

ANNUAL REPORT 2012





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## **Chloride Pakistan (Private) Limited**

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## 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. Continous 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.





# Corporate Profile

## Board of Directors

Arif Hashwani - Chairman  
Arshad Shehzada - Managing Director/  
Chief Executive

Altaf Hashwani  
Hussain Hashwani  
Engr. Abdul Jabbar  
S Haider Mehdi  
S. M. Faiq

## Chief Financial Officer and Company Secretary

S Haider Mehdi

## Audit Committee

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

## Bankers

Allied Bank Limited  
BankIslami Pakistan Limited  
Bank Alfalah Limited  
Barclays Bank PLC Pakistan  
Habib Bank Limited  
Habib Metropolitan Bank Limited

HSBC Middle East Bank Limited  
JS Bank Limited  
MCB Bank Limited  
Meezan Bank Limited  
NIB Bank Limited  
Oman International Bank S.A.O.G.  
Standard Chartered Bank (Pakistan) Limited  
United Bank Limited

## Auditors

A. F. Ferguson & Co.

## Solicitors

Orr, Dignam & Co.

## Registered Office

A-44, Hill Street, Off Manghopir Road  
S.I.T.E., Karachi, Pakistan  
Website: [www.exide.com.pk](http://www.exide.com.pk)  
E-mail: [exidepk@exide.com.pk](mailto:exidepk@exide.com.pk)

# Notice of Annual General Meeting

Notice is hereby given that the Fifty-Ninth Annual General Meeting of the shareholders of EXIDE Pakistan Limited will be held on Wednesday, July 25, 2012 at 10.30 hours at the Registered Office of the Company A-44, Hill Street Manghopir Road, SITE, Karachi to transact the following business:

## ORDINARY BUSINESS:

1. To read and confirm minutes of the Fifty-Eight Annual General Meeting of the shareholders of the Company held on Monday, July 25, 2011
2. To receive and adopt the Audited Statements of Accounts for the year ended March 31, 2012 together with the Directors' and Auditors reports thereon.
3. To declare final dividend for the year ended March 31, 2012, as recommended by the Directors.
4. To appoint auditors for the year 2012-2013 and fix their remuneration as recommended by the Audit Committee.

By order of the Board



**S HAIDER MEHDI**  
Company Secretary

Karachi: June 22, 2012

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 time appointed for the meeting.
- b) The Share Transfer Books of the Company will remain closed from July 18, 2012 to July 25, 2012, 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 participant's I.D. number and their account numbers at the time of attending the Annual General Meeting in order to authenticate their identity.

# Chairman's Review

I am pleased to welcome you to the 59th Annual General Meeting of the Company and present to you the Audited Statements of Accounts for the year ended 31st March 2012 along with my review on the performance of your Company.

## The Economy

Pakistan economy is expected to grow 3.7 percent in the year 2011-12 against target of 4.2 percent and actual growth of 3.0 percent in the year 2010-11. One of the set back is due to under performance of agriculture sector which grew by 3.1 percent against the target of 3.4 percent as flood impacted that sector in Sindh, but a good harvest in Punjab had assisted to offset the damages to the adverse effect in Sindh. Industrial sector remained confronted with gas and electricity outages adversely impacted the sector and is expected to grow by 3.4 percent.

The services sector expected to grow by 4.0 percent, as compared to targeted growth of 5.0 percent. Foreign Direct Investment fell by 48.2 percent during July-March 2011-12 and stood at US\$ 599 million as against US\$ 1,157 million in the comparable period of last year, owing to energy crisis, unclear economic policies and uncongenial law and order situation. The current account deficit widened to US\$ 3.1 billion in July-March 2011-12 compared to surplus of US\$ 0.75 billion in the preceding year. Trade deficit had also resulted in negative despite substantial increase in workers' remittances which grew by 21.5 percent to US\$ 8.0 billion compared to US\$ 6.1 billion last year. CPI inflation has risen by 10.8 percent during July-March 2011-12 compared to 13.8 percent in the comparable period of last year.

## The Industry

The automotive industry continued to show signs of improvement during nine months of 2011-12. Sales

of cars from July - April 2012 improved from 109,976 units to 126,081 units up by 15 percent compared to corresponding period of preceding year, whereas trucks and buses sales declined by 11 percent. Farm tractors sales also declined by 38 percent to 34,464 units from 56,000 units in the corresponding period last year. Sale of motorcycles and three wheelers registered an increase of 2 percent from 677,487 units to 688,764 units.

## Sales

Net sales revenue of the company for the year 2011-12 was up by 22.8 percent to Rs.9.47 billion from Rs.7.71 billion compared to preceding year due to volumetric growth in automotive batteries.

## Production

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

## Profitability

Gross profit increased to Rs.1.274 billion compared to Rs. 1.067 billion in corresponding period of last year. As against 22.8 percent increase in net sales revenue, cost of sales increased by 23.3 percent consequently gross profit for the current year is 13.5 percent of net sales revenue as against 13.8 percent achieved in previous year.

Selling and distribution expenses increased to Rs. 459.8 million from Rs.399.8 million as a result of increased volume and inflationary impact. Administration and general expenses increased to Rs. 76.0 million from Rs. 62.5 million. Operating

profit improved by 17.9 percent to Rs. 658.0 million from Rs.558.2 million recorded last year. Financial cost increased from Rs. 128.5 million to Rs. 157.1 million as a result of increased requirement of working capital.

Pretax profit for the year 2011-12 increased from Rs. 429.7 million to Rs. 500.9 million up by 16.6 percent. Earning per share increased to Rs. 45.33 as compared with restated Rs. 39.14 recorded in the previous year. Inventory turn over rate and average collection period improved to 6.32 times and 13 days respectively compared to 4.15 times and 15 days last year. The current ratio stood at 1.45:1 while the break up value of the share was Rs. 204.56 as on March 31, 2012.

#### Future Prospects

It is anticipated that indigenous organized battery industry will perform satisfactorily, although the cost pressures will remain on account of Rupee devaluation, higher raw material prices, rising cost of utilities and other inflationary factors. Your

management is determined to avail full benefits of the opportunities by continued focus on quality, productivity, cost control and after sales service to improve its competitiveness.

#### 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 Government Organizations.



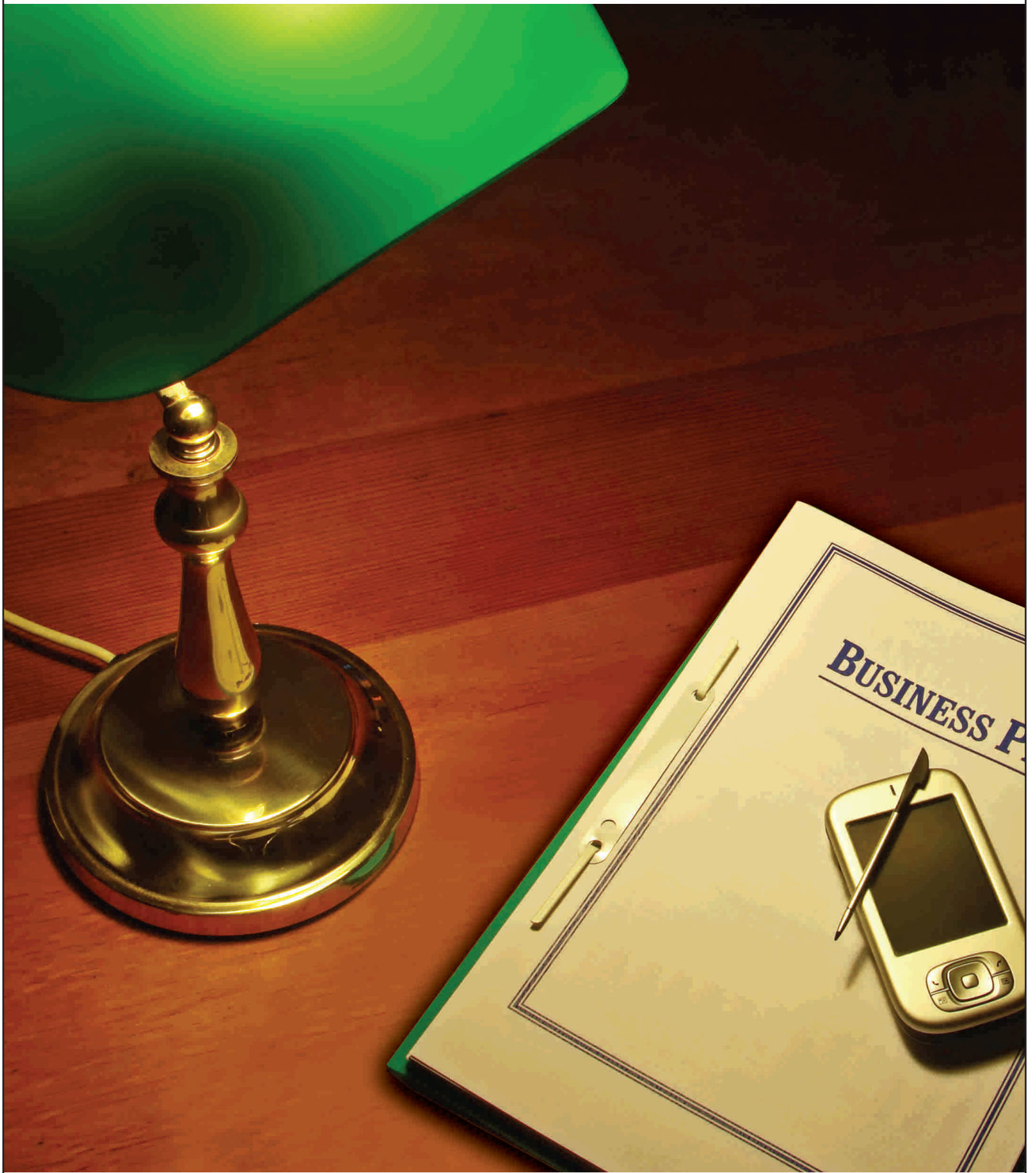
**ARIF HASHWANI**

Chairman

Karachi June 22, 2012

Gross profit increased to Rs.1.274 billion compared to Rs.1.067 billion in corresponding period of the last year.

“As against 22.8% increase in net sales revenue, cost of sales increased by 23.3% consequently Gross profit for the current year is 13.5% of Net Sales Revenue as against 13.8% achieved in the previous year”





# Directors' Report

Proper books of accounts have been maintained and financial statements have been drawn up in conformity with the requirements of the companies ordinance, 1984

The Directors of your Company have pleasure in submitting their report on audited statements of accounts for the year ended March 31, 2012.

Financial Highlights	Rupees' 000
Profit before taxation	500,926
Taxation	(180,781)
Profit after taxation	320,145
Un-appropriated profit brought forward	35,892
	<hr/>
	356,037
Transferred from surplus on revaluation of property, plant and equipment	
- Current year - net of tax	9,990
Profit available for appropriation	<hr/>
	366,027
Appropriations:	
Transfer to General Reserves	288,000
Proposed Cash Dividend @ 60% (Rs. 6.00per share)	42,374
	<hr/>
Un-appropriated profit carried forward	35,653
Earnings per share	<hr/>
	45.33

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.

- d) International Financial Reporting Standards, as applicable in Pakistan have been followed in preparation of the financial statements.
- e) The internal control system is being implemented and monitored.
- f) There are no significant doubts about the Company's ability to continue as a going concern.
- g) There has been no material departure from the best practices of corporate governance as detailed by the listing regulations.
- h) The key operating and financial data of the past ten years is annexed to this report.
- i) Outstanding duties and taxes, if any, have been disclosed in the financial statements.
- j) The Chairman's Review dealing with the performance of the Company during the year ended March 31, 2012 future prospects and other matters of concern to the Company forms part of this report.
- k) Value of investments of provident and gratuity funds was Rs.80,264K and Rs.48,773K, respectively as on March 31, 2012.
- l) The number of board meetings held during the year 2011-12 was four. The attendance of the directors is as under:
- |  |     |
|--|-----|
| 1. Mr. Arif Hashwani   | 3   |
| 2. Mr. S. Arshad Shehzada  | 4   |
| 3. Mr. Altaf Hashwani  | 4   |
| 4. Mr. Hussain Hashwani  | 4   |
| 5. Engr. Abdul Jabbar  | 2   |
| (Elected as Director in Annual General Meeting held on 25.7.2011)                                      |     |
| 6. Mr. S. Haider Mehdi   | 4   |
| 7. Mr. S. M. Faiq  | 4   |
| 8. Mr. Ayub Hameed   | Nil |
| (Director till 24.7.2011 i.e. before Election of Director in Annual General Meeting held on 25.7.2011) |     |
- m) Pattern of shareholding as at March 31, 2012 is annexed to this report.
- n) We confirm that Directors and CFO and their spouse and minor children have made no transactions of the Company's shares during the year.
- o) 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, retire and being eligible, offers them selves for re-appointment.



**ARIF HASHWANI**  
Chairman

Karachi: June 22, 2012

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

The Audited Statements of Accounts for the year ended March 31, 2012 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, 2012	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, 2012;	-
- 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, 2012;	-
- for the previous years, but subsequent to the acquisition of the controlling interest by the holding Company.	-



Arshad Shehzada  
Chief Executive



Arif Hashwani  
Chairman

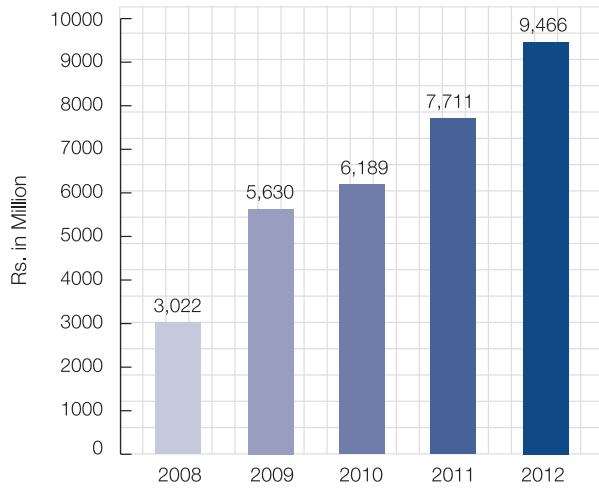
# Performance Highlights

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
	(Rupees' 000)									
NET SALES	760,977	9,948,821	288,628	1,529,772	1,931,459	3,022,276	5,630,385	6,189,135	7,711,452	9,465,724
OPERATING PROFIT	62,604	97,687	107,891	129,026	172,774	192,253	264,524	382,502	558,215	658,025
PROFIT/(LOSS)BEFORE TAX	46,099	90,538	87,551	97,334	139,859	143,154	182,003	303,554	429,726	500,926
PROFIT/(LOSS)AFTER TAX	28,576	57,123	53,935	57,305	91,642	94,358	118,206	197,287	276,390	320,145
CASH DIVIDEND	10,811*	16,217*	5,406*	8,108*	13,514	13,514	27,028	33,899	33,899	42,374
CASH DIVIDEND %	20	30	10	15	25	25	50	60	60	60
STOCK DIVIDEND	-	-	-	-	-	-	-	-	14,125	-
STOCK DIVIDEND %	-	-	-	-	-	-	-	-	25	-
PAID UP SHARE CAPITAL	54,057	54,057	54,057	54,057	54,057	54,057	54,057	56,499	56,499	70,624
RESERVES & UNAPPROPRIATED PROFIT	214,788*	255,988*	310,191	362,881	450,964	536,816	671,907	844,000	1,091,989	1,374,100
SHARE HOLDERS' EQUITY	268,845*	310,045*	364,248	416,938	505,021	590,873	725,964	900,499	1,148,488	1,444,724
SURPLUS ON REVALUATION OF FIXED ASSETS	32,517	32,223	31,955	248,665	244,115	239,107	255,000	249,502	449,916	439,926
TANGIBLE FIXED ASSETS	145,973	304,466	298,662	506,150	502,357	599,749	671,711	776,542	1,027,910	1,018,471
NET CURRENT ASSETS	126,250	84,516	142,624	241,797	273,655	360,458	334,508	397,224	593,067	899,155
NET ASSETS EMPLOYED	301,362	422,268*	460,203	745,603	809,136	929,980	1,000,964	1,150,001	1,598,404	1,884,650
	RUPEES									
EARNINGS PER SHARE BEFORE TAX	9	17	16	18	25.87	26.42	33.67	53.73	76.06	70.93
EARNINGS PER SHARE AFTER TAX	5	11	10	10.60	16.95	17.46	21.87	34.92	48.92	45.33
SHARE BREAK-UP VALUE	50	57	67	77	93	109.31	134.30	159.38	203.28	204.57
	PERCENTAGE									
RATIO OF :										
OPERATING PROFIT TO SALES	8%	10%	8%	8%	9%	6%	5%	6%	7%	7%
PROFIT/(LOSS)BEFORE TAX TO SALES	6%	9%	7%	6%	7%	5%	3%	5%	6%	5%
PROFIT/(LOSS)AFTER TAX TO SALES	4%	6%	4%	4%	5%	3%	2%	3%	4%	3%
RETURN/(LOSS) ON EQUITY	11%	18%	15%	14%	18%	16%	16%	22%	24%	22%
RETURN/(LOSS) ON NET ASSETS EMPLOYED	9%	14%	12%	8%	11%	10%	12%	17%	17%	17%

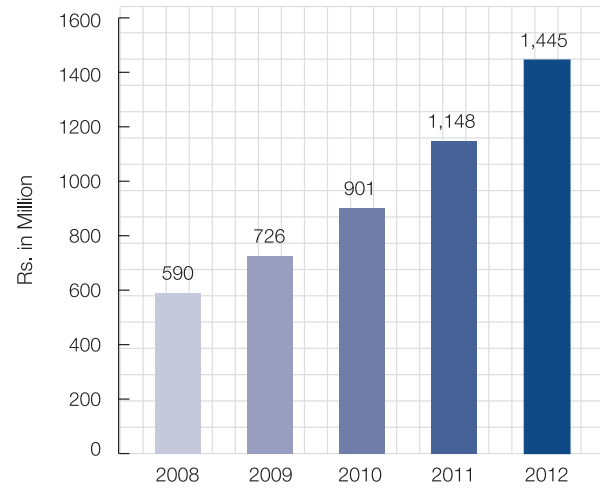
\* Effects of amendments made in the Fourth Schedule to the Companies Ordinance, 1984, have not been considered in performance highlights

# Performance Highlights

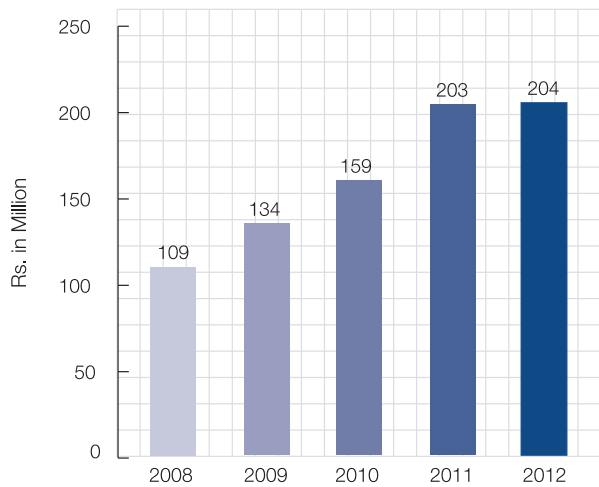
### Net Sales



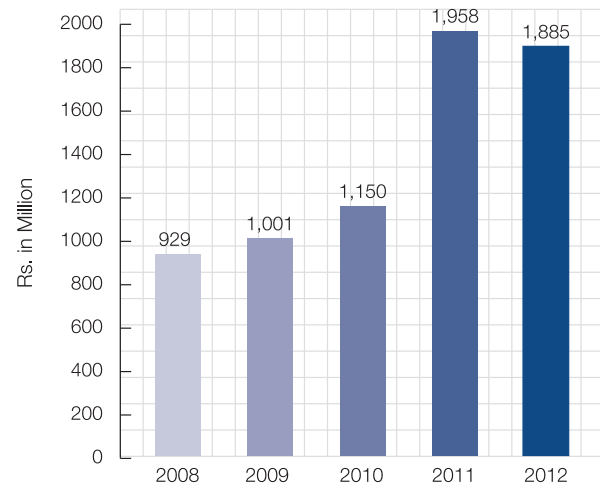
### Shareholders Equity



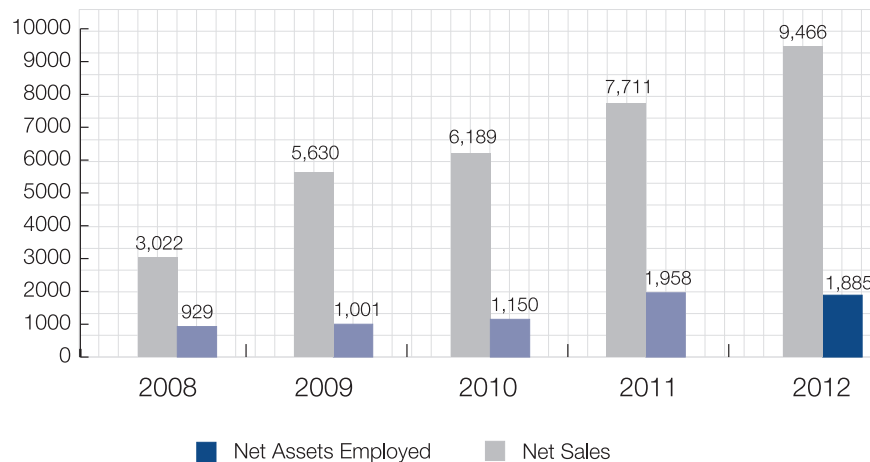
### Breakup Value Per Share



### Net Assets Employed

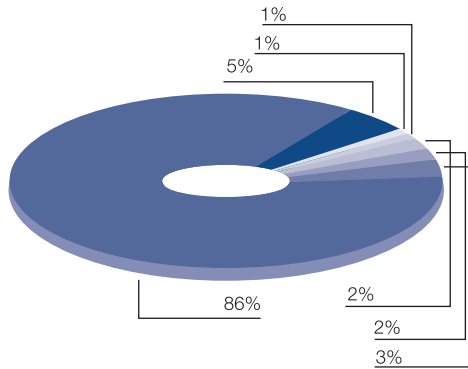


### Turnover vs Net Assets Employed



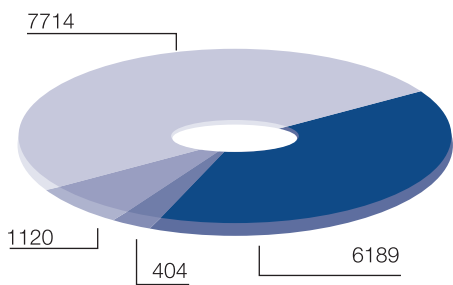
■ Net Assets Employed    ■ Net Sales

### Cost and Expenses Analysis 2012



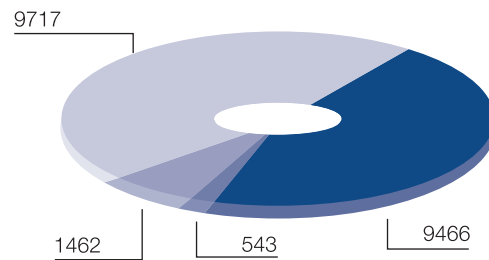
- Cost of Goods Sold
- Selling & Distribution Expenses
- Administration Expenses
- WPPF and WWF
- Financial Charges
- Taxation
- Net Profit

### Sales and Taxes 2012 Rupees in Millions



- Gross Sales
- Discounts
- Sales Tax and Special Excise Duty
- Net Sales

### Sales Analysis 2012 Rupees in Millions



- Gross Sales
- Discounts
- Sales Tax and Special Excise Duty
- Net Sales

# Statement of Compliance with the Code of Corporate Governance

This statement is being presented to comply with the Code of Corporate governance contained in Regulation No. 35 of listing regulation of The Karachi Stock Exchange (Guarantee) Ltd, Lahore Stock Exchange (Guarantee) Ltd 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. However, at present the Board includes one independent non executive director who is also representing minority share holders. Presently, the number of Executive Directors exceed the maximum limit specified in the Code. The Company intends to take steps to increase the representation of non- executive directors on the Board in order to remove this non compliance.
2. The directors have confirmed that none of them is serving as a director in more than ten 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 DFI or an NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. No casual vacancy occurred on the Board of Directors of the Company during the year 2011-12.
5. The Company has prepared a 'Statement of Ethics and Business Practices', which has been signed by all the directors and senior management employees of the Company.
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 and other 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. Although formal orientation courses have not been conducted, the directors have been provided with the copies of the listing regulations of the stock exchanges, Memorandum and Articles of the Association of the Company and the Code of Corporate Governance. The Directors are well conversant with their duties and responsibilities.

10. The Board has approved the appointment of the Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment, as determined by the Chief Executive Officer.
11. The directors' report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
13. The directors, CEO 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 three members including the Chairman of the Committee. The Code requires that majority of the members of the Audit Committee should be non executive Directors. For the reasons mentioned in Paragraph 1, the Company has not been able to comply with this requirement and currently all members of the Committee are Executive Directors. The Company intends to take steps shortly to ensure compliance with the requirements contained in the Code.
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 appointed a Head of Internal Audit who is suitably qualified and experienced and is conversant with the policies and procedures of the Company and he is involved in the internal audit function on a full time basis.
18. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program 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 the International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan.
19. 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.
20. The related parties have been placed before the Audit Committee and approved by the Board.
21. We confirm that all other material principles contained in the Code have been complied with.



**ARIF HASHWANI**

Chairman

June 22, 2012



**REVIEW REPORT TO THE MEMBERS ON THE STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF THE CODE OF CORPORATE GOVERNANCE**

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of **Exide Pakistan Limited** to comply with the requirements of Chapter XI of the Listing Regulation of The Karachi Stock Exchange (Guarantee) Limited and Lahore Stock Exchange (Guarantee) Limited where the Company is listed.

The responsibility for compliance with the Code of Corporate Governance 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 of Corporate Governance and report if it does not. 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 have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

Further, sub-Regulation (xiii a) of Listing Regulation 35 notified by The Karachi Stock Exchange (Guarantee) Limited vide notice KSE/N-269 dated January 19, 2009 requires the company to place before the Board of Directors for their consideration and approval 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 recording proper justification for using such alternate pricing mechanism. All such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of the above requirements to the extent of approval of related party transactions by the Board of Directors. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length prices 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 of Corporate Governance as applicable to the Company for the year ended March 31, 2012.

  
Chartered Accountants

Karachi

Dated: June 25, 2012

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A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network  
State Life Building No. 1-C, I.I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan  
Tel: +92 (21) 32426682-6/32426711-5; Fax: +92 (21) 32415007/32427938; <www.pwc.com/pk>

Lahore: 23-C, Aziz Avenue, Canal Bank, Gulberg V, P.O.Box 39, Shahrah-e-Quaid-e-Azam, Lahore-54660; Tel: +92 (42) 35715864-71; Fax: +92 (42) 35715872  
Islamabad: PIA Building, 3rd Floor, 49 Blue Area, Fazl-ul-Haq Road, P.O.Box 3021, Islamabad-44000; Tel: +92 (51) 2273457-60; Fax: +92 (51) 2277924  
Kabul: House No. 1916, Street No. 1, Behind Cinema Bariqot, Nahar-e-Darsan, Karte-4, Kabul, Afghanistan; Tel: +93 (779) 315320, +93 (799) 315320



**AUDITORS' REPORT TO THE MEMBERS**

We have audited the annexed balance sheet of **Exide Pakistan Limited** as at March 31, 2012 and the related profit and loss account, 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;
  - (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, 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, 2012 and of the profit, 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: **Salman Hussain**

Dated: June 25, 2012

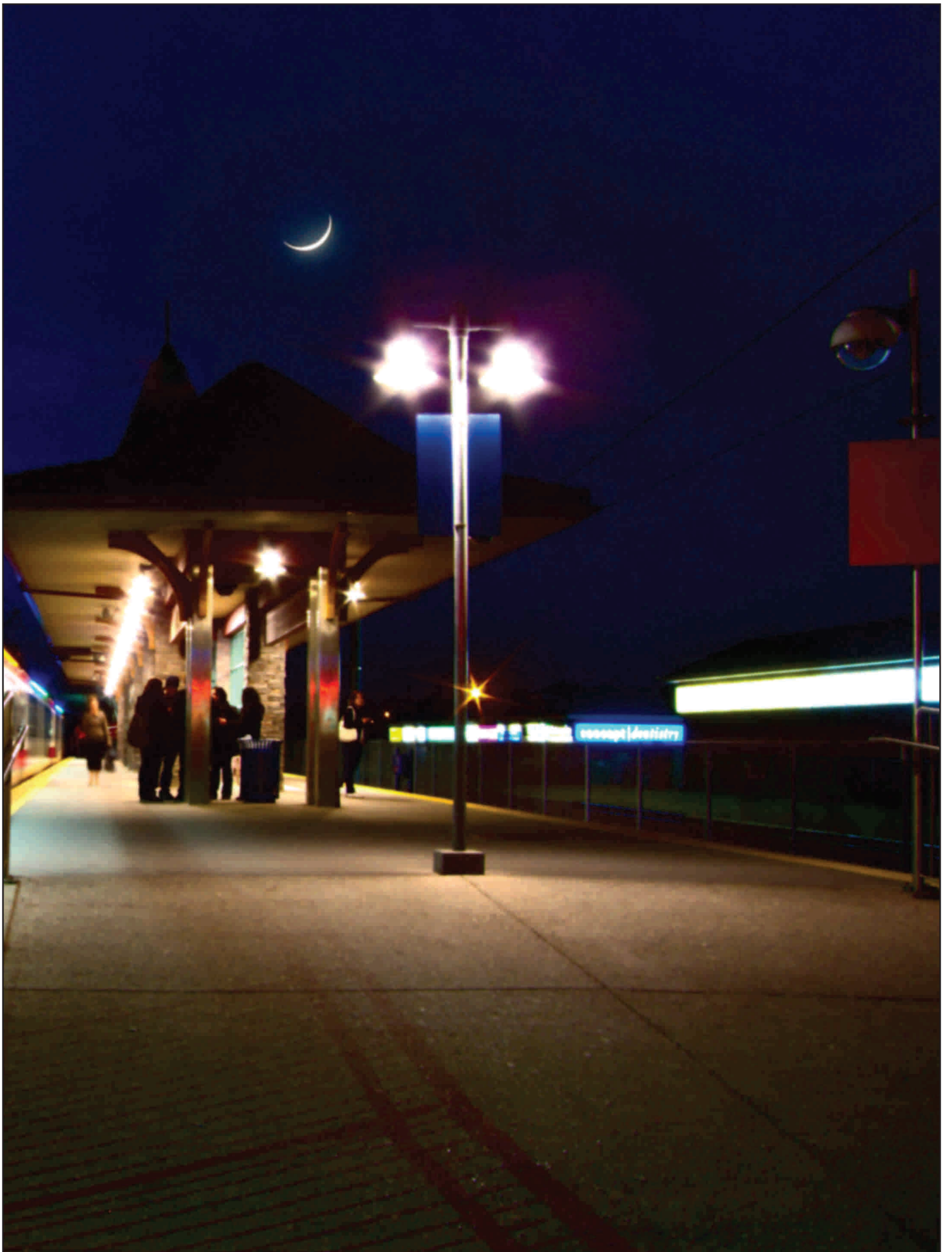
Karachi

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# Balance Sheet

As at March 31, 2012

	Note	2012 ———— (Rupees'000) ————	2011 ————
<b>SHARE CAPITAL &amp; RESERVES</b>			
Authorised share capital 18,000,000 (2011: 18,000,000) ordinary shares of Rs 10 each		<u>180,000</u>	<u>180,000</u>
Issued, subscribed and paid-up share capital	4	70,624	56,499
Capital reserve		259	259
Revenue reserves		981,991	748,991
Reserve arising on amalgamation - net		25,823	25,823
Unappropriated profit		<u>366,027</u>	<u>316,916</u>
		<u>1,444,724</u>	<u>1,148,488</u>
<b>SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - net of tax</b>			
	5	439,926	449,916
<b>NON - CURRENT LIABILITIES</b>			
Deferred tax liability - net	6	55,362	45,747
<b>CURRENT LIABILITIES</b>			
Trade and other payables	7	707,708	1,079,227
Accrued mark-up	8	32,005	47,851
Short-term borrowings	9	1,253,521	1,239,272
		<u>1,993,234</u>	<u>2,366,350</u>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	10	<u>3,933,246</u>	<u>4,010,501</u>

The annexed notes 1 to 42 form an integral part of these financial statements.

## NON - CURRENT ASSETS

	Note	2012 ———— (Rupees'000) ————	2011 ————
Property, plant and equipment	11	1,018,471	1,027,910
Long-term investment	12	224	224
Long-term loans	13	1,946	2,824
Long-term deposits	14	20,216	20,126
		1,040,857	1,051,084

## CURRENT ASSETS

Spares	15	67,761	65,798
Stock-in-trade	16	1,497,121	1,856,140
Trade debts	17	346,205	317,367
Loans and advances	18	22,707	5,437
Trade deposits, short-term prepayments and other receivables	19	32,522	36,358
Taxation recoverable		182,395	110,891
Cash and bank balances	20	743,678	567,426
		2,892,389	2,959,417

3,933,246	4,010,501
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Arif Hashwani  
Chairman



Arshad Shehzada  
Chief Executive

# Profit & Loss Accounts

For the year ended March 31, 2012

	Note	2012 ———— (Rupees'000) ————	2011 ———— (Rupees'000) ————
Net sales	21	9,465,724	7,711,452
Cost of sales	22	(8,191,480)	(6,643,630)
Gross profit		1,274,244	1,067,822
Selling and distribution expenses	23	(459,848)	(399,834)
Administration and general expenses	24	(76,034)	(62,479)
		738,362	605,509
Other operating income	26	15,733	4,594
		754,095	610,103
Other operating charges	27	(96,070)	(51,888)
Operating profit		658,025	558,215
Finance cost	28	(157,099)	(128,489)
Profit before taxation		500,926	429,726
Taxation - net	29	(180,781)	(153,336)
Profit after taxation		320,145	276,390
Other comprehensive income		-	-
Total comprehensive income for the year		320,145	276,390
		----- (Rupees) -----	
			(Restated)
Earnings per share (EPS)	30	45.33	39.14

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

The annexed notes 1 to 42 form an integral part of these financial statements.



Arif Hashwani  
Chairman



Arshad Shehzada  
Chief Executive

# Cash Flow Statement

For the year ended March 31, 2012

	Note	2012 ———— (Rupees'000) ————	2011 ———— ————
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	34	697,077	566,364
Financial charges paid		(172,945)	(95,708)
Taxes paid		(242,670)	(186,903)
Increase in long-term deposits		(90)	(1,858)
Increase / (decrease) in long-term loans		878	(950)
Net cash generated from operating activities		<u>282,250</u>	<u>280,945</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for capital expenditure		(90,658)	(119,909)
Proceeds from disposal of operating fixed assets		4,522	949
Net cash used in investing activities		(86,136)	(118,960)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Loan from a director		(72,000)	-
Import finance		-	(18,688)
Dividends paid		(34,111)	(33,171)
Net cash used in from financing activities		(106,111)	(51,859)
Net increase in cash and cash equivalents		<u>90,003</u>	<u>110,126</u>
Cash and cash equivalents at the beginning of the year		(571,846)	(681,972)
Cash and cash equivalents at the end of the year	35	<u>(481,843)</u>	<u>(571,846)</u>

The annexed notes 1 to 42 form an integral part of these financial statements.



Arif Hashwani  
Chairman



Arshad Shehzada  
Chief Executive

# Statement of Changes in Equity

For the year ended March 31, 2012

	Issued subscribed and paid-up share capital	Capital reserve	Revenue reserves	Reserve arising on amalgam- ation - net	Unappropriated profit	Total
	(Rupees'000)					
Balance at March 31, 2010	56,499	259	568,991	25,823	248,927	900,499
Final dividend for the year ended March 31, 2010 declared subsequent to year end	-	-	-	-	(33,899)	(33,899)
Transfer to revenue reserves made subsequent to the year ended March 31, 2010	-	-	180,000	-	(180,000)	-
Profit after taxation for the year ended March 31, 2011	-	-	-	-	276,390	276,390
Transferred from surplus on revaluation of property, plant and equipment - net of tax (note 3.1.1)	-	-	-	-	5,498	5,498
<b>Balance as at March 31, 2011</b>	<b>56,499</b>	<b>259</b>	<b>748,991</b>	<b>25,823</b>	<b>316,916</b>	<b>1,148,488</b>
Final dividend for the year ended March 31, 2011 declared subsequent to year end	-	-	-	-	(33,899)	(33,899)
Transfer to revenue reserves made subsequent to the year ended March 31, 2011	-	-	233,000	-	(233,000)	-
Issue of bonus shares	14,125	-	-	-	(14,125)	-
Profit after taxation for the year ended March 31, 2012	-	-	-	-	320,145	320,145
Transferred from surplus on revaluation of property, plant and equipment - net of tax (note 3.1.1)	-	-	-	-	9,990	9,990
<b>Balance as at March 31, 2012</b>	<b>70,624</b>	<b>259</b>	<b>981,991</b>	<b>25,823</b>	<b>366,027</b>	<b>1,444,724</b>

Appropriations of dividend and transfer between reserves made subsequent to the year ended March 31, 2012 are disclosed in note 40 to these financial statements.

The annexed notes 1 to 42 form an integral part of these financial statements.



Arif Hashwani  
Chairman



Arshad Shehzada  
Chief Executive

# Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2012

## 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 manufacture 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 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 to published approved accounting standards that are effective in the current year

The following are the new and amended standards and interpretations to published approved accounting standards that have been published and are mandatory for the first time for the financial year of the company beginning April 01, 2011:

- IAS 1 (Amendment), 'Presentation of Financial Statements', is effective for accounting period beginning on or after 1 January 2011. This amendment requires an entity to present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements. The amendment does not have any impact

# Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2012

on the company's financial statements as currently no items are being reported in other comprehensive income.

- IFRS 7 (Amendment), 'Financial Instruments: Disclosure', is effective for the accounting periods beginning on or after 1 January 2011. This amendment emphasizes the interaction between quantitative and qualitative disclosures about the nature and extent of risks associated with financial instruments. However, this has no material impact on these financial statements.

Other new standards, amendments and interpretations that are mandatory for accounting periods beginning 1 April 2011 are considered not to be relevant for the Company's financial statements and hence have not been detailed here.

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

Following new amendments to approved accounting standard that has been published and is mandatory for the Company's accounting periods beginning on or after April 1, 2012:

- IAS 19 (Amendment), 'Employee benefits', is effective for the accounting periods beginning on or after 1 January 2013. It eliminates the corridor approach and recognises all actuarial gains and losses in other comprehensive income as they occur, immediately recognises all past service costs and replaces interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability / asset. The management is in the process of assessing the impact on the company's financial statement. There are other new and amended standards and interpretations to published approval accounting standards that are mandatory for accounting periods beginning on or after April 1, 2012 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

# Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2012

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 up to 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.

## 3.1.2 Capital work-in-progress

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

## 3.2 Intangible asset

Computer software acquired by the Company are stated at cost less accumulated amortisation. Cost represents the cost 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.

# Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2012

## 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 categorized 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' category.

#### 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.

#### 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

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

# Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2012

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 amortized 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.

If any evidence for impairment exist, 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.

# Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2012

## 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.

Provision is made in the financial statements for obsolete and slow moving stock based on

# Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2012

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 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 borrowing costs 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

# Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2012

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;

- (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 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.

# Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2012

## 3.15 Impairment of non-financial assets

The carrying amount 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 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.

## 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.

# Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2012

## 3.20 Functional and presentation 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 presentation currency.

## 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

2012	2011		2012	2011
			— (Rupees'000) —	
Number of Shares			Number of Shares	
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
6,438,071	5,025,595	Ordinary shares of Rs 10 each issued as fully paid bonus shares	64,381	50,256
244,167	244,167	Ordinary shares of Rs 10 each issued to minority shareholders of Automotive Battery Company Limited	2,442	2,442
<u>7,062,380</u>	<u>5,649,904</u>		<u>70,624</u>	<u>56,499</u>

# Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2012

During the year, Company issued 1,412,476 shares as fully paid bonus shares. This is reflected in the statement of changes in equity.

	Note	2012	2011
		Number of Shares	
		————(Rupees'000) ————	
4.1	Shares held by the related parties of the Company		
	Name of the shareholders		
	Mr. Arif Hashwani	2,828,976	2,263,181
	Mr. Hussain Hashwani	1,136,910	909,528
	Mr. Altaf Hashwani	1,284,496	1,027,598
	Mr. S. Haider Mehdi	593	475
	Syed Muhammad Faiq	625	500
	Ms. Sana Hashwani	198	159
	Mr. Arshad Shahzada	12	10

## 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.

	Note	2012	2011
		————(Rupees'000) ————	
Surplus on revaluation of operating fixed assets as at April 1		458,282	255,669
Surplus arising on revaluation during the year		-	208,418
Transferred to unappropriated profits:			
- Surplus relating to incremental depreciation charged during the year - net of deferred tax		(9,990)	(5,498)
Related deferred tax liability		(557)	(307)
Surplus on revaluation of operating fixed assets as at March 31		447,735	458,282
Less: related deferred tax liability on:			
- revaluation as at April 1		8,366	6,167
- Surplus arising on revaluation during the year		-	2,506
- incremental depreciation charged during the year transferred to the profit and loss account		(557)	(307)
		7,809	8,366
		439,926	449,916

# Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2012

	Note	2012	2011
		(Rupees'000)	
<b>6 DEFERRED TAX LIABILITY - NET</b>			
Deferred tax liability arising on taxable temporary differences:			
Due to accelerated tax depreciation		73,573	64,326
Arising on surplus on revaluation of property, plant and equipment	5	7,809	8,366
Deferred tax assets arising on deductible temporary differences:			
In respect of certain provisions		(26,020)	(26,945)
		<u>55,362</u>	<u>45,747</u>
<b>7 TRADE AND OTHER PAYABLES</b>			
Creditors		93,259	352,271
Bills payable		260,335	457,581
Accrued liabilities	7.1	60,074	72,927
Advances from customers		51,255	31,072
Workers' Profits Participation Fund	7.2	24,631	1,178
Workers' Welfare Fund		34,879	24,695
Payable to gratuity funds	7.3	3,774	5,258
Provision for battery warranty claims	7.4	46,790	45,490
Unclaimed dividends		1,564	1,776
Payable to provident fund		1,082	850
Royalty payable		18,208	8,703
Sales tax payable		96,688	54,603
Others		15,169	22,823
		<u>707,708</u>	<u>1,079,227</u>
7.1	This includes an amount of Rs 2.803 million (2011: Rs 2.559 million) in respect of employees compensated absences.		
7.2	<b>Workers' Profits Participation Fund</b>		
	Note	2012	2011
		(Rupees'000)	
Balance at April 1		1,178	1,170
Allocation for the year	27	26,901	23,089
		<u>28,079</u>	<u>24,259</u>
Interest on funds utilised in the company's business	28	218	1,175
		<u>28,297</u>	<u>25,434</u>
Less: Amount paid during the year		3,666	24,256
Balance at March 31		<u>24,631</u>	<u>1,178</u>

# Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2012

	2012			2011		
	Exide	ABCL	Total	Exide	ABCL	Total
7.3 Payable to gratuity funds						
Balance at April 1	3,010	2,248	5,258	2,759	1,569	4,328
Charge for the year	1,856	988	2,844	1,901	1,055	2,956
Contributions paid	(2,759)	(1,569)	(4,328)	(1,650)	(376)	(2,026)
Balance at March 31	<u>2,107</u>	<u>1,667</u>	<u>3,774</u>	<u>3,010</u>	<u>2,248</u>	<u>5,258</u>

7.3.1 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.

## 7.4 Provision for battery warranty claims

	Note	2012	2011
		(Rupees'000)	
Balance at April 1		45,490	29,128
Charge for the year	23	184,980	177,327
Claims paid		(183,680)	(160,965)
Balance at March 31		<u>46,790</u>	<u>45,490</u>

## 8 ACCRUED MARK-UP

Mark-up accrued on:

- Short-term running finance	10,354	14,999
- Short-term finance	21,651	18,807
- Loan from a director - related party	-	14,045
	<u>32,005</u>	<u>47,851</u>

## 9 SHORT-TERM BORROWINGS

From banking companies - secured	9.1		
Short-term running finance		398,409	607,150
Short-term finance		827,112	532,122
From related party - unsecured			
Loan from a director	9.2	<u>28,000</u>	<u>100,000</u>
		<u>1,253,521</u>	<u>1,239,272</u>

# Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2012

- 9.1 The facilities for short-term running finance and short term finance available from various banks amounted to Rs 1,938 million (2011: Rs 1,603 million). The facilities carry mark-up at rates ranging from 12.05% to 14.62% (2011: 12.93% to 15.34%) and are repayable latest by March 2013. The arrangements are secured by pari passu and joint hypothecation charge over the company's stock-in-trade and trade debts.
- 9.2 The loan from the director was obtained to meet short-term working capital requirements. The loan carries mark-up at 12.5% per annum (2011: 12.5% per annum). The loan was subsequently repaid on April 09, 2012,

## 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 active at the time of purchase of goods and

# Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2012

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. This stay order of the Court has been challenged by the taxation authorities in the 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 Commitments in respect of :

	Note	2012	2011
		———— (Rupees'000) ————	
Capital expenditure contracted for but not incurred		13,461	4,020
Letters of credit		198,945	243,392
Letter of guarantee		56,097	42,636

## 11 PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets	11.1	996,550	956,273
Capital work-in-progress	11.5	19,184	71,637
Intangible assets	11.6	2,737	-
		<u>1,018,471</u>	<u>1,027,910</u>

# Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2012

	2012						
	Leasehold land	Buildings on leasehold land	Plant and machinery	Furniture and fixture	Office equipment and appliances	Vehicles	Total
	(Rupees'000)						
11.1 The following is a statement of operating fixed assets:							
At April 1, 2011							
Cost / revalued amount	510,000	50,573	779,974	8,011	12,912	65,583	1,427,053
Accumulated depreciation / amortisation	(321)	(373)	(418,175)	(4,989)	(9,536)	(37,386)	(470,780)
Net book value	509,679	50,200	361,799	3,022	3,376	28,197	956,273
Additions	-	10,592	113,107	1,143	1,494	11,300	137,636
Disposals:							
Cost	-	-	-	-	-	(6,374)	(6,374)
Depreciation	-	-	-	-	-	3,705	3,705
	-	-	-	-	-	(2,669)	(2,669)
Depreciation / amortisation charge for the year	(10,869)	(4,327)	(63,239)	(815)	(1,615)	(13,825)	(94,690)
Closing net book value	498,810	56,465	411,667	3,350	3,255	23,003	996,550
At March 31, 2012							
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)
Net book value	498,810	56,465	411,667	3,350	3,255	23,003	996,550
Depreciation/amortisation rate % per annum	1 - 2	5 - 10	10 - 20	10 - 20	10 - 20	10 - 20	
	2011						
	Leasehold land	Buildings on leasehold land	Plant and machinery	Furniture and fixture	Office equipment and appliances	Vehicles	Total
	(Rupees'000)						
At April 1, 2010							
Cost / revalued amount	342,200	56,644	709,489	7,079	12,127	55,872	1,183,411
Accumulated depreciation / amortisation	(26,909)	(12,559)	(365,162)	(4,318)	(8,105)	(27,264)	(444,317)
Net book value	315,291	44,085	344,327	2,761	4,022	28,608	739,094
Additions	-	2,320	70,485	932	785	11,198	85,720
Adjustments due to revaluation in:							
Cost or revaluation	(33,457)	(15,552)	-	-	-	-	(49,009)
Accumulated depreciation	33,457	15,552	-	-	-	-	49,009
	-	-	-	-	-	-	-
Surplus / (deficit)	201,257	7,161	-	-	-	-	208,418
Disposals:							
Cost	-	-	-	-	-	(1,487)	(1,487)
Depreciation	-	-	-	-	-	1,266	1,266
	-	-	-	-	-	(221)	(221)
Depreciation / amortisation charge for the year	(6,869)	(3,366)	(53,013)	(671)	(1,431)	(11,388)	(76,738)
Closing net book value	509,679	50,200	361,799	3,022	3,376	28,197	956,273
At March 31, 2011							
Cost / revalued amount	510,000	50,573	779,974	8,011	12,912	65,583	1,427,053
Accumulated depreciation / amortisation	(321)	(373)	(418,175)	(4,989)	(9,536)	(37,386)	(470,780)
Net book value	509,679	50,200	361,799	3,022	3,376	28,197	956,273
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, 2012

11.1.1 Title documents in respect of one of the Company's property (having net book value of Rs 234.6 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 last 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 407.85 million (2011: 458,282 million) remains undepreciated as at March 31, 2012.

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

	2012	2011
	————— (Rupees'000) —————	
Leasehold land	73,387	75,301
Buildings on leasehold land	34,153	26,296

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	Book Value	Sale proceeds	Mode of disposals / settlement	Particulars of buyers	Location
	————— (Rupees'000) —————						
Vehicles							
Honda City	878	644	234	273	As per company policy	Mr. Riafat - employee	Peshawar
Suzuki Mehran	574	29	545	560	Insurance Claim	Jubilee Insurance	Karachi
Toyota Corolla	1,389	741	648	1,250	Insurance Claim	Jubilee Insurance	Lahore
Honda City	1,347	292	1,055	1,350	Insurance Claim	Jubilee Insurance	Karachi
Suzuki Cultus	694	590	104	283	As per company policy	Mr.Arshad Fazal - employee	Karachi
Honda Motorcycle	90	7	83	83	Insurance Claim	Jubilee Insurance	Faisalabad
Suzuki Khyber	150	150	-	150	Negotiation	Syed Haider Mehdi (Director - Related Party)	Karachi
2012	<u>5,122</u>	<u>2,453</u>	<u>2,669</u>	<u>3,949</u>			
2011	<u>584</u>	<u>363</u>	<u>221</u>	<u>388</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	2012	2011
		————— (Rupees'000) —————	
Depreciation			
Cost of sales	22	89,955	72,902
Selling and distribution expenses	23	2,841	1,534
Administration and general expenses	24	1,894	2,302
		<u>94,690</u>	<u>76,738</u>

# Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2012

	Note	2012 ———— (Rupees'000) ————	2011 ————
<b>11.5 Capital work-in-progress</b>			
Building		-	13,021
Plant and machinery		8,125	51,924
Advances to suppliers / contractors		11,059	6,692
		<u>19,184</u>	<u>71,637</u>
<b>11.6 Intangible assets</b>			
As at April 01,		-	-
Additions		5,475	-
Amortisation	11.6.1	(2,738)	-
As at March 31,		<u>2,737</u>	-
Amortisation rate % per annum		50 %	-

**11.6.1** 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	2012 ———— (Rupees'000) ————	2011 ————
Amortisation			
Cost of sales	22	1,383	-
Selling and distribution expenses	23	889	-
Administration and general expenses	24	466	-
		<u>2,738</u>	-

## 12 LONG-TERM INVESTMENT

	Percentage holding	2012 ———— (Rupees'000) ————	2011 ————
Investment in related party - at cost Subsidiary company			
- Unquoted 22,380 (2011: 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>

**12.1** Chloride Pakistan (Private) Limited (CPL) has not yet commenced its 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 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.

# Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2012

- 12.2 The Securities and Exchange Commission of Pakistan vide letter EMD/233/443/2002-1767 dated June 21, 2012 has granted exemption to the Company from the preparation of consolidated financial statements. The audited balance sheet as at March 31, 2012 and the profit and loss account for the year ended March 31, 2012 of CPL are as follows:

	2012	2011
	———— (Rupees'000) ————	————
<b>BALANCE SHEET</b>		
<b>Current Assets</b>		
Receivable from Exide Pakistan Limited	56	30
Cash and bank balances	26	9
<b>Current Liability</b>		
Accrued expenses	(79)	(43)
	<u>3</u>	<u>(4)</u>
<b>Financed by:</b>		
Share capital	224	224
Accumulated loss	(591)	(548)
	<u>(367)</u>	<u>(324)</u>
Loan from a director - subordinated	370	320
	<u>3</u>	<u>(4)</u>
<b>PROFIT AND LOSS ACCOUNT</b>		
<b>Expenses</b>		
Legal and professional charges	(5)	(6)
Bank charges	-	(2)
	<u>(5)</u>	<u>(8)</u>
Auditors' Remuneration		
- Audit fees	(32)	(32)
- Out of pocket expenses	(6)	(6)
	<u>(38)</u>	<u>(38)</u>
Loss before tax	(43)	(46)
Tax	-	-
Loss for the year	<u>(43)</u>	<u>(46)</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.

# Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2012

	Note	2012 (Rupees'000)	2011
13	LONG-TERM LOANS (considered good - unsecured)		
Due from:			
Director (related party)	13.1, 13.2 & 13.3	-	-
Executives	13.1, 13.2 & 13.3	534	567
Employees	13.1	3,630	3,436
		<u>4,164</u>	<u>4,003</u>
Less: receivable within one year	18	<u>(2,218)</u>	<u>(1,179)</u>
		<u>1,946</u>	<u>2,824</u>

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. The personal loan to Director was interest free and has been fully recovered.

13.2 Reconciliation of carrying amount of loans to Director and Executives

	2012		2011	
	Director	Executive	Director*	Executive
	(Rupees'000)			
Opening balance	-	567	-	614
Disbursements during the year	405	500	650	300
Repayments during the year	(405)	(533)	(650)	(347)
Closing balance	<u>-</u>	<u>534</u>	<u>-</u>	<u>567</u>

\* The loan was temporarily adjusted in March 31, 2011 and an amount of Rs 0.405 million therefrom was re-advanced in April 2011.

13.3 The maximum aggregate amount due from the Director and Executives at the end of any month during the year were Rs 405 thousand and Rs 1,036 thousand respectively (2011: Rs 650 thousand and Rs 588 thousand respectively).

# Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2012

	Note	2012	2011
		————(Rupees'000) ————	
14	LONG-TERM DEPOSITS		
	Utilities	11,215	9,413
	Others	9,001	10,713
		20,216	20,126
15	SPARES		
	Spares [including in transit of Rs 3.08 million (2011: Rs 3.374 million)]	70,641	68,135
	Less: provision for slow moving and obsolete spares	(2,880)	(2,337)
		67,761	65,798
16	STOCK-IN-TRADE		
	Raw and packing materials and components [including goods-in-transit of Rs 325.931 million (2011: 569.367 million)]	883,582	1,139,285
	Work-in-process	266,212	248,875
	Finished goods	354,055	474,275
		1,503,849	1,862,435
	Less: Provision for slow moving and obsolete stock-in-trade	(6,728)	(6,295)
		1,497,121	1,856,140
16.1	Raw materials and components amounting to Rs 7.849 million (2011: Rs 16.719 million) were held by Pak Polymer (Private) Limited and Precision Polymers (Pvt) Limited, who under an arrangement with the Company, manufacture plastic containers, lids and vent plugs for the Company.		
17	TRADE DEBTS - unsecured		
	Considered		
	- good	346,205	317,367
	- doubtful	14,174	15,046
		360,379	332,413
	Less: Provision for impairment in trade debts	(14,174)	(15,046)
		346,205	317,367



# Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2012

	Note	2012	2011
		(Rupees'000)	
<b>20 CASH AND BANK BALANCES</b>			
With banks - current accounts		611,445	499,105
Cheques in hand		132,196	68,203
Cash in hand		37	118
		<u>743,678</u>	<u>567,426</u>

## 21 OPERATING RESULTS

	Note	Batteries		Chemicals		Company	
		2012	2011	2012	2011	2012	2011
(Rupees 000)							
Sales		11,494,509	9,279,998	400,986	437,306	11,895,495	9,717,304
Sales tax		1,589,228	1,316,460	56,540	62,140	1,645,768	1,378,600
Excise Duty		73,313	80,075	2,891	3,973	76,204	84,048
Commission to distributor		6,849	6,293	-	-	6,849	6,293
Discounts to distributors and customers		700,950	536,911	-	-	700,950	536,911
		<u>2,370,340</u>	<u>1,939,739</u>	<u>59,431</u>	<u>66,113</u>	<u>2,429,771</u>	<u>2,005,852</u>
Net sales		9,124,169	7,340,259	341,555	371,193	9,465,724	7,711,452
Cost of sales	22	7,909,575	6,352,068	281,905	291,562	8,191,480	6,643,630
Gross profit		1,214,594	988,191	59,650	79,631	1,274,244	1,067,822
Selling and distribution expenses	23	453,464	394,097	6,384	5,737	459,848	399,834
Administration and general expenses	24	73,494	59,477	2,540	3,002	76,034	62,479
Other operating income		8,053	636	-	-	8,053	636
Unallocated other operating income	21.9					7,680	3,958
	26					15,733	4,594
Unallocated other operating charges	21.9 and 27					96,070	51,888
Operating profit		<u>695,689</u>	<u>535,253</u>	<u>50,726</u>	<u>70,892</u>	<u>658,025</u>	<u>558,215</u>
21.1 Segment assets		2,855,198	3,144,554	106,882	159,019	2,962,080	3,303,573
21.2 Unallocated assets	21.9					971,166	706,928
						<u>3,933,246</u>	<u>4,010,501</u>
21.3 Segment liabilities		365,345	519,324	11,243	23,522	376,588	542,846
21.4 Unallocated liabilities	21.9					1,672,008	1,869,259
						<u>2,048,596</u>	<u>2,412,105</u>
21.5 Capital expenditure		87,387	114,137	3,271	5,772	90,658	119,909
21.6 Depreciation expense		91,273	73,044	3,417	3,694	94,690	76,738
21.7 Amortisation expense		2,646	-	92	-	2,738	-

21.8 Sales of Rs 11.896 billion includes export sales amounting to Rs 71.568 million (2011: Nil).

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, 2012

## 22 COST OF SALES

Note	Batteries		Chemicals		Company	
	2012	2011	2012	2011	2012	2011
(Rupees 000')						
Raw and packing materials consumed						
Opening stock	1,105,815	1,111,581	33,470	16,257	1,139,285	1,127,838
Purchases	6,862,616	6,082,019	201,893	230,901	7,064,509	6,312,920
Closing stock	7,968,431 (855,662)	7,193,600 (1,105,815)	235,363 (27,920)	247,158 (33,470)	8,203,794 (883,582)	7,440,758 (1,139,285)
Salaries, wages and benefits	7,112,769	6,087,785	207,443	213,688	7,320,212	6,301,473
Spares consumed	185,360	165,960	14,888	14,332	200,248	180,292
Rent, rates and taxes	55,086	44,942	3,664	3,045	58,750	47,987
Fuel, power and water	39,570	38,297	123	158	39,693	38,455
Insurance	226,741	182,878	26,446	21,370	253,187	204,248
Repairs and maintenance	12,887	13,376	1,128	1,399	14,015	14,775
Depreciation - note 11.4	53,469	88,921	3,236	4,261	56,705	93,182
Amortisation of intangible assets - note 11.6.1	86,717	69,257	3,238	3,645	89,955	72,902
General expenses	1,337	-	46	-	1,383	-
Opening stock of work-in-process	40,228	40,248	6,171	6,395	46,399	46,643
Closing stock of work-in-process	246,347 (264,044)	227,660 (246,347)	2,528 (2,168)	782 (2,528)	248,875 (266,212)	228,442 (248,875)
Cost of goods manufactured	7,796,467	6,712,977	266,743	266,547	8,063,210	6,979,524
Opening stock of finished goods	461,175	100,266	13,100	5,280	474,275	105,546
Finished goods purchased	-	-	8,050	32,835	8,050	32,835
Closing stock of finished goods	8,257,642 (348,067)	6,813,243 (461,175)	287,893 (5,988)	304,662 (13,100)	8,545,535 (354,055)	7,117,905 (474,275)
	7,909,575	6,352,068	281,905	291,562	8,191,480	6,643,630

22.1 Salaries, wages and benefits include Rs 4.688 million (2011:Rs 4.424 million) in respect of staff retirement benefits.

## 23 SELLING AND DISTRIBUTION EXPENSES

Note	Batteries		Chemicals		Company	
	2012	2011	2012	2011	2012	2011
(Rupees 000')						
Salaries, wages and benefits	27,145	23,120	663	465	27,808	23,585
Repairs and maintenance	840	694	-	-	840	694
Royalty	9,504	8,703	-	-	9,504	8,703
Advertising and sales promotion	56,257	48,283	-	-	56,257	48,283
Rent, rates and taxes	5,736	4,286	-	-	5,736	4,286
Insurance	385	346	-	-	385	346
Printing and stationery	784	727	-	14	784	741
Carriage and forwarding	153,021	118,270	5,409	4,959	158,430	123,229
Battery warranty claims - note 7.4	184,980	177,327	-	-	184,980	177,327
Travelling, conveyance and entertainment	7,871	6,069	-	-	7,871	6,069
Depreciation - note 11.4	2,739	1,465	102	69	2,841	1,534
Amortisation of intangible assets - note 11.6.1	859	-	30	-	889	-
Postage, telegram, telephone and telex	2,295	1,835	100	148	2,395	1,983
General expenses	1,048	2,972	80	82	1,128	3,054
	453,464	394,097	6,384	5,737	459,848	399,834

# Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2012

23.1 Salaries, wages and benefits include Rs 0.975 million (2011: Rs 0.920 million) in respect of staff retirement benefits.

## 24 ADMINISTRATION AND GENERAL EXPENSES

Note	Batteries		Chemicals		Company	
	2012	2011	2012	2011	2012	2011
	(Rupees 000')					
Salaries, wages and benefits	48,791	36,763	1,677	1,860	50,468	38,623
Repairs and maintenance	4,204	2,672	146	135	4,350	2,807
Legal and professional charges	3,018	2,925	105	148	3,123	3,073
Rent, rates and taxes	360	220	12	11	372	231
Insurance	872	1,186	30	60	902	1,246
Depreciation - note 11.4	1,826	2,198	68	104	1,894	2,302
Amortisation of intangible assets - note 11.6.1	450	-	16	-	466	-
Printing and stationery	1,266	763	44	39	1,310	802
Travelling, conveyance and entertainment	6,341	6,575	220	333	6,561	6,908
Communication and postage	2,321	2,531	81	128	2,402	2,659
General expenses	4,045	3,644	141	184	4,186	3,828
	<u>73,494</u>	<u>59,477</u>	<u>2,540</u>	<u>3,002</u>	<u>76,034</u>	<u>62,479</u>

24.1 Salaries, wages and benefits include Rs 1.344 million (2011: Rs 1.268 million) in respect of staff retirement benefits.

## 25 DEFINED BENEFIT AND DEFINED CONTRIBUTION PLANS

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

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, 2012 and expense has been recorded based on 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.

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

	2012		2011	
	Exide	ABCL	Exide	ABCL
a. Discount rate	12.5%	12.5%	14%	14%
b. Expected rate of increase in salary	12.5%	12.5%	14%	14%
c. Expected rate of return on plan assets	12.5%	12.5%	12.5%	14%
d. Assumptions regarding future mortality experience are based on actuarial recommendations and published statistics.				

# Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2012

	Note	2012			2011			
		Exide	ABCL	Total	Exide	ABCL	Total	
(Rupees 000')								
25.1.1	Amount recognised in the balance sheet (note 7.3)							
	Present value of defined benefit obligations	25.1.2	33,882	13,796	47,678	32,687	12,140	44,827
	Less: fair value of plan assets	25.1.3	(44,270)	(14,019)	(58,289)	(37,369)	(10,450)	(47,819)
	Unrecognised actuarial gains		12,495	1,890	14,385	7,692	558	8,250
			<u>2,107</u>	<u>1,667</u>	<u>3,774</u>	<u>3,010</u>	<u>2,248</u>	<u>5,258</u>
25.1.2	Movement in the defined benefit obligation							
	Present value of obligation at April 1		32,687	12,140	44,827	31,073	10,967	42,040
	Current service cost		2,495	862	3,357	1,889	700	2,589
	Interest cost		4,469	1,678	6,147	4,078	1,535	5,613
	Benefits paid		(1,528)	(302)	(1,830)	(3,883)	-	(3,883)
	Actuarial gain on obligation		(4,241)	(582)	(4,823)	(470)	(1,062)	(1,532)
	Present value of obligation at March 31		<u>33,882</u>	<u>13,796</u>	<u>47,678</u>	<u>32,687</u>	<u>12,140</u>	<u>44,827</u>
25.1.3	Movement in the fair value of plan assets							
	Total plan assets as at April 1		37,369	10,450	47,819	32,825	9,081	41,906
	Expected return on plan assets		4,748	1,552	6,300	3,964	1,180	5,144
	Contributions made		2,759	1,569	4,328	1,650	376	2,026
	Benefits paid		(1,528)	(302)	(1,830)	(3,883)	-	(3,883)
	Actuarial gains / (losses) on plan assets		922	750	1,672	2,813	(187)	2,626
			<u>44,270</u>	<u>14,019</u>	<u>58,289</u>	<u>37,369</u>	<u>10,450</u>	<u>47,819</u>
25.1.4	Amount recognised in the profit and loss account							
	Current service cost		2,495	862	3,357	1,889	700	2,589
	Interest cost		4,469	1,678	6,147	4,078	1,535	5,613
	Expected return on plan assets		(4,748)	(1,552)	(6,300)	(3,964)	(1,180)	(5,144)
	Net actuarial (gain) / loss recognised		(360)	-	(360)	(102)	-	(102)
	Cost for the year		<u>1,856</u>	<u>988</u>	<u>2,844</u>	<u>1,901</u>	<u>1,055</u>	<u>2,956</u>

25.1.5 Plan assets comprise of the following:

	2012			
	(Rupees 000')		(Rupees 000')	
	EXIDE	Percentage composition	ABCL	Percentage composition
Defence Savings Certificates (DSC's)	-	0.00%	11,641	83.04%
Term Finance Certificates	30,064	67.91%	1,465	10.45%
Investment in shares - OGDC	445	1.01%	395	2.82%
Investment in mutual funds	3,074	6.94%	100	0.71%
Pakistan Investment Bond	9,656	21.81%	-	-
Cash at bank	1,031	2.33%	418	2.98%
	<u>44,270</u>	<u>100%</u>	<u>14,019</u>	<u>100.00%</u>

# Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2012

	2011			
	(Rupees 000')	Percentage composition	(Rupees 000')	Percentage composition
	EXIDE		ABCL	
Defence Savings Certificates (DSC's)	-	0.00%	9,640	92.25%
Term Finance Certificates	28,729	76.88%	94	0.90%
Investment in shares - OGDC	394	1.05%	319	3.05%
Investment in mutual funds	4,836	12.94%	-	0.00%
Cash at bank	3,410	9.13%	397	3.80%
	<u>37,369</u>	<u>100%</u>	<u>10,450</u>	<u>100.00%</u>

25.1.6 Five years data on the (surplus) / deficit on the plan assets is as follows :

	EXIDE				
	2012	2011	2010	2009	2008
	(Rupees 000')				
Present value of defined benefit obligation	33,882	32,687	31,073	30,713	31,678
Fair value of plan assets	(44,270)	(37,369)	(32,825)	(34,111)	(33,892)
Surplus	<u>(10,388)</u>	<u>(4,682)</u>	<u>(1,752)</u>	<u>(3,398)</u>	<u>(2,214)</u>
	ABCL				
	2012	2011	2010	2009	2008
	(Rupees 000')				
Present value of defined benefit obligation	13,796	12,140	10,967	10,394	9,203
Fair value of plan assets	(14,019)	(10,450)	(9,081)	(8,317)	(10,728)
Deficit / (Surplus)	<u>(223)</u>	<u>1,690</u>	<u>1,886</u>	<u>2,077</u>	<u>(1,525)</u>

25.1.7 Five years data on experience adjustments is as follows :

	EXIDE				
	2012	2011	2010	2009	2008
	(Rupees 000')				
Experience adjustments on plan liabilities	(4,241)	(470)	(2,780)	(3,543)	(1,087)
Experience adjustments on plan assets	922	2,813	(3,296)	(2,210)	(1,090)
	ABCL				
	2012	2011	2010	2009	2008
	(Rupees 000')				
Experience adjustments on plan liabilities	(582)	(1,062)	(848)	(41)	(56)
Experience adjustments on plan assets	750	(187)	376	(3,465)	153

# Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2012

25.1.8 Expected return on plan assets during the year was Rs 6.30 million (2011: Rs 5.144 million).

25.1.9 The Company intends to charge an amount of approximately Rs 1.054 million in the financial statements for the year ending March 31, 2013 in respect of defined benefit scheme.

## 25.2 Defined contribution plan - provident fund

An amount of Rs 4.163 million (2011: Rs 3.656 million) has been charged during the year in respect of contributory provident fund maintained by the Company.

	Note	2012	2011
		————(Rupees'000) ————	
<b>26</b>	<b>OTHER OPERATING INCOME</b>		
Mark up on margin deposits		160	117
Gain on disposal of operating fixed assets		1,853	728
Reversal of provision impairment in trade debts	17.1	2,666	2,873
Reversal of provision held against slow moving and obsolete spares		-	240
Scrap sales		8,053	636
Liabilities no longer payable written back		2,142	-
Others		859	-
		15,733	4,594
<b>27</b>	<b>OTHER OPERATING CHARGES</b>		
Auditors' remuneration	27.1	1,940	1,810
Workers' Profits Participation Fund	7.2	26,901	23,089
Workers' Welfare Fund		10,184	8,962
Donations	27.2	415	334
Provision for impairment in trade debts	17.1	1,794	4,397
Provision against slow moving and obsolete spares		543	876
Provision against slow moving and obsolete stock-in-trade		433	2,140
Bad debts directly written off		4,551	-
Capital work-in-progress written off		247	-
Other assets written off		630	-
Bank charges		8,833	6,221
Exchange loss		39,599	4,059
		96,070	51,888



# Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2012

## 30 EARNINGS PER SHARE (EPS)

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:

	2012	2011
	———— (Rupees'000) ————	
Profit after taxation attributable to ordinary shareholders	320,145	276,390
Weighted average number of ordinary shares outstanding during the year	———— Number of shares ————	
	7,062,380	7,062,380
		(Restated)
Earnings per share (EPS)	<u>45.33</u>	<u>39.14</u>

30.1 A diluted earnings per share has not been presented as the Company does not have any convertible instruments in issue as at March 31, 2012 and 2011 which would have any effect on the earnings per share if the option to convert is exercised.

## 31 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	Chief Executive Officer		Directors		Executives		Total	
	2012	2011	2012	2011	2012	2011	2012	2011
Short - term employee benefits	———— (Rupees'000) ————							
Managerial remuneration	1,103	1,079	7,093	4,805	2,868	2,837	11,064	8,721
Bonus	-	-	1,015	719	240	240	1,255	959
Leave pay	75	68	104	78	120	117	299	263
Housing, utilities and reimbursable expenses	810	773	4,418	2,939	2,738	2,583	7,966	6,295
Medical expenses	111	108	197	181	231	226	539	515
Retirement benefits								
Defined benefit plan	-	-	558	368	46	46	604	414
Defined contribution plan	-	-	670	441	55	55	725	496
	<u>2,099</u>	<u>2,028</u>	<u>14,055</u>	<u>9,531</u>	<u>6,298</u>	<u>6,104</u>	<u>22,452</u>	<u>17,663</u>
Number of persons	<u>1</u>	<u>1</u>	<u>5</u>	<u>4</u>	<u>4</u>	<u>4</u>	<u>10</u>	<u>9</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 a director was Rs 0.005 million (2011: Rs 0.005 million).

# Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2012

## 32 TRANSACTIONS WITH RELATED PARTIES

	Subsidiary company		Key management personnel		Other related parties	
	2012	2011	2012	2011	2012	2011
Expenses charged to Interest on loan from a director	5	6	12,589	12,500	-	-
Transactions with key management personnel:						
- Salaries	-	-	21,123	16,753	-	-
- Defined benefit plan - post employment benefits	-	-	604	414	-	-
- Defined contribution plan	-	-	725	496	-	-
- Sale of motor vehicle having cost of Rs 150 thousand and book value of Rs Nil for	-	-	150	-	-	-
Rent expense	-	-	-	-	38,860	37,485
Expenses charged in respect of staff contribution plan	-	-	-	-	3,438	3,160
Expenses charged in respect of staff defined benefit plan	-	-	-	-	2,240	2,542
Pension pertaining to a retired employee	-	-	-	-	-	33

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.

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, 7.3 and 25 to these financial statements.

## 33 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 MT (2011: 33,000 MT) per annum whereas actual production during the year was 24,743 MT (2011: 32,849 MT).

# Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2012

	Note	2012	2011
		———— (Rupees'000) ————	
<b>34 CASH GENERATED FROM OPERATIONS</b>			
Profit before taxation		500,926	429,726
Adjustments for non cash charges and other items:			
Depreciation		94,690	76,738
Amortisation		2,738	-
Gain on disposal of operating fixed assets		(1,853)	(728)
Mark-up expenses		157,099	128,489
(Reversal) / provision for impairment in trade debts - net		(872)	1,524
Provision for slow moving and obsolete stock-in-trade		433	2,140
Provision for slow moving and obsolete spares - net		543	636
Working capital changes	34.1	(56,627)	(72,161)
		<u>697,077</u>	<u>566,364</u>

## 34.1 Working capital changes

(Increase) / Decrease in current assets:

Spares		(2,506)	(14,049)
Stock-in-trade		358,586	(400,609)
Trade debts		(27,966)	(115,793)
Loans and advances		(17,270)	5,130
Trade deposits, short-term prepayments and other receivables		3,836	(16,795)
		<u>314,680</u>	<u>(542,116)</u>
(Decrease) / Increase in trade and other payables		<u>(371,307)</u>	<u>469,955</u>
		<u>(56,627)</u>	<u>(72,161)</u>

## 35 CASH AND CASH EQUIVALENTS

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

	Note	2012	2011
		———— (Rupees'000) ————	
Cash and bank balances	20	743,678	567,426
Short-term running finance	9	(398,409)	(607,150)
Short-term finance	9	(827,112)	(532,122)
		<u>(481,843)</u>	<u>(571,846)</u>



# Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2012

Out of the total bank balance of Rs 743.641 million (2011: Rs 567.308 million) placed with banks maintained in current accounts, amounts aggregating Rs 740.828 million (2011: Rs 566.696 million) have been placed with banks having short-term credit rating of A1+. Whereas 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 (2011: 13) customers which constitute 40.96% (2011: 44.09%) 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:

Note	2012	2011
	(Rupees'000)	
Due from customers other than related parties		
Direct customers	123,064	137,600
Distributors	237,315	194,813
	<u>360,379</u>	<u>332,413</u>

Out of Rs 360.379 million (2011: Rs 332.413 million), the company has provided Rs 14.174 million (2011: Rs 15.046 million) as the amounts being doubtful to be recovered from customers. 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.

## 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.

# Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2012

## 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 (USD), Japanese Yen, and Pound (GBP) . 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:

	2012	2011
	———— (Rupees'000) ————	
Bills Payable		
US Dollar	2,777	5,146
Yen	6,588	17,144
GBP	9	9

As at March 31, 2012, if the Pakistani Rupee had weakened/strengthened by 1% against US Dollars, Japanese Yen and Pound Sterling (GBP) with all other receivables held constant, profit before taxation for the year would have been higher/lower by Rs 2.703 million (2011: Rs 4.576 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, 2012, with all other variables held constant, the net assets and net income for the year would have been lower / higher by Rs 1.869 million (2011: Rs 2.295 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, 2012 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.

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

# Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2012

2012							
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	-	-	-	22,707	1,946	24,653	24,653
Long-term deposits	-	-	-	-	20,216	20,216	20,216
Trade debts	-	-	-	346,205	-	346,205	346,205
Trade deposits and other receivables	8%	1,932	-	1,932	26,751	-	28,683
Cash and bank balances	-	-	-	743,678	-	743,678	743,678
		1,932	-	1,932	1,139,341	22,162	1,161,503
<b>Financial liabilities</b>							
Short-term borrowings							
- from banking companies	12.05-14.62	1,225,521	-	1,225,521	-	-	1,225,521
- loan from director	12.5	28,000	-	28,000	-	-	28,000
Trade and other payables	-	-	-	495,399	-	495,399	495,399
Accrued mark-up	-	-	-	32,005	-	32,005	32,005
		1,253,521	-	1,253,521	527,404	-	1,780,925
<b>On balance sheet gap</b>		(1,251,589)	-	(1,251,589)	611,937	22,162	634,099
<b>Off-balance sheet financial instruments</b>							
Commitments in respect of capital expenditure	-	-	-	13,461	-	13,461	13,461
Commitments in respect of Letter of credit	-	-	-	198,945	-	198,945	198,945
Outstanding bank guarantees	-	-	-	56,097	-	56,097	56,097
	-	-	-	268,503	-	268,503	268,503

2011							
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	-	-	-	5,437	2,824	8,261	8,261
Long-term deposits	-	-	-	-	20,126	20,126	20,126
Trade debts	-	-	-	317,367	-	317,367	317,367
Trade deposits and other receivables	8%	1,933	-	1,933	32,184	-	34,117
Cash and bank balances	-	-	-	567,426	-	567,426	567,426
		1,933	-	1,933	922,414	22,950	945,364
<b>Financial Liabilities</b>							
Short term borrowings							
- from banking companies	12.93-15.34	1,139,272	-	1,139,272	-	-	1,139,272
- loan from director	12.5	100,000	-	100,000	-	-	100,000
Trade and other payables	-	-	-	961,571	-	961,571	961,571
Accrued mark-up	-	-	-	47,851	-	47,851	47,851
		1,239,272	-	1,239,272	1,009,422	-	2,248,694
<b>On balance sheet gap</b>		(1,237,339)	-	(1,237,339)	(87,008)	22,950	(64,058)
<b>Off-balance sheet financial instruments</b>							
Commitments in respect of capital expenditure -	-	-	4,020	-	4,020	4,020	4,020
Commitments in respect of Letter of credit	-	-	-	243,392	-	243,392	243,392
Outstanding bank guarantees	-	-	-	42,636	-	42,636	42,636
	-	-	-	290,048	-	290,048	290,048

# Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2012

## 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, 2012

Note	2012	2011
	(Rupees'000)	
Total Borrowings	1,253,521	1,239,272
Less: Cash and bank balances	743,678	567,426
Net Debt	509,843	671,846
Total Equity	1,444,724	1,148,488
Total Capital	1,954,567	1,820,334
Gearing Ratio	26.08%	36.91%

## 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 7.4);
- 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 NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors of the Company in their meeting held on June 22, 2012 have proposed stock dividend @ Nil (2011: stock dividend @ 25%) and a final cash dividend for the year ended March 31, 2012 of Rs 6 per share (2011: final cash dividend of Rs 6.00 per share). In addition, the Board of Directors have also announced appropriation of Rs 288 million (2011: Rs 233 million) to revenue reserves. These appropriations will be approved in the forthcoming Annual General Meeting. The financial statements for the year ended March 31, 2012 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, 2012

## 41 GENERAL AND CORRESPONDING FIGURES

Amounts have been rounded to the nearest thousand unless otherwise stated. Corresponding figures have been rearranged and reclassified, where ever necessary, for the purpose of comparison. There have been no significant reclassifications made in these financial statements.

## 42 DATE OF AUTHORISATION

These financial statements were authorised for issue on June 22, 2012 by the Board of Directors of the Company.



Arif Hashwani  
Chairman



Arshad Shehzada  
Chief Executive

# Pattern of Shareholding

As on March 31, 2012

No. of Shareholders	— Having Shares —		Shares Held	Percentage
	From	To		
921	1	100	26296	0.3723
406	101	500	108883	1.5417
107	501	1000	78843	1.1164
78	1001	5000	153988	2.1804
13	5001	10000	95792	1.3564
3	10001	15000	38161	0.5403
2	15001	20000	34356	0.4865
3	20001	25000	72754	1.0302
1	30001	35000	34510	0.4886
2	45001	50000	92986	1.3166
1	95001	100000	96400	1.3650
1	100001	105000	104166	1.4749
1	385001	390000	388636	5.5029
1	485001	490000	486240	6.8849
1	1135001	1140000	1136910	16.0981
1	1280001	1285000	1284483	18.1877
1	2825001	2830000	2828976	40.0570
1543	Company Total		7062380	100.0000

# Category of Shareholders

As on March 31, 2012

Particulars	No. of Folio	Balance share	Percentage
DIRECTORS, CEO & CHILDREN	9	5251810	74.3632
NIT & ICP	4	498923	7.0645
BANKS, DFI & NBF	2	46330	0.6560
INSURANCE COMPANIES	1	388636	5.5029
MODARABAS & MUTUAL FUNDS	5	64031	0.9066
GENERAL PUBLIC (LOCAL)	1494	559696	7.9250
GENERAL PUBLIC (FOREIGN)	9	4156	0.0588
OTHERS	8	128503	1.8195
JOINT STOCK COMPANIES	6	15115	0.2140
FOREIGN COMPANIES	3	104204	1.4755
CHARITABLE TRUST	2	976	0.0138
Company Total	1543	7062380	100.0000

# Category of Shareholders

As on March 31, 2012

Folio No.	Name	Code	Balance Held	Percentage
00000000916	MRS SANA HASHWANI	001	198	0.0028
00000001026	SYED HAIDER MEHDI	001	580	0.0082
00000001190	MR ALTAF HASHWANI	001	13	0.0002
00000001733	MR SYED HAIDER MEHDI	001	13	0.0002
003277005882	ARIF HASHWANI	001	2828976	40.0570
003277007548	HUSSAIN HASHWANI	001	1136910	16.0981
003277007974	ALTAF HASHWANI	001	1284483	18.1877
003277012059	ARSHAD SHAHZADA	001	12	0.0002
003277070721	SYED MOHAMMAD FAIQ	001	625	0.0088
00000000360	INVESTMENT CORPN OF PAKISTAN	003	18	0.0003
00000001349	M/S INVESTMENT CORPORATION OF PAKISTAN	003	144	0.0020
002154000027	NATIONAL BANK OF PAKISTAN-TRUSTEE DEPARTMENT NI(U)T FUND	003	486240	6.8849
011353000022	NATIONAL INVESTMENT TRUST LIMITED	003	12521	0.1773
000083000036	IDBP (ICP UNIT)	004	44	0.0006
003889000028	NATIONAL BANK OF PAKISTAN	004	46286	0.6554
002683000023	STATE LIFE INSURANCE CORP. OF PAKISTAN	005	388636	5.5029
00000001289	M/S FIRST UDL MODARABA	006	610	0.0086
004192002381	N. H. CAPITAL FUND LIMITED	006	27	0.0004
005520000028	GOLDEN ARROW SELECTED STOCKS FUND LIMITED	006	34510	0.4886
012682000021	CDC-TRUSTEE PAKISTAN PREMIER FUND	006	11000	0.1558
013532000027	TRUSTEE - PAKISTAN PENSION FUND - EQUITY SUB FUND	006	17884	0.2532
00000000417	KHADAM ALI SHAH BUKHARI & CO	010	62	0.0009
00000001301	M/S HABIB BROTHERS (PVT) LTD.	010	277	0.0039
00000001544	M/S MUTUAL TRDG. CO. (PVT) LTD.	010	541	0.0077
00000001822	ZAVER ENTERPRISE	010	96400	1.3650
000364115541	UHF CONSULTING (PRIVATE) LIMITED	010	17	0.0002
004457000045	FDM CAPITAL SECURITIES (PVT) LIMITED	010	6025	0.0853
006445000028	DARSON SECURITIES (PVT) LIMITED	010	500	0.0071
007344000029	GMI CAPITAL SECURITIES (PVT) LTD.	010	24681	0.3495
00000000348	HOSHANG DINSHAW (PVT) LTD	011	22	0.0003
00000000811	PERIN DINSHAW (PVT) LTD	011	16	0.0002
00000000812	PERIN DINSHAW PVT LTD-MQURESH	011	32	0.0005
003277001225	HASHOO HOLDINGS (PVT) LTD	011	14640	0.2073
003277044333	FATEH TEXTILE MILLS LTD.	011	327	0.0046
003525057191	SARFRAZ MAHMOOD (PRIVATE) LTD	011	78	0.0011
00000000795	NOMURA BANK (LUXEMBOURG) SA	012	5	0.0001
00000001053	TEMPLETON GLOBAL STRATEGY SICAV	012	33	0.0005
00000001292	M/S FURUKAWA BATTERY CO LTD	012	104166	1.4749
00000001818	GHULAMAN-E-ABBAS EDUCATIONAL & MEDICAL TRUST	013	11	0.0002
003277045148	TRUSTEES MRS.KHORSHED H.DINSHAW &MR.HOSHANG N.E.DINSHAW C.TR	013	965	0.0137

*Pakistan Moves On*

# EXIDE



**Heavy Duty  
Batteries**



EXIDE PAKISTAN LTD.

A-45, Hill Street, Off Manghopir Road, S.I.T.E., Karachi-75700 Ph: 32593371-85, 32578061-4 Fax: 32573575

# 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 \_\_\_\_\_

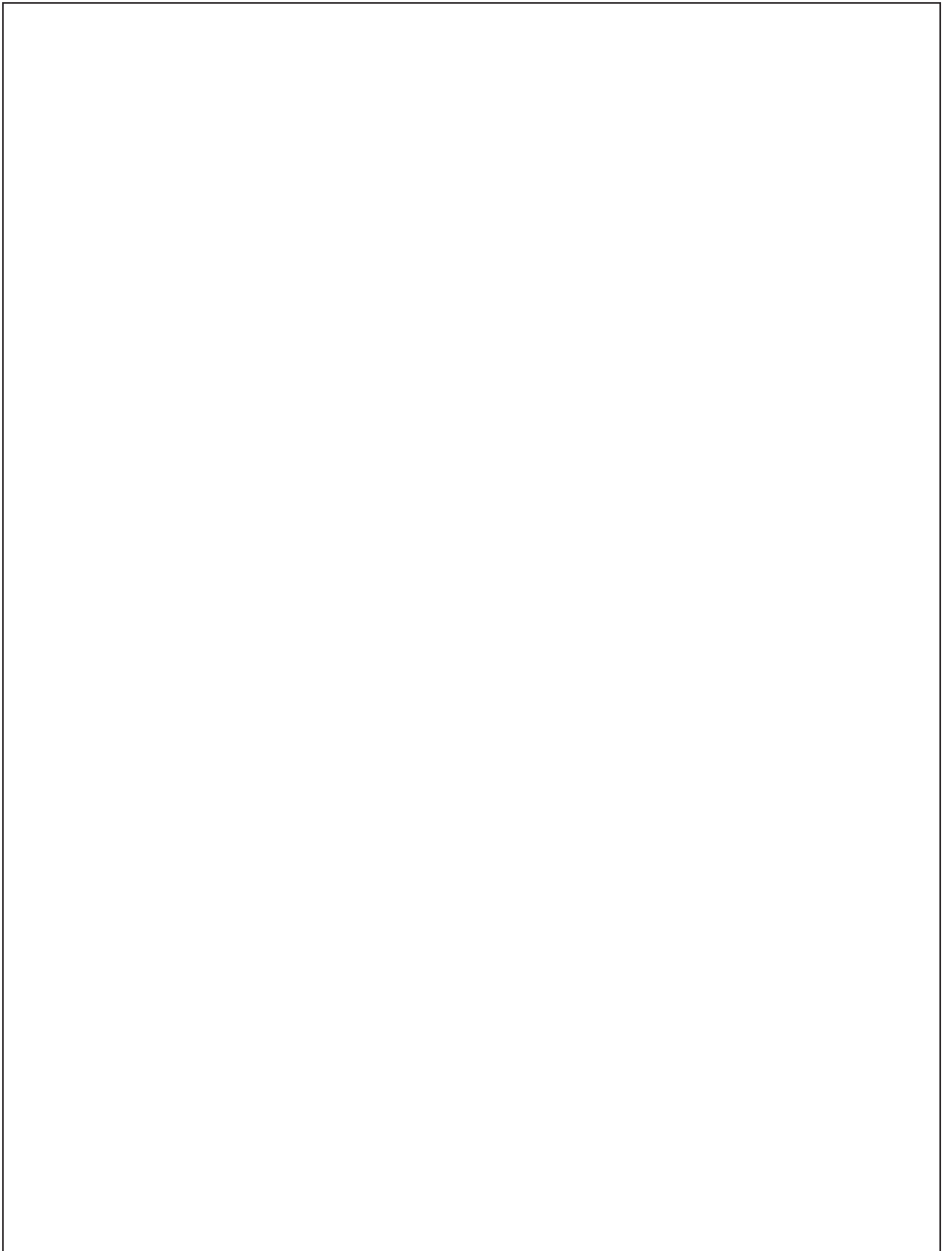
Ordinary Shares as per Share Register Folio Number \_\_\_\_\_  
hereby appoint \_\_\_\_\_  
of \_\_\_\_\_ in the district of \_\_\_\_\_  
of failing him \_\_\_\_\_  
of \_\_\_\_\_ as my/our proxy to vote for me/us on  
my/our behalf at the Fifty-Ninth Annual General Meeting of the Company to be held on July 25,  
2012 and at any adjournment thereof.

Signature this \_\_\_\_\_ day of \_\_\_\_\_ 2012.

Signature on  
Revenue  
Stamp

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

Signature should agree with  
the specimen signature  
registered with Company



**CHLORIDE**  
PAKISTAN (PRIVATE) LTD.

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, 2012.

## Accounts:

The Audited Accounts of the Company for the year ended March 31, 2012 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 expenses incurred in the previous years and professional charges and audit fees.

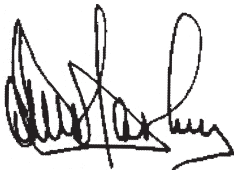
## Appointment of Auditors:

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: 22 June, 2012

# Auditors' Report to the Members

We have audited the annexed balance sheet of Chloride Pakistan (Private) Limited (" the company") as at 31 March 2012 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 purpose 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 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, investment 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 affair as at 31 March 2012 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 statement, 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: 22 June, 2012

Karachi



KPMG Taseer Hadi & CO.  
Chartered Accountants  
Muhammad Taufiq

# Balance Sheet

As at 31 March 2012

	Note	2012 ————— (Rupees) —————	2011 —————
<b>Current assets</b>			
Cash and bank balances	3	25,846	9,220
Receivable from Exide Pakistan Limited	4	56,436	30,010
<b>Current liability</b>			
Accrued expenses	5	(79,194)	(43,178)
		<u>3,088</u>	<u>(3,948)</u>
<b>Financed by:</b>			
Share capital	7	223,800	223,800
Accumulated loss		<u>(590,712)</u>	<u>(547,748)</u>
		<u>(366,912)</u>	<u>(323,948)</u>
Loan from a director - Subordinated	8	370,000	320,000
Contingencies and commitments	9	-	-
		<u>3,088</u>	<u>(3,948)</u>

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



Chief Executive



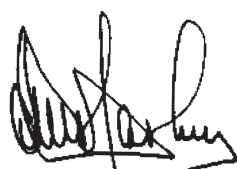
Director

# Profit & Loss Account

For the year ended March 31, 2012

	Note	2012 ———— (Rupees) ————	2011 ————
<b>Expenses</b>			
Legal and professional charges		4,500	6,000
Bank charges		464	2,110
Auditors' remuneration			
- Audit fees		32,000	32,000
- Out of pocket expenses		6,000	6,000
		38,000	38,000
Loss before tax		(42,964)	(46,110)
Tax	2.6	-	-
Loss for the year		(42,964)	(46,110)
Loss per share - basic and diluted		(1.92)	(2.06)

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 2012

	Note	2012 ————— (Rupees)	2011 —————
Loss after taxation for the year		(42,964)	(46,110)
Other comprehensive income		-	-
Total comprehensive income for the year		<u>(42,964)</u>	<u>(46,110)</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 2012

	Note	2012	2011
		(Rupees)	
<b>Cash flow from operating activities</b>			
Loss for the year		(42,964)	(46,110)
(Increase) / decrease in receivable from Exide Pakistan Limited		(26,426)	6,000
Increase in accrued expenses		36,016	7,178
Net cash flow from operating activities		(33,374)	(32,932)
<b>Cash flow from financing activities</b>			
Subordinated loan from a director		50,000	40,000
Net cash flow from financing activities		16,626	7,068
Cash at beginning of the year		9,220	2,152
Cash at the end of the year	3	25,846	9,220

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



Chief Executive



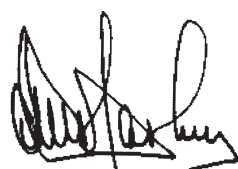
Director

# Statement of Changes in Equity

For the year ended March 31, 2012

	Share capital	Accumulated loss (Rupees)	Total
Balance as at 1 April 2010	223,800	(501,638)	(277,838)
<i>Total Comprehensive Income for the year ended 31 March 2011</i>			
Loss for the year	-	(46,110)	(46,110)
Other comprehensive income	-	-	-
Transactions with owners directly recorded in equity	-	-	-
Balance as at 31 March 2011	223,800	(547,748)	(323,948)
<i>Total Comprehensive Income for the year ended 31 March 2012</i>			
Loss for the year	-	(42,964)	(42,964)
Other comprehensive income	-	-	-
Transactions with owners directly recorded in equity	-	-	-
Balance as at 31 March 2012	223,800	(590,712)	(366,912)

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 2012

## 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 Manghopir 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.

# Notes to the Financial Statements

For the year ended 31 March 2012

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.

## 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 April 2012:

IAS 27 Separate Financial Statements (2011) - (effective for annual periods beginning on or after 1 January 2013). IAS 27 (2011) supersedes IAS 27 (2008). Three new standards IFRS 10 - Consolidated Financial Statements, IFRS 11- Joint Arrangements and IFRS 12- Disclosure of Interest in Other Entities dealing with IAS 27 would be applicable effective 1 January 2013. IAS 27 (2011) carries forward the existing accounting and disclosure requirements for separate financial statements, with some minor clarifications. The amendments have no impact on financial statements of the Company.

IAS 28 Investments in Associates and Joint Ventures (2011) - (effective for annual periods beginning on or after 1 January 2013). IAS 28 (2011) supersedes IAS 28 (2008). IAS 28 (2011) makes the amendments to apply IFRS 5 to an investment, or a portion of an investment, in an associate or a joint venture that meets the criteria to be classified as held for sale; and on cessation of significant influence or joint control, even if an investment in an associate becomes an investment in a joint venture. The amendments have no impact on financial statements of the Company.

IAS 19 Employee Benefits (amended 2011) - (effective for annual periods beginning on or after 1 January 2013). The amended IAS 19 includes the amendments that require actuarial gains and losses to be recognised immediately in other comprehensive income; this change will remove the corridor method and eliminate the ability for entities to recognise all changes in the defined benefit obligation and in plan assets in profit or loss, which currently is allowed under IAS 19; and that the expected return on plan assets recognised in profit or loss is calculated based on the rate used to discount the defined benefit obligation.

Presentation of Items of Other Comprehensive Income (Amendments to IAS 1) - (effective for annual periods beginning on or after 1 July 2012). The amendments require that an entity present separately the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met from those that would never be reclassified to profit or loss. The amendments do not address which items are presented in other comprehensive income or which items need to be reclassified. The requirements of other IFRSs continue to apply in this regard. The amendments have no impact on financial statements of the Company.

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 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.

# Notes to the Financial Statements

For the year ended 31 March 2012

Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7) – (effective for annual periods beginning on or after 1 January 2013). The amendments to IFRS 7 contain new disclosure requirements for financial assets and liabilities that are offset in the statement of financial position or subject to master netting agreement or similar arrangement.

IFRIC 20 - Stripping cost in the production phase of a surface mining (effective for annual periods beginning on or after 1 January 2013). The interpretation requires production stripping cost in a surface mine to be capitalized if certain criteria are met. The amendments have no impact on 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.

## 2.7 Financial instruments

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. The financial assets and liabilities are subsequently measured at fair value, amortised cost, as the case may be. The Company derecognises the financial assets and financial liabilities when it ceases to be a party to such contractual provisions of the instruments.

## 2.8 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.

# Notes to the Financial Statements

For the year ended 31 March 2012

	Note	2012	2011
		(Rupees)	
<b>3. CASH AND BANK BALANCES</b>			
Cash in hand		296	300
Cash at bank - Current account		25,550	8,920
		25,846	9,220
<b>4. RECEIVABLE / (PAYABLE) - EXIDE PAKISTAN LIMITED - holding company</b>			
Balance as at 1 April 2011		30,010	36,010
Legal and professional charges		(4,500)	(6,000)
Reversal of payable booked in previous year		30,926	-
		26,426	(6,000)
Balance as at 31 March 2012		56,436	30,010
<b>5. ACCRUED EXPENSES</b>			
This includes accrual relating to audit fees.			
<b>6. TRANSACTION WITH RELATED PARTIES</b>			
The related parties comprise holding company (Exide Pakistan Limited) and the director of the Company. Detail of transactions with related parties have been disclosed in note 4 and 8.			
<b>7. SHARE CAPITAL</b>			
Authorised share capital			
10,000,000 ordinary shares of Rs. 10 each		100,000,000	100,000,000
Issued, subscribed and paid up share capital			
22,380 (2011: 22,380) ordinary shares of Rs. 10 each fully paid in cash		223,800	223,800
<b>7.1</b>	At 31 March 2012 Exide Pakistan Limited (holding company) held 22,350 (2011: 22,350) ordinary shares of Rs. 10 each of the Company.		
<b>8. LOAN FROM A DIRECTOR - subordinated, unsecured</b>			
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.			

# Notes to the Financial Statements

For the year ended 31 March 2012

## 9. CONTINGENCIES AND COMMITMENTS

There are no contingencies and commitments as at 31 March 2012.

## 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 2012.

## 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

14.1 These financial statements were authorised for issue in the Board of Directors meeting held on 22 June 2012.



Chief Executive



Director



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