investment underperforming and not being sufficient to meet the liabilities. This is managed by formulating proper investment plan in consultation with investment advisors of the Funds.

## Final salary risks

The risk that the final salary at the time of cessation of service is higher than what was assumed. Since the benefit is calculated on the final salary, the benefit amount increases similarly.

## Risk of insufficiency of assets

This is managed by making regular contribution to the Fund as advised by the actuary.

Assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics and experience in Pakistan. The rates assumed are based on the adjusted SLIC 2001 - 2005 mortality tables with one year age set back.

### 25.1.1 The amount recognised in the balance sheet is determined as follows: (note 19.1)

Note	-----2014-----			-----2013-----			-----2012-----		
	Exide	ABCL	Total	Restated Exide	Restated ABCL	Restated Total	Restated Exide	Restated ABCL	Restated Total
	----- (Rupees '000) -----								
Present value of defined benefit obligations	38,146	16,482	54,628	35,175	14,520	49,695	33,882	13,796	47,678
Less: fair value of plan assets	25.1.2 (55,409)	(18,419)	(73,828)	(49,075)	(15,086)	(64,161)	(44,270)	(14,019)	(58,289)
	<u>(17,263)</u>	<u>(1,937)</u>	<u>(19,200)</u>	<u>(13,900)</u>	<u>(566)</u>	<u>(14,466)</u>	<u>(10,388)</u>	<u>(223)</u>	<u>(10,611)</u>

### 25.1.2 Plan assets comprise of the following:

	-----2014-----		-----2014-----	
	(Rupees '000)	Percentage composition	(Rupees '000)	Percentage composition
	-----EXIDE-----		-----ABCL-----	
Defence Savings Certificates (DSC's)	-	0.00%	14,073	88.88%
Term Finance Certificates	23,613	42.62%	-	0.00%
Investment in shares - OGDC	640	1.16%	568	3.59%
Investment in mutual funds	9,084	16.39%	1,191	7.52%
Pakistan Investment Bonds	19,311	34.85%	-	0.00%
Cash at bank	2,761	4.98%	1	0.01%
	<u>55,409</u>	<u>100%</u>	<u>15,833</u>	<u>100.00%</u>



# Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2014

	-----2013-----		-----2013-----	
	(Rupees '000)	Percentage composition	(Rupees '000)	Percentage composition
	-----EXIDE-----		-----ABCL-----	
Defence Savings Certificates (DSC's)	-	0.00%	13,082	86.70%
Term Finance Certificates	30,273	61.69%	-	0.00%
Investment in shares - OGDC	541	1.10%	480	3.18%
Investment in mutual funds	3,531	7.20%	102	0.68%
Pakistan Investment Bond	14,250	29.04%	-	
Cash at bank	480	0.98%	1,424	9.44%
	<u>49,075</u>	<u>100%</u>	<u>15,088</u>	<u>100.00%</u>

	-----2014-----			-----2014-----			Total
	Present value of obligation	Fair value of plan assets	Sub-total	Present value of obligation	Fair value of plan assets	Sub-total	
	-----Exide-----			-----ABCL-----			
	----- (Rupees in '000) -----						
At April 1 (Restated)	35,175	(49,075)	(13,900)	14,520	(15,086)	(566)	(14,466)
Current service cost	2,725	-	2,725	969	-	969	3,694
Interest expense / (income)	4,216		4,216	1,619	-	1,619	5,835
	<u>42,116</u>	<u>(49,075)</u>	<u>(6,959)</u>	<u>17,108</u>	<u>(15,086)</u>	<u>2,022</u>	<u>(4,937)</u>
Remeasurements:							
- Return on plan assets, excluding amounts included in interest expense	-	(5,508)	(5,508)	-	(1,684)	(1,684)	(7,192)
- Gain from change in demographic assumptions	-	-	-	-	-	-	-
- Gain from change in financial assumptions	-	-	-	-	-	-	-
- Experience adjustment	(1,074)	(3,182)	(4,256)	261	52	313	(3,943)
	<u>(1,074)</u>	<u>(8,690)</u>	<u>(9,764)</u>	<u>261</u>	<u>(1,632)</u>	<u>(1,371)</u>	<u>(11,135)</u>
Contribution	-	(540)	(540)		(2,588)	(2,588)	(3,128)
Benefit payments	(2,896)	2,896	-	(887)	887	-	-
At March 31	<u>38,146</u>	<u>(55,409)</u>	<u>(17,263)</u>	<u>16,482</u>	<u>(18,419)</u>	<u>(1,937)</u>	<u>(19,200)</u>



# Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2014

The above sensitivities analyses are based on a change in an assumption while holding all other assumptions constant. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the gratuity liability recognised within the balance sheet.

The weighted average duration of the defined benefit obligation is 14.6 and 8.5 years in Exide and ABCL respectively.

**25.1.5** Expected maturity analysis of undiscounted defined benefit obligation for the gratuity scheme is as follows:

At March 31, 2014	Less than a year	Between 1-2 years	Between 2-5 years	Over 5 years	Total
	----- Rupees '000 -----				
Gratuity Exide	3,569	2,745	12,078	149,122	167,514
Gratuity ABCL	1,108	2,819	4,821	38,873	47,621
Total	4,677	5,564	16,899	187,995	215,135

	2014	2013	2012	2011	2010
	----- Restated -----				
	----- Rupees '000 -----				

**25.1.6** Historical information

Defined benefit obligation Exide	38,146	35,175	33,882	32,687	31,073
Defined benefit obligation ABCL	16,482	14,520	13,796	12,140	10,967
	54,628	49,695	47,678	44,827	42,040
Fair value of plan assets Exide	(55,409)	(49,075)	(44,270)	(37,369)	(32,825)
Fair value of plan assets ABCL	(18,419)	(15,086)	(14,019)	(10,450)	(9,081)
	(73,828)	(64,161)	(58,289)	(47,819)	(41,906)
(Surplus) / Deficit	(19,200)	(14,466)	(10,611)	(2,992)	134
(Gain) / Loss on obligation Exide	(1,074)	(2,527)	(4,241)	(470)	(2,780)
(Gain) / Loss on obligation ABCL	261	(1,276)	(582)	(1,062)	(848)
	(813)	(3,803)	(4,823)	(1,532)	(3,628)
(Gain) / Loss on plan assets Exide	3,182	224	922	2,813	(3,296)
(Gain) / Loss on plan assets ABCL	(52)	58	750	(187)	376
	3,130	282	1,672	2,626	(2,920)

**25.1.7** Funding levels are monitored on an annual basis and are based on actuarial recommendations. Gratuity cost comprising the service cost and the net interest cost for the next year works out to Rs. 2.335 million as per the actuarial valuation report of the Company as of March 31, 2014.

**25.1.8** The disclosure made in notes 25.1 to 34.1.8 are based on the information included in the actuarial valuation report of the Company as of March 31, 2014.

# Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2014

## 25.2 Defined contribution plan - provident fund

An amount of Rs 4.506 million (2013: Rs 4.284 million) has been charged during the year in respect of contributory provident fund maintained by the Company.

	Note	2014 ------(Rupees '000)-----	2013
<b>26 OTHER INCOME</b>			
Mark up on margin deposits		1,343	309
Gain on disposal of operating fixed assets		1,847	1,757
Reversal of provision for impairment in trade debts	17.1	2,332	1,053
Scrap sales		10,127	1,958
Others		-	4,049
		<u>15,649</u>	<u>9,126</u>
<b>27 OTHER OPERATING CHARGES</b>			
Auditors' remuneration	27.1	2,456	2,025
Workers' Profits Participation Fund	7.2	32,409	40,523
Workers' Welfare Fund		12,315	15,609
Donations	27.2	392	521
Provision for impairment in trade debts	17.1	1,608	2,663
Provision against slow moving and obsolete spares		5,626	112
Provision against slow moving and obsolete stock-in-trade		-	982
Other assets written off		-	1,856
Bank charges		9,339	8,731
Exchange loss		10,712	32,169
Zakat		-	66
		<u>74,857</u>	<u>105,257</u>
<b>27.1 Auditors' remuneration</b>			
Audit fee		1,125	1,000
Tax advisory services		406	487
Fee for the review of half yearly financial statements		225	150
Special reports and certifications, audit of provident and gratuity funds		450	150
Out of pocket expenses		250	238
		<u>2,456</u>	<u>2,025</u>
<b>27.2</b>	Donations were not made to any donee in which the Company or a director or his spouse had any interest.		
<b>28 FINANCE COST</b>			
Interest on Workers' Profit Participation Fund	7.2	-	341
Mark-up on			
- Short-term running finance		74,268	37,986
- Short-term finance		22,155	-
		<u>96,423</u>	<u>38,327</u>

# Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2014

29 TAXATION	2014	2013 Restated
	------(Rupees '000)-----	------(Rupees '000)-----
Current - for the year	203,411	267,948
- for prior years	(6,215)	2,137
Deferred - net	6,549	(1,059)
Remeasurement of defined benefit obligations to be routed through OCI	(1,380)	(1,430)
	5,169	(2,489)
	<u>202,365</u>	<u>267,596</u>
<b>29.1 Relationship between tax expenses and accounting profit</b>		
Accounting profit before tax	<u>603,457</u>	<u>753,452</u>
Tax rate	34%	35%
Tax on accounting profit	205,175	263,708
Tax effect of differences relating to :		
- tax for prior years	(6,215)	2,137
- depreciation charged in the financial statements on leasehold land	3,468	3,337
- export sales	(416)	(1,804)
- others	353	218
Tax expense for the current year	<u>202,365</u>	<u>267,596</u>
<b>30 EARNINGS PER SHARE (EPS)</b>		
Earnings per share has been computed by dividing profit after taxation for the year by the weighted average number of shares outstanding during the year as follows:		
	2014	2013 Restated
	------(Rupees '000)-----	------(Rupees '000)-----
Profit after taxation attributable to ordinary shareholders	<u>401,092</u>	<u>485,856</u>
	---Number of shares---	
Weighted average number of ordinary shares outstanding during the year	<u>7,768,618</u>	<u>7,768,618</u>
	------(Rupees)-----	------(Rupees)-----
Earnings per share (EPS) Restated	<u>51.63</u>	<u>62.54</u>
<b>30.1</b> A diluted earnings per share has not been presented as the Company does not have any convertible instruments in issue as at March 31, 2014 and 2013 which would have any effect on the earnings per share if the option to convert is exercised.		

# Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2014

## 31 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	Chief Executive Officer		Directors		Executives		Total	
	2014	2013	2014	2013	2014	2013	2014	2013
	----- (Rupees '000) -----							
<b>Short - term employee benefits</b>								
Managerial remuneration	1,251	1,180	6,024	5,937	2,087	3,049	9,362	10,166
Bonus	-	-	879	879	270	254	1,149	1,133
Leave pay	81	76	99	93	206	41	386	210
Housing, utilities and reimbursable expenses	947	865	3,944	3,820	2,751	3,141	7,642	7,826
Medical expenses	125	118	153	144	376	254	654	516
<b>Retirement benefits</b>								
Defined benefit plan	-	-	502	495	54	51	556	546
Defined contribution plan	-	-	603	594	65	61	668	655
	<u>2,404</u>	<u>2,239</u>	<u>12,204</u>	<u>11,962</u>	<u>5,809</u>	<u>6,851</u>	<u>20,417</u>	<u>21,052</u>
<b>Number of persons</b>	<u>1</u>	<u>1</u>	<u>3</u>	<u>5</u>	<u>4</u>	<u>4</u>	<u>8</u>	<u>10</u>

31.1 The chief executive and directors are provided with free use of Company maintained cars, residential telephones and certain items of household appliances in accordance with their entitlement. Certain executives are also provided with Company maintained cars.

### 31.2 Remuneration to other Directors

Aggregate amount charged in the financial statements for fee to directors was Rs Nil. (2013: Rs nil million).

31.3 The number of executive directors has decreased, as Mr.SM Faiq and Mr.Altaf Hashwani have become non executive directors during the year.

## 32 TRANSACTIONS WITH RELATED PARTIES

	Subsidiary company		Key management personnel		Other related parties	
	2014	2013	2014	2013	2014	2013
	----- (Rupees '000) -----					
Expenses charged to	10	10	-	-	-	-
Transactions with key management personnel:						
- Salaries	-	-	19,193	19,851	-	-
- Defined benefit plan - post employment benefits	-	-	556	546	-	-
- Defined contribution plan	-	-	668	655	-	-
- Sale of motor vehicle having cost of Rs 150 thousand and book value of Rs Nil for	-	-	-	-	-	-
Rent expense	-	-	-	-	38,860	38,860
Expenses charged in respect of staff contribution plan	-	-	-	-	4,506	4,361
Expenses charged in respect of staff defined benefit plan	-	-	-	-	2,337	2,337
Pension pertaining to a retired employee	-	-	-	-	-	-

The Company has related party relationships with its associates, subsidiary company namely Chloride Pakistan (Private) Limited, employee benefit plans and key management personnel. Transactions with related parties essentially entail rent expense and transaction with key management personnel.

# Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2014

Consideration for services is determined with mutual agreement considering the level of services provided. Expenses charged by / to the Company are determined on actual cost basis. Particulars of remuneration to key management personnel are disclosed in note 31 to these financial statements.

Balances outstanding with related parties as at the year end have been disclosed in the relevant balance sheet notes.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity. The Company considers all members of its management team, including the Chief Executive Officer and Directors to be key management personnel.

Particulars of transactions with workers' profit participation fund and staff retirement benefit plans are disclosed in notes 7.2, 19.1 and 25 to these financial statements.

## 33 PROVIDENT FUND RELATED DISCLOSURES

The Company operates three provident funds:

- i) Staff Provident Fund
- ii) Senior Staff Provident Fund
- iii) Staff Provident Fund - Automotive Battery Company Limited

The following information is based on un-audited financial statements of the Funds as at March 31, 2014 and 2013:

	2014	2013
	------(Rupees '000)-----	
Size of the funds - Total assets	131,009	109,311
Fair value of investments	131,009	109,311
	------(Percentage)-----	
Percentage of investments made	100%	100%

33.1 The cost of above investments amounted to Rs. 115.626 million (2013: Rs 101.376 million).

33.2 The break-up of fair value of investments is as follows:

	2014	2013	2014	2013
	------(Percentage)-----		------(Rupees '000)-----	
Shares - listed	1.69%	1.71%	2,210	1,869
Cash and Bank deposits	10.37%	6.03%	13,580	6,587
Government securities	42.58%	47.09%	55,786	51,480
Debt securities - listed	2.61%	5.79%	3,427	6,324
Debt securities - unlisted	20.71%	26.26%	27,134	28,709
Mutual funds - listed	3.67%	2.38%	4,803	2,601
Mutual funds - unlisted (NIT)	18.37%	10.74%	24,069	11,741
	<u>100.00%</u>	<u>100.00%</u>	<u>131,009</u>	<u>109,311</u>

# Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2014

**33.3** The investments of the provident fund have been made in accordance with the provisions of Section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose other than investments in unlisted securities. The management is taking steps to dispose of such investments.

## **33.4 PRODUCTION CAPACITY**

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 year was according to market demand. The installed capacity of the chemical plants is 33,000 metric tonnes (2013: 33,000 metric tonnes) per annum whereas actual production during the year was 26,932 metric tonnes (2013: 28,668 metric tonnes).

<b>34 CASH GENERATED FROM OPERATIONS</b>	Note	<b>2014</b>	2013 Restated
		-----(Rupees '000)-----	
Profit before taxation		603,457	753,452
<i>Adjustments for non cash charges and other items:</i>			
Depreciation		113,026	91,051
Amortisation		-	2,737
Gain on disposal of operating fixed assets		(1,847)	(1,757)
Actuarial gain recognised		2,563	2,655
Mark-up expenses		96,423	38,327
Provision / (reversal) for impairment in trade debts - net		(724)	1,610
Provision for slow moving and obsolete stock-in-trade		-	982
Provision for slow moving and obsolete spares - net		5,626	112
Working capital changes	34.1	<u>(825,474)</u>	157,881
		<u>(6,950)</u>	<u>1,047,050</u>
<b>34.1 Working capital changes</b>			
<i>(Increase) / Decrease in current assets:</i>			
Spares		(25,529)	(5,487)
Stock-in-trade		(750,040)	(109,016)
Trade debts		(315,581)	58,091
Loans and advances		(5,622)	2,360
Trade deposits, short-term prepayments and other receivables		38,742	(40,723)
		<u>(1,058,030)</u>	<u>(94,775)</u>
<i>Increase / (Decrease) in trade and other payables</i>			
		<u>232,556</u>	252,656
		<u>(825,474)</u>	<u>157,881</u>



# Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2014

## 35 CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statement comprise of the following balance sheet amounts:

	Note	2014 ------(Rupees '000)-----	2013
Cash and bank balances	20	1,266,552	582,762
Short-term running finance	9	(1,570,656)	(265,978)
Short-term finance	9	(509,601)	(185,770)
		<u>(813,705)</u>	<u>131,014</u>

## 36 FINANCIAL INSTRUMENTS BY CATEGORY

### 36.1 Financial assets and financial liabilities

	2014	2013 Restated	2012 Restated
	------(Rupees '000)-----		
<b>Financial assets</b>			
Loans and receivables			
Loans and advances	27,134	21,798	24,653
Long-term deposits	25,520	18,703	20,216
Trade debts	602,809	286,504	346,205
Trade deposits and other receivables	44,485	83,219	39,294
Cash and bank balances	1,266,552	582,762	743,678
	<u>1,966,500</u>	<u>992,986</u>	<u>1,174,046</u>
<b>Financial liabilities</b>			
Financial liabilities at amortised cost			
Short-term borrowings	2,080,257	451,748	1,253,521
Trade and other payables	929,984	762,323	495,399
Accrued mark-up	29,094	6,259	32,005
	<u>3,039,335</u>	<u>1,220,330</u>	<u>1,780,925</u>

## 37 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's activities are exposed to a variety of financial risks namely credit risk and concentration of credit risk, liquidity risk and market risk. The Company finances its operations through equity, borrowings and management of working capital with a view to monitor an appropriate mix between various sources of finance to minimise risk. The Company has established adequate procedures to manage each of these risks as explained below.

### 37.1 Credit risk and concentration of credit risk

Credit risk is the risk which arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties and continually assessing the creditworthiness of counterparties.

# Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2014

Concentrations of credit risk arise when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the company's performance to developments affecting a particular industry.

Credit risk arises from bank balances and credit exposures to customers, including trade debts. Out of the total financial assets of Rs 1,966.500 million (2013: Rs 992.986 million), the financial assets that are subject to credit risk amounted to Rs 1,966.416 million (2013: Rs 992.940 million).

Out of the total bank balance of Rs 1,266.468 million (2013: Rs 582.716 million) placed with banks maintained in current accounts, amounts aggregating Rs 1263.868 million (2013: Rs 581.315 million) have been placed with banks having short-term credit rating of A1+. Whereas the remaining amounts are placed with banks having minimum short term credit rating of A1. Management, after giving due consideration to their strong financial standing, does not expect non-performance by these counter parties on their obligations to the company.

The most significant financial asset exposed to credit risk is the trade debts of the company. For trade debts, individual credit limits are assigned to customers based on the recommendations from respective business unit heads keeping in view their payment history, financial position, past experience and other factors. The utilisation of credit limits is regularly monitored. The concentration of credit risk lies in the top 15 (2013: 15) customers which constitute 43.00% (2013: 43.27%) of the company's trade debts.

The breakup of amount due from customers other than related parties as disclosed in note 17 to these financial statements is presented below:

	2014	2013
	-----	-----
	(Rupees '000)	
Due from customers other than related parties		
Direct customers	149,413	153,820
Distributors	468,456	148,468
	<u>617,869</u>	<u>302,288</u>

Out of Rs 617.869 million (2013: Rs 302.288 million), the company has provided Rs 15.060 million (2013: Rs 15.784 million) as amounts being doubtful. The age profile of trade debts overdue but not impaired has been disclosed in note 17.2 to these financial statements.

## 37.2 Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due.

Prudent liquidity risk management implies maintaining sufficient cash and bank balances and availability of funding through an adequate amount of committed credit facilities. The company aims to maintain flexibility in funding by keeping committed credit lines open.

The maturity profile of the company's liabilities based on contractual maturities is disclosed in note 37.3.2 of these financial statements.

# Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2014

## 37.3 Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of foreign currency risk and interest rate risk and other price risks.

### 37.3.1 Foreign currency risk

Foreign currency risk arises mainly where receivables and payables exist due to transactions entered into in foreign currencies. The Company primarily has foreign currency exposures in US Dollars and Japanese Yen. The company manages its exposures against foreign exchange risk by entering into foreign exchange contracts where considered necessary. The details of balances are as follows:

	2014	2013
	------(Amount' 000)-----	
Bills payable		
US Dollar	3,569	3,868
Japanese Yen	39,970	17,648

As at March 31, 2014, if the Pakistani Rupee had weakened / strengthened by 1% against US Dollar and Japanese Yen with all other receivables held constant, profit before taxation for the year would have been higher / lower by Rs 3.889 million (2013: Rs 3.992 million).

### 37.3.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

#### Sensitivity analysis for variable rate instruments

Presently, the company has KIBOR based short - term running finance and short-term loan arrangement from certain banks that expose the Company to cash flow interest rate risk. In case of increase / decrease in KIBOR by 100 basis points on March 31, 2014, with all other variables held constant, the net assets and net income for the year would have been lower / higher by Rs 0.964 million (2013: Rs 0.452 million).

The movement in the liability under short term finance and short-term loan arrangements and KIBOR rates are expected to change over time. Therefore, the sensitivity analysis prepared as at March 31, 2014 is not necessarily indicative of the effect on the Company's net assets due to future movement in interest rates.

Sensitivity to interest / mark-up rate risk arises from mismatches of financial assets and financial liabilities that mature or reprice in a given period. The company manages these mismatches through risk management strategies where significant changes in gap position can be adjusted.

# Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2014

The company is exposed to interest / mark-up rate risk in respect of the following:

-----2014-----							
Effective interest rate (in percentage)	Interest / mark-up bearing			Non interest / mark up bearing			Total
	Maturity upto one year	Maturity after one year	Sub-total	Maturity upto one year	Maturity after one year	Sub-total	
(Rupees '000)							
<b>On balance sheet financial instruments</b>							
<b>Financial assets</b>							
Loans and advances	-	-	-	25,969	1,165	27,134	27,134
Long-term deposits	-	-	-	-	25,520	25,520	25,520
Trade debts	-	-	-	602,809	-	602,809	602,809
Trade deposits and other receivables	-	-	-	44,485	-	44,485	44,485
Cash and bank balances	-	-	-	1,266,552	-	1,266,552	1,266,552
	-	-	-	1,939,815	26,685	1,966,500	1,966,500
<b>Financial liabilities</b>							
Short-term borrowings							
- from banking companies	12.05-14.62	2,080,257	-	2,080,257	-	-	2,080,257
Trade and other payables		-	-	929,984	-	929,984	929,984
Accrued mark-up		-	-	29,094	-	29,094	29,094
		2,080,257	-	2,080,257	959,078	-	959,078
On balance sheet gap		(2,080,257)	-	(2,080,257)	980,737	26,685	1,007,422
<b>Off-balance sheet financial instruments</b>							
Commitments in respect of capital expenditure		-	-	-	5,247	-	5,247
Commitments in respect of Letter of credit		-	-	-	274,836	-	274,836
Outstanding bank guarantees		-	-	-	39,116	-	39,116
		-	-	-	319,199	-	319,199
-----2013-----							
Effective interest rate (in percentage)	Interest / mark-up bearing			Non interest / mark up bearing			Total
	Maturity upto one year	Maturity after one year	Sub-total	Maturity upto one year	Maturity after one year	Sub-total	
Restated (Rupees '000)							
<b>On balance sheet financial instruments</b>							
<b>Financial assets</b>							
Loans and advances		-	-	-	20,347	1,451	21,798
Long-term deposits		-	-	-	-	18,703	18,703
Trade debts		-	-	-	286,504	-	286,504
Trade deposits and other receivables	8%	1,932	-	1,932	81,287	-	81,287
Cash and bank balances		-	-	-	582,762	-	582,762
		1,932	-	1,932	970,900	20,154	991,054
<b>Financial liabilities</b>							
Short-term borrowings							
- from banking companies	12.05-14.62	451,748	-	451,748	-	-	451,748
- loan from director	12.5	-	-	-	-	-	-
Trade and other payables		-	-	-	762,323	-	762,323
Accrued mark-up		-	-	-	6,259	-	6,259
		451,748	-	451,748	768,582	-	768,582
On balance sheet gap		(449,816)	-	(449,816)	202,318	20,154	222,472
<b>Off-balance sheet financial instruments</b>							
Commitments in respect of capital expenditure		-	-	-	4,546	-	4,546
Commitments in respect of Letter of credit		-	-	-	335,295	-	335,295
Outstanding bank guarantees		-	-	-	47,865	-	47,865
		-	-	-	387,706	-	387,706

# Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2014

## 37.3.3 Price risk

The company is not exposed to any price risk as it does not hold any significant investments exposed to price risk.

## 37.4 Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable willing parties in an arm's length transaction. 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 significantly different from book values as the items are either short - term in nature or periodically repriced.

International Financial Reporting Standard 7, 'Financial Instruments : Disclosure' requires the company to classify fair value measurements 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:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (level 2) ; and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety shall be determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety.

Currently there are no financial assets or financial liabilities which are measured at the fair value in the balance sheet.

## 38 CAPITAL RISK MANAGEMENT

The Company's prime objective when managing capital is to safeguard its ability to continue as a going concern in order to provide adequate returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debts.

Consistent with others in the industry, the company monitors capital on the basis of the gearing ratio. The ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and bank balances. Total capital is calculated as equity as shown in the balance sheet plus net debt.

# Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2014

	2014	2013 Restated
	-----(Rupees '000)----	
Total Borrowings	2,080,257	451,748
Less: Cash and bank balances	<u>1,266,552</u>	<u>582,762</u>
Net Debt	813,705	(131,014)
Total Equity	<u>2,281,470</u>	<u>1,910,200</u>
Total Capital	<u>3,095,175</u>	<u>1,779,186</u>
<b>Gearing Ratio</b>	<b>35.67%</b>	-

## 39 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the Company's financial statements or where judgment was exercised in application of accounting policies are as follows:

- i) Estimation for impairment in respect of trade debts (note 3.6 and note 17);
- ii) Provision for battery warranty claims (note 3.9 and note 7.3);
- iii) Provision for obsolete inventory (note 3.4, note 3.5, note 15 and note 16);
- iv) Estimates of liability in respect of staff retirement gratuity (note 3.11 and note 25);
- v) Provision for taxation (note 3.13 and note 29);
- vi) Estimates of useful life and depreciation rates of operating fixed assets (note 3.1 and 11.1); and
- vii) Estimates of useful life and amortisation rate of intangible asset (note 3.2 and 11.6).

## 40 NUMBER OF EMPLOYEES

	2014	2013
Number of employees at March 31		
- Permanent	471	470
- Contractual	117	40
Average number of employees during the year		
- Permanent	471	477
- Contractual	79	41

## 41 NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors of the Company in their meeting held on May 26, 2014 have proposed stock dividend @ nil (2013: stock dividend @ 10%) and a final cash dividend for the year ended March 31, 2014 of Rs 7.50 per share (2013: Rs 6.00 per share). In addition, the Board of Directors have also announced appropriation of Rs 365 million (2013: Rs 445 million) to revenue reserves. These appropriations will be approved in the forthcoming Annual General Meeting. The financial statements for the year ended March 31, 2014 do not include the effect of these appropriations which will be accounted for subsequent to the year end.

# Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2014

## 42 GENERAL AND CORRESPONDING FIGURES

Amounts have been rounded to the nearest thousands unless otherwise stated. Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of comparison. There were no significant reclassifications / restatements except as disclosed in note 2.1.3 to these financial statements during the year. Earnings per share for the prior year has been restated consequent to the issue of bonus shares during the current year.

## 43 DATE OF AUTHORISATION

These financial statements were authorised for issue on May 26, 2014 by the Board of Directors of the Company.



Arif Hashwani  
Chairman



Arshad Shehzada  
Chief Executive Officer

# Pattern of Shareholding

As on 31 March 2014

NO. OF SHAREHOLDERS	HAVING SHARES		SHARES HELD	PERCENTAGE
	From	To		
988	1	100	26487	0.3409
376	101	500	92871	1.1955
149	501	1000	101598	1.3078
91	1001	5000	174307	2.2437
5	5001	10000	37437	0.4819
2	10001	15000	24061	0.3097
2	15001	20000	35104	0.4519
1	40001	45000	43461	0.5594
1	45001	50000	48899	0.6294
1	105001	110000	106040	1.3650
1	110001	115000	114582	1.4749
1	220001	225000	221760	2.8546
1	425001	430000	427499	5.5029
1	530001	535000	531894	6.8467
1	1250001	1255000	1250601	16.0981
1	1410001	1415000	1412944	18.1878
1	3115001	3120000	3119073	40.1497
1623	Company Total		7768618	100.0000



# Categories of Shareholders

As on 31 March 2014

Particulrs	No of Folio	Balance Share	Percentage
DIRECTORS, CEO & CHILDREN	10	5803188	74.7004
NIT & ICP	3	532059	6.8488
BANKS, DFI & NBFI	2	347	0.0045
INSURANCE COMPANIES	2	649259	8.3575
MODARABAS & MUTUAL FUNDS	3	45359	0.5839
GENERAL PUBLIC (LOCAL)	1566	424948	5.4701
GENERAL PUBLIC (FOREIGN)	12	14856	0.1912
OTHERS	14	166282	2.1404
JOINT STOCK COMPANIES	6	16624	0.2140
FOREIGN COMPANIES	3	114623	1.4755
CHARITABLE TRUST	2	1073	0.0138
<b>Company Total</b>	<b>1623</b>	<b>7768618</b>	<b>100.0000</b>

Folio No	Name	Code	Balance Held	Percentage
00000000916	MRS SANA HASHWANI	001	217	0.0028
00000001026	SYED HAIDER MEHDI	001	638	0.0082
00000001190	MR ALTAF HASHWANI	001	1	0.0000
00000001733	MR SYED HAIDER MEHDI	001	14	0.0002
003277005882	ARIF HASHWANI	001	3119073	40.1497
003277007548	HUSSAIN HASHWANI	001	1250601	16.0981
003277007974	ALTAF HASHWANI	001	1412944	18.1878
003277012059	ARSHAD SHAHZADA	001	13	0.0002
003277070721	SYED MOHAMMAD FAIQ	001	687	0.0088
006684083397	ARIF HASHWANI	001	19000	0.2446
00000000360	INVESTMENT CORPN OF PAKISTAN	003	19	0.0002
00000001349	M/S INVESTMNET CARPORATION OF PAKISTAN	003	146	0.0019
002154000027	NATIONAL BANK OF PAKISTAN-TRUSTEE DEPARTMENT NI(U)T FUND	003	531894	6.8467
000083000036	IDBL (ICP UNIT)	004	48	0.0006
003889000028	NATIONAL BANK OF PAKISTAN	004	299	0.0038
002683000023	STATE LIFE INSURANCE CORP. OF PAKISTAN	005	427499	5.5029
003277002538	EFU LIFE ASSURANCE LTD	005	221760	2.8546
00000001289	M/S FIRST UDL MODARABA	006	598	0.0077
005520000028	GOLDEN ARROW SELECTED STOCKS FUND LIMITED	006	43461	0.5594
014126000026	CDC-TRUSTEE FIRST HABIB ISLAMIC BALANCED FUND	006	1300	0.0167
00000000417	KHADAM ALI SHAH BUKHARI & CO	010	68	0.0009
00000001301	M/S HABIB BROTHERS (PVT) LTD.	010	304	0.0039

# Categories of Shareholders

As on 31 March 2014

Folio No	Name	Code	Balance Held	Percentage
000000001544	M/S MUTUAL TRDG. CO. (PVT) LTD.	010	595	0.0077
000000001822	ZAVER ENTERPRISE	010	106040	1.3650
003137000036	MOOSANI SECURITIES (PVT) LTD.	010	1450	0.0187
003277078335	TRUSTEE NATIONAL BANK OF PAKISTAN EMPLOYEES PENSION FUND	010	48899	0.6294
003277082127	TRUSTEE NATIONAL BANK OF PAKISTAN EMP BENEVOLENT FUND TRUST	010	1716	0.0221
003525064045	NH CAPITAL FUND LTD	010	29	0.0004
003525082219	UHF CONSULTING (PRIVATE) LIMITED	010	84	0.0011
003863000020	ACE SECURITIES (PVT.) LIMITED	010	56	0.0007
004184000022	AZEE SECURITIES (PRIVATE) LIMITED	010	75	0.0010
004457000045	FDM CAPITAL SECURITIES (PVT) LIMITED	010	4966	0.0639
004952000028	SHERMAN SECURITIES (PRIVATE) LIMITED	010	1000	0.0129
006684118011	ASIATIC TRADERS	010	1000	0.0129
000000000348	HOSHANG DINSHAW (PVT) LTD	011	24	0.0003
000000000811	PERIN DINSHAW (PVT) LTD	011	17	0.0002
000000000812	PERIN DINSHAW PVT LTD-MQURESH	011	35	0.0005
003277001225	HASHOO HOLDINGS (PVT) LTD	011	16104	0.2073
003277044333	FATEH TEXTILE MILLS LTD.	011	359	0.0046
003525057191	SARFRAZ MAHMOOD (PRIVATE) LTD	011	85	0.0011
000000000795	NOMURA BANK (LUXEMBOURG) SA	012	5	0.0001
000000001053	TEMPLETON GLOBAL STRATEGY SICAV	012	36	0.0005
000000001292	M/S FURUKAWA BATTERY CO LTD	012	114582	1.4749
000000001818	GHULAMAN-E-ABBAS EDUCATIONAL & MEDICAL TRUST	013	12	0.0002
003277045148	TRUSTEES MRS.KHORSHED H.DINSHAW &MR. HOSHANG N.E.DINSHAW C.TR	013	1061	0.0137

# FORM OF PROXY

Exide Pakistan Limited  
A-44, Hill Street, Manghopir Road,  
S.I.T.E., Karachi.

I/We \_\_\_\_\_  
of \_\_\_\_\_ in the district of \_\_\_\_\_  
being a member of Exide Pakistan Limited and a holder of \_\_\_\_\_  
Ordinary Shares as per Share Register Folio Number \_\_\_\_\_  
hereby appoint \_\_\_\_\_  
of \_\_\_\_\_ in the district of \_\_\_\_\_  
or failing him \_\_\_\_\_  
of \_\_\_\_\_ as my/our proxy to vote for me/us on my/our behalf at  
the Sixty First Annual General Meeting of the Company to be held on July 7, 2014 and at any adjournment  
thereof.

Signature this \_\_\_\_\_ day of \_\_\_\_\_ 2014.

Signature on  
Revenue  
Stamp

\_\_\_\_\_  
Signature of Proxy

Signature should agree with  
the specimen signature  
registered with the Company



**CHLORIDE**

PAKISTAN (PRIVATE) LIMITED

# Financial Statements

# Corporate Profile

## Board Of Directors

Arif Hashwani - Chairman  
Altaf Hashwani - Chief Executive  
S. Haider Mehdi

## Company Secretary

S. Haider Mehdi

## Banker

Habib Bank Limited

## Auditors

KPMG Taseer Hadi & Co.

## Solicitors

Orr, Dignam & Co.

## Registered Office

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

# Directors' Report

The Directors have pleasure in presenting their Report for the year ended March 31, 2014.

## Accounts:

The Audited Accounts of the Company for the year ended March 31, 2014 are annexed, together with the Auditors' Report thereon.

## Results:

Production activities could not be started due to the withdrawal of various incentives by the Government from the Industrial Estate of Hattar and as such, loss appearing in the Profit and Loss Account attributes to amortization of preliminary expense incurred in the previous years and professional charges and audit fees.

## Appointment of Auditors:

The present auditors, Messrs: KPMG Taseer Hadi & Co., Chartered Accountants, retire and being eligible, have offered themselves for re-appointment.

## Holding Company:

The Company is wholly owned subsidiary of Exide Pakistan Limited.

On behalf of the Board



Altaf Hashwani  
Chief Executive

Karachi: May 26, 2014

# Auditors' Report to the Members

We have audited the annexed balance sheet of Chloride Pakistan (Private) Limited ("the Company") as at 31 March 2014 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;
- b) in our opinion:
  - i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied
  - ii) the expenditure incurred during the year was for the purpose of the Company's business; and
  - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 31 March 2014 and of the loss, its cash flows and changes in equity for the year then ended; and
- d) in our opinion no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

We draw attention to note 2.2 to the financial statements, which states that these financial statements have not been prepared on a going concern basis and consequently all the assets appearing in these financial statements have been measured at their realizable values and the liabilities are reported at amounts not less than those at which these are expected to be settled. Our opinion is not qualified in respect of this matter.

Date: May 30, 2014

Karachi

  
KPMG Taseer Hadi & Co.  
Chartered Accountants  
Muhammad Taufiq



# Balance Sheet

As at March 31, 2014

	Note	2014	2013
		------(Rupees)-----	
<b>Current assets</b>			
Receivable from Exide Pakistan Limited	3	35,436	45,936
Cash and bank balances	4	11,342	27,659
<b>Total current assets</b>		<u>46,778</u>	<u>73,595</u>
<b>Current liabilities</b>			
Accrued expenses	5	(57,769)	(49,077)
Loan from a director - subordinated	6	(485,000)	(460,000)
<b>Total current liabilities</b>		<u>(542,769)</u>	<u>(509,077)</u>
		<u>(495,991)</u>	<u>(435,482)</u>
<b>EQUITY</b>			
<b>Share capital and reserves</b>			
Authorised share capital: 10,000,000			
(2013: 10,000,000) ordinary shares of Rs. 10 each		<u>100,000,000</u>	<u>100,000,000</u>
Issued, subscribed and paid-up share capital	8	223,800	223,800
Accumulated losses		<u>(719,791)</u>	<u>(659,282)</u>
		<u>(495,991)</u>	<u>(435,482)</u>
<b>Contingencies and commitments</b>	9		

The annexed notes 1 to 14 form an integral part of these financial statements.



Chief Executive



Director

# Profit and Loss Account

For the year ended 31 March 2014

	Note	2014	2013
		------(Rupees)-----	
<b>Expenses</b>			
Legal and professional charges		22,474	30,500
Bank charges		35	70
Auditors' remuneration			
- Audit fees		32,000	32,000
- Out of pocket expenses		6,000	6,000
		38,000	38,000
Loss before tax		<u>(60,509)</u>	<u>(68,570)</u>
Tax	2.6	-	-
Loss for the year		<u><u>(60,509)</u></u>	<u><u>(68,570)</u></u>
Loss per share - basic and diluted		<u><u>(2.70)</u></u>	<u><u>(3.06)</u></u>

The annexed notes 1 to 14 form an integral part of these financial statements.



Chief Executive



Director

# Statement of Comprehensive Income

For the year ended 31 March 2014

	2014	2013
	------(Rupees)-----	
Loss for the year	(60,509)	(68,570)
Other comprehensive income	-	-
Total comprehensive income for the year	<u>(60,509)</u>	<u>(68,570)</u>

The annexed notes 1 to 14 form an integral part of these financial statements.



Chief Executive



Director

# Cash Flow Statement

For the year ended 31 March 2014

	Note	2014	2013
		------(Rupees)-----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Loss for the year		(60,509)	(68,570)
Decrease in receivable from Exide Pakistan Limited		10,500	10,500
Increase / (decrease) in accrued expenses		8,692	(30,117)
Net cash (used in) operating activities		<u>(41,317)</u>	<u>(88,187)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
		-	-
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Net cash used in financing activities - subordinated loan from a director		<u>25,000</u>	<u>90,000</u>
Net (decrease)/increase in cash and cash equivalents during the year		<u>(16,317)</u>	<u>1,813</u>
Cash and cash equivalents at beginning of the year		<u>27,659</u>	<u>25,846</u>
Cash and cash equivalents at end of the year	4	<u><u>11,342</u></u>	<u><u>27,659</u></u>

The annexed notes 1 to 14 form an integral part of these financial statements.



Chief Executive



Director

# Statement of Changes in Equity

For the year ended 31 March 2014

	Share capital	Accumulated loss (Rupees)	Total
	-----		
Balance as at 1 April 2012	223,800	(590,712)	(366,912)
Total comprehensive income for the year ended 31 March 2013			
Loss for the year	-	(68,570)	(68,570)
Other comprehensive income	-	-	-
Balance as at 31 March 2013	<u>223,800</u>	<u>(659,282)</u>	<u>(435,482)</u>
Total comprehensive income for the year ended 31 March 2014			
Loss for the year	-	(60,509)	(60,509)
Other comprehensive income	-	-	-
Balance as at 31 March 2014	<u><u>223,800</u></u>	<u><u>(719,791)</u></u>	<u><u>(495,991)</u></u>

The annexed notes 1 to 14 form an integral part of these financial statements.



Chief Executive



Director

# Notes to the Financial Statements

For the year ended 31 March 2014

## 1. STATUS AND NATURE OF BUSINESS

The Company was incorporated on 20 March 1994 as a Private Limited Company to take the benefit of tax exemption in Hattar. However, the exemption was taken off after its incorporation and therefore the Company did not commence its operations. The principal activity of the Company will be to manufacture and market automotive batteries and industrial cells. The registered office of the Company is situated at A-44 Hill Street Mangopir Road, S.I.T.E Karachi.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions of, or directives issued under the Companies Ordinance, 1984 shall prevail.

### 2.2 Basis of measurement

These financial statements have not been prepared on a going concern basis as the Company has not been able to commence its operations. Consequently all the assets appearing in these financial statements have been measured at their realizable values and the liabilities are reported at amounts not less than those at which these are expected to be settled.

### 2.3 Functional and presentation currency

These financial statements have been prepared in Pak Rupees, which is the Company's functional currency and rounded off to the nearest rupee.

### 2.4 Use of estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on going 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 the revision and future periods if the revision affects both current and future periods.

Judgments made by management that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 2.6.

# Notes to the Financial Statements

For the year ended 31 March 2014

## 2.5 New accounting standards and IFRIC interpretations that are not yet effective

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 January 2014:

- IFRIC 21- Levies 'an Interpretation on the accounting for levies imposed by governments' (effective for annual periods beginning on or after 1 January 2014). IFRIC 21 is an interpretation of IAS 37 Provisions, Contingent Liabilities and Contingent Assets. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The Interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy.
- Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32) – (effective for annual periods beginning on or after 1 January 2014). The amendments address inconsistencies in current practice when applying the offsetting criteria in IAS 32 Financial Instruments: Presentation. The amendments clarify the meaning of 'currently has a legally enforceable right of set-off'; and that some gross settlement systems may be considered equivalent to net settlement.
- Amendment to IAS 36 "Impairment of Assets" Recoverable Amount Disclosures for Non-Financial Assets (effective for annual periods beginning on or after 1 January 2014). These narrow-scope amendments to IAS 36 Impairment of Assets address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.
- Amendments to IAS 39 "Financial Instruments: Recognition and Measurement" Continuing hedge accounting after derivative novations (effective for annual periods beginning on or after 1 January 2014). The amendments add a limited exception to IAS 39, to provide relief from discontinuing an existing hedging relationship when a novation that was not contemplated in the original hedging documentation meets specific criteria.
- Amendments to IAS 19 "Employee Benefits" Employee contributions – a practical approach (effective for annual periods beginning on or after 1 July 2014). The practical expedient addresses an issue that arose when amendments were made in 2011 to the previous pension accounting requirements. The amendments introduce a relief that will reduce the complexity and burden of accounting for certain contributions from employees or third parties. The amendments are relevant only to defined benefit plans that involve contributions from employees or third parties meeting certain criteria.
- Annual Improvements 2010-2012 and 2011-2013 cycles (most amendments will apply prospectively for annual period beginning on or after 1 July 2014). The new cycle of improvements contain amendments to the following standards:
  - IFRS 2 'Share-based Payment'. IFRS 2 has been amended to clarify the definition of 'vesting condition' by separately defining 'performance condition' and 'service condition'. The amendment also clarifies both: how to distinguish between a market condition and a non-market performance condition and the basis on which a performance condition can be differentiated from a vesting condition.

# Notes to the Financial Statements

For the year ended 31 March 2014

- IFRS 3 'Business Combinations'. These amendments clarify the classification and measurement of contingent consideration in a business combination. Further IFRS 3 has also been amended to clarify that the standard does not apply to the accounting for the formation of all types of joint arrangements including joint operations in the financial statements of the joint arrangement themselves.
- IFRS 8 'Operating Segments' has been amended to explicitly require the disclosure of judgments made by management in applying the aggregation criteria. In addition this amendment clarifies that a reconciliation of the total of the reportable segment's assets to the entity assets is required only if this information is regularly provided to the entity's chief operating decision maker. This change aligns the disclosure requirements with those for segment liabilities.
- Amendments to IAS 16 'Property, plant and equipment' and IAS 38 'Intangible Assets'. The amendments clarify the requirements of the revaluation model in IAS 16 and IAS 38, recognizing that the restatement of accumulated depreciation (amortization) is not always proportionate to the change in the gross carrying amount of the asset.
- IAS 24 'Related Party Disclosure'. The definition of related party is extended to include a management entity that provides key management personnel services to the reporting entity, either directly or through a group entity.
- IAS 40 'Investment Property'. IAS 40 has been amended to clarify that an entity should: assess whether an acquired property is an investment property under IAS 40 and perform a separate assessment under IFRS 3 to determine whether the acquisition of the investment property constitutes a business combination.

The above amendments would have no impact on the financial statements of the Company.

## 2.6 Taxation

### Current

The charge for current taxation is based on taxable income at the enacted or substantively enacted rates of taxation after taking into account tax credit and tax rebates realizable, if any. No charge for current tax has been recognized as the Company has incurred loss in the current year.

### Deferred

Deferred tax is recognised using balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using the enacted or substantively enacted rates of taxation.

No deferred tax asset was recognized as the financial statements are not prepared on a going concern basis.



# Notes to the Financial Statements

For the year ended 31 March 2014

## 2.7 Financial instruments

All the financial assets and financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. All the financial assets are derecognised at the time when the Company loses control of the contractual rights that comprise the financial assets. All financial liabilities are derecognised at the time when they are extinguished that is, when the obligation specified in the contract is discharged, cancelled, or expires. Any gain or loss on derecognition of the financial assets and financial liabilities are taken to profit and loss account currently.

### 2.7.1 Offsetting of financial instruments

A financial asset and a financial liability is offset and the net amount is reported in the balance sheet if the Company has the legally enforceable right to set-off the recognised amount and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

### 2.7.2 Non-derivative Financial assets

All non-derivative financial assets are initially recognised on trade date i.e. date on which the company becomes party to the respective contractual provisions. Non-derivative financial assets comprise loans and receivables that are financial assets with fixed or determinable payments that are not quoted in active markets and includes trade debts, deposits, other receivables and cash and cash equivalents. The Company derecognizes the financial assets when it ceases to be a party to such contractual provisions of the instruments.

### 2.7.3 Financial liabilities

All financial liabilities are initially recognised at fair value plus directly attributable cost (if any) and subsequently measured at amortised cost.

## 2.8 Provisions

A provisions is recognised in the balance sheet when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each balance sheet date and are adjusted to reflect the current best estimate.

3. RECEIVABLE / (PAYABLE) - EXIDE PAKISTAN LIMITED - holding company	2014	2013
	-----	-----
	(Rupees)	(Rupees)
Balance as at 1 April 2013	45,936	56,436
Legal and professional charges paid on behalf of the Company	(10,500)	(10,500)
Balance as at 31 March 2014	<u>35,436</u>	<u>45,936</u>

The Company is exposed to credit risk on account of this receivable. However, it is expected that such amount would be recovered, as and when required.

# Notes to the Financial Statements

For the year ended 31 March 2014

4. CASH AND BANK BALANCES	2014	2013
	------(Rupees)-----	
Cash in hand	296	296
Cash at bank - Current account	<u>11,046</u>	<u>27,363</u>
	<u>11,342</u>	<u>27,659</u>
5. ACCRUED EXPENSES		
This includes accrual relating to audit fees and professional tax.		
6. LOAN FROM A DIRECTOR - subordinated, unsecured		
This represents interest free loan received from Mr. Arif Hashwani (a director of the Company). The loan has no fixed repayment terms and is subordinated to all the liabilities of the Company. Therefore, the Company is not significantly exposed to liquidity risk in respect of this amount.		
7. TRANSACTIONS WITH RELATED PARTIES		
The related parties comprise Holding company (Exide Pakistan Limited) and the director of the Company. All transactions with related parties entered on commercial agreement basis. Detail of transactions with related parties have been disclosed in note 3 and 6.		
8. SHARE CAPITAL		
Authorised share capital 10,000,000 ordinary shares of Rs. 10 each	<u>100,000,000</u>	<u>100,000,000</u>
Issued, subscribed and paid up share capital 22,380 (2013: 22,380) ordinary shares of Rs. 10 each fully paid in cash	<u>223,800</u>	<u>223,800</u>
8.1 At 31 March 2014 Exide Pakistan Limited (holding company) held 22,380 (2013: 22,380) ordinary shares of Rs. 10 each of the Company.		
9. CONTINGENCIES AND COMMITMENTS		
There are no contingencies and commitments as at 31 March 2014.		
10. STAFF STRENGTH		
The Company has no employee and is run by its Directors without any remuneration.		
11. FAIR VALUE OF FINANCIAL INSTRUMENTS		
The fair value of the Company's financial assets and liabilities are estimated to approximate their carrying value as at 31 March 2014.		

# Notes to the Financial Statements

For the year ended 31 March 2014

## 12. INTEREST RATE RISK EXPOSURE

All the assets and liabilities of the Company are current and are not exposed to any interest rate risk.

## 13. CAPITAL RISK MANAGEMENT

The management of the Company manages the capital by injecting funds in the form of subordinated loan from director of the Company. The management of the Company is committed to inject further funds in the Company, (if required) in future periods.

## 14. DATE OF AUTHORISATION

These financial statements were authorised for issue by the Board of Directors in their meeting held on May 26, 2014.



Chief Executive



Director