

EXIDE



EXIDE PAKISTAN LIMITED
A-44, Hill Street, Off. Manghopir Road.
S.I.T.E., Karachi-Pakistan
E-mail: exidepk@exide.com.pk
www.exide.com.pk

ANNUAL REPORT
2013



EXIDE

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Vision



To remain leaders 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.**

EXIDE

PAKISTAN LIMITED





Corporate Profile

Board Of Directors

Arif Hashwani	- Chairman
Arshad Shehzada	- Managing Director/Chief Executive
Ataf Hashwani	
Hussain Hashwani	
Engr. Abdul Jabbar	
S. Haider Mehdi	
S. M. Falq	

Chief Financial Officer & Company Secretary

S. Haider Mehdi

Audit Committee

Ataf Hashwani	- Chairman
Hussain Hashwani	- Member
S. M. Falq	- Member
Saleem Abdul Ali	- Secretary

Committee

Arif Hashwani	- Chairman
Arshad Shehzada	- Member
Ataf Hashwani	- Member
S. M. Falq	- Member
Zulquarnain Shah	- Secretary

Bankers

Allied Bank Limited
BankIslami Pakistan Limited
Barclays Bank PLC Pakistan
Bank Alfalah Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
HSBC Middle East Bank Limited
JS Bank Limited
MCB Bank Limited
Meezan Bank Limited
NIB Bank limited
Standard Chartered Bank (Pakistan) Limited
United Bank Limited

Auditors

A. F. Ferguson & Co.

Solicitors

Orr, Dignam & Co.

Registered Office

A-44, Hill Street, Off. Manghopir Road,
S.I.T.E., Karachi-Pakistan.
Website: www.exdce.com.pk
E-mail: exdcepk@exdce.com.pk

Notice of Annual General Meeting

Notice is hereby given that the Sixtieth Annual General Meeting of the shareholders of EXIDE Pakistan Limited will be held on Wednesday, July 31, 2013 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-Ninth Annual General Meeting of the shareholders of the Company held on Wednesday, July 25, 2012
2. To receive and adopt the Audited Statements of Accounts for the year ended March 31, 2013 together with the Directors' and Auditors reports thereon.
3. To declare final dividend for the year ended March 31, 2013, as recommended by the Directors.
4. To appoint auditors for the year 2013-2014 and fix their remuneration as recommended by the Audit Committee.

SPECIAL BUSINESS:

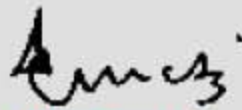
5. Issue of Bonus Shares

To consider and approve the following resolutions:

"RESOLVED that a sum of Rs.7,062,380 (Rupees seven million sixty two thousand three hundred eighty only) out of Company's Reserve capitalised and applied for the issue of 706,238 fully paid ordinary shares of Rs.10/- each and allotted as bonus shares to the members of the Company whose names appear in the Register of Members as at the close of business on July 23, 2013 in the ratio of one share for every ten shares held and that these shares shall be treated for all purposes as an increase in the paid-up capital of the Company and shall rank pari-passu as regards future dividends and in all other respects with the existing ordinary shares of the Company".

"FURTHER RESOLVED that for aggregate sum of the fractional shares of Rs.10/- each arising on such allotment, the Directors be and are hereby authorised to consolidate and sell in the stock market such fractional entitlements and to pay the proceeds of sale when realised to the shareholders according to their entitlements in the form of Revenue Stamps"

By order of the Board



S HAIDER MEHDI
Company Secretary

Karachi: June 28, 2013

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 24, 2013 to July 31, 2013, 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

Gross profit increased to Rs. 1.580 billion compared to Rs. 1.274 billion in corresponding period of last year. As against 17.7 percent increase in net sales revenue, cost of sales increased by 16.8 percent consequently gross profit for the current year is 14.2 percent of net sales revenue as against 13.5 percent achieved in previous year.

I am pleased to welcome you to the 60th Annual General Meeting of the Company and present to you the Audited Statements of Accounts for the year ended 31st March 2013 along with my review on the performance of your Company.

The Economy

Pakistan economy is expected to grow 3.5 percent in the year 2012-13 as against target of 4.3 percent and growth of 3.7 percent in the year 2011-12. The set back is due to under performance of agriculture sector on account of 13 percent fall in cotton production compared to last year and below target output of basmati rice. However, large-scale manufacturing grew by 4.26 percent in nine months of financial year 2012-13 as compared to 1.05 percent in the corresponding period of last year despite energy crisis and uncongenial law and order situation. Foreign Direct Investment grew by 29.7 percent during July - April 2012-13 and stood at US \$ 853.5 million as against US \$ 658.2 million in the corresponding period of last year. Current account deficit reduced to US\$ 1.42 billion in July-April 2012-13 compared to US\$ 3.35 billion in the preceding year due to reduction in trade deficit, improvement in home remittances and coalition support fund payment. Very little is left to rejoice over these positives, when the country foreign exchange reserves and currency are under constant pressure due to continued repayments to the IMF. Foreign exchange reserves reduced to US\$ 11.43 billion in May 2013 as compared to US\$ 16.31 billion in May 2012. CPI Inflation has reduced to 7.8 percent during July - April 2012-13 as compared to 10.8 percent in the comparable period of last year.

The Industry

Growth of automotive sector in the preceding few years was instrumental in better capacity utilization of the battery industry. Sale of locally produced cars plunged to 95,467 Units in July-April 2012-13 as compared to 126,081 Units in the corresponding period of last year, whereas trucks and buses sales declined by 18.5 percent. Farms tractors sales improved by 16 percent to 39,955 Units from 34,464 Units in the corresponding period of last year. Sale of motorcycles and three wheelers decreased by 0.4 percent from 688,764 Units to 685,856 Units.

Prices of major raw material of battery, refined and recycled lead increased during the year. This coupled with devaluation of Pak Rupee and increase in energy charges had an impact on cost of goods sold.

Your company has been honored with Brand of the Year Award for the consecutive third time in the year 2011.

Sales

Net sales revenue of the company for the year 2012-13 was up by 17.7 percent to Rs.11.14 billion from Rs: 9.47 billion compared to preceding year due to volumetric growth, better sale mix and control on sale incentives in battery division.

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. 1.580 billion compared to Rs. 1.274 billion in corresponding period of last year. As against 17.7 percent increase in net sales revenue, cost of sales increased by 16.8 percent consequently gross profit for the current year is 14.2 percent of net sales revenue as against 13.5 percent achieved in previous year.

Selling and distribution expenses increased to Rs. 599.2 million from Rs.459.8 million as a result of increased volume and inflationary impact. Administration and general expenses increased to Rs. 92.3 million from Rs. 76.0 million. Operating profit improved by 20.4 percent to Rs: 871.2 million from Rs: 658.0 million recorded last year. Financial cost decreased from Rs: 157.1 million to Rs: 38.0 million due to better management of working capital and reduction in mark-up rates.

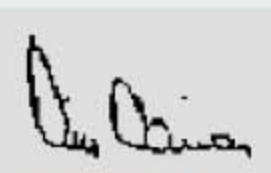
Pretax profit for the year 2012-13 increased from 500.9 million to Rs: 754.0 million up by 50.5 percent. Earnings per share increased to Rs. 68.83 from Rs. 45.33 recorded in the previous year. Inventory turnover rate and average collection period improved to 6.2 times and 10 days respectively compared to 6.32 and 13 days last year. The current ratio stood at 1.9 while the breakup value of the share was Rs.268.81 as on March 31, 2013.

Future Prospects

It is anticipated that indigenous organized battery industry will perform satisfactorily, although the cost pressures will remain on account of Rupee devaluation, 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 for achieving excellent results in terms of record sale, higher profit before tax and earning per share surpassing all previous records of the last sixty years of Company operation. 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 28, 2013

Director's Report

Proper books of accounts have been maintained in the manner required under 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, 2013.

FINANCIAL HIGHLIGHTS (Rupees' 000)

Profit before taxation	754,329
Taxation	(267,903)
Profit after taxation	486,426
Un-appropriated profit brought forward	35,653
	<u>522,079</u>

Transferred from surplus on revaluation of property, plant and equipment

- Current year - net of tax	9,989
	<u>9,989</u>

Profit available for appropriation	532,068
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Appropriations:

Transfer to General Reserves	445,000
Proposed Cash Dividend @ 60% (Rs. 6/- per share)	42,374
Bonus shares at the rate of 10%	7,062
	<u>494,436</u>

Un-appropriated profit carried forward	37,632
	<u>37,632</u>

Earnings per share	68.88
	<u>68.88</u>

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, 2013 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.835,219 million and Rs.41,532K, respectively as on March 31, 2013.
- l) The number of board meetings held during the year 2012-13 was four. The attendance of the directors is as under:
- | | |
|---------------------------|---|
| 1. Mr. Arif Hashwani | 2 |
| 2. Mr. S. Arshad Shehzada | 4 |
| 3. Mr. Altaf Hashwani | 3 |
| 4. Mr. Hussain Hashwani | 4 |
| 5. Engr. Abdul Jabbar | 4 |
| 6. Mr. S. Haider Mehdi | 4 |
| 7. Mr. S. M. Faiq | 4 |
- m) Pattern of shareholding as at March 31, 2013 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, retired and being eligible, offers themselves for re-appointment.



ARIF HASHWANI
Chairman
Karachi June 28, 2013

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

The Audited Statements of Accounts for the year ended March 31, 2013 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 (Eclde Pakistan Limited) in the equity of its subsidiaries as at March 31, 2013

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, 2013;
- for the previous years but subsequent to the acquisition of the subsidiaries controlling interest by the holding company.

-

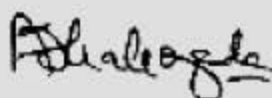
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The net aggregate amount of profits less losses of the subsidiary companies so far as these have been dealt with or provision made for losses in the accounts of the holding company:

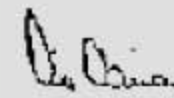
- for the year ended March 31, 2013;
- for the previous years, but subsequent to the acquisition of the controlling interest by the holding Company.

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Arshad Shehzada
Chief Executive Officer



Arif Hashwani
Chairman

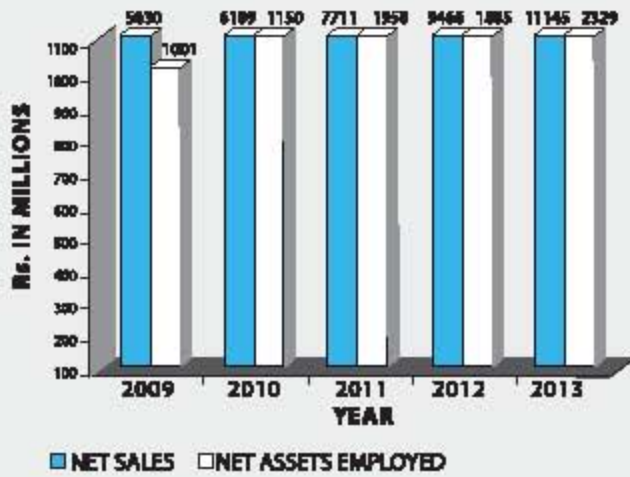
Performance Highlights

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
	(RUPEES '000)									
NET SALES	994,882	1,529,772	1,931,459	3,022,276	5,630,385	6,189,135	7,711,452	9,465,724	11,145,295	
OPERATING PROFIT	97,687	107,891	129,026	172,774	192,253	264,524	382,502	558,215	658,025	888,787
PROFIT/(LOSS)BEFORE TAX	90,538	87,551	97,334	139,859	143,154	182,003	303,554	429,726	500,926	754,329
PROFIT/(LOSS)AFTER TAX	57,123	53,935	57,305	91,642	94,358	118,206	197,287	276,390	320,145	486,426
CASH DIVIDEND	16,217*	5,406*	8,108*	13,514	13,514	27,028	33,899	33,899	42,374	42,374
CASH DIVIDEND %	30	10	15	25	25	50	60	60	60	60
STOCK DIVIDEND	-	-	-	-	-	-	-	14,125	-	7,062
STOCK DIVIDEND %	-	-	-	-	-	-	-	25	-	10
PAID UP SHARE CAPITAL	54,057	54,057	54,057	54,057	54,057	54,057	56,499	56,499	70,624	70,624
RESERVES & UNAPPROPRIATED PROFIT	255,988*	310,191	362,881	450,964	536,816	671,907	844,000	1,091,989	1,374,100	1,828,141
SHARE HOLDERS' EQUITY	310,045*	364,248	416,938	505,021	590,873	725,964	900,499	1,148,488	1,444,724	1,898,765
SURPLUS ON REVALUATION OF FIXED ASSETS	32,223	31,955	248,665	244,115	239,107	255,000	249,502	449,916	439,926	429,937
TANGIBLE FIXED ASSETS	304,466	298,662	506,150	502,357	599,749	671,711	776,542	1,027,910	1,018,471	1,039,059
NET CURRENT ASSETS	84,516	142,624	241,797	273,655	360,458	334,508	397,224	593,067	899,155	1,322,138
NET ASSETS EMPLOYED	422,268*	460,203	745,603	809,136	929,980	1,000,964	1,150,001	1,598,404	1,884,650	2,328,702
	(RUPEES)									
EARNINGS PER SHARE BEFORE TAX	17	16	18	25.87	26.42	33.67	53.73	76.06	70.93	106.81
EARNINGS PER SHARE AFTER TAX	11	10	10.60	16.95	17.46	21.87	34.92	48.92	45.33	68.88
SHARE BREAK-UP VALUE	57	67	77	93	109.31	134.30	159.38	203.28	204.57	268.86
	PERCENTAGE									
RATIO OF :										
OPERATING PROFIT TO SALES	10%	8%	8%	9%	6%	5%	6%	7%	7%	8%
PROFIT/(LOSS)BEFORE TAX TO SALES	9%	7%	6%	7%	5%	3%	5%	6%	5%	7%
PROFIT/(LOSS)AFTER TAX TO SALES	6%	4%	4%	5%	3%	2%	3%	4%	3%	4%
RETURN/(LOSS) ON EQUITY	18%	15%	14%	18%	16%	16%	22%	24%	22%	26%
RETURN/(LOSS) ON NET ASSETS EMPLOYED	14%	12%	8%	11%	10%	12%	17%	17%	17%	21%

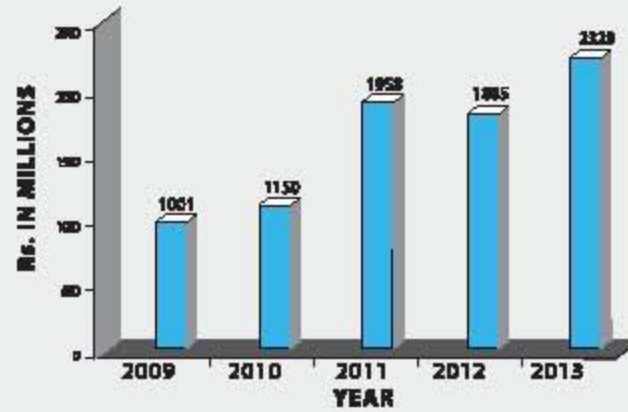
* Effects of amendments made in the Fourth Schedule to the Companies Ordinance, 1984, have not been considered in performance highlights

Performance Highlights

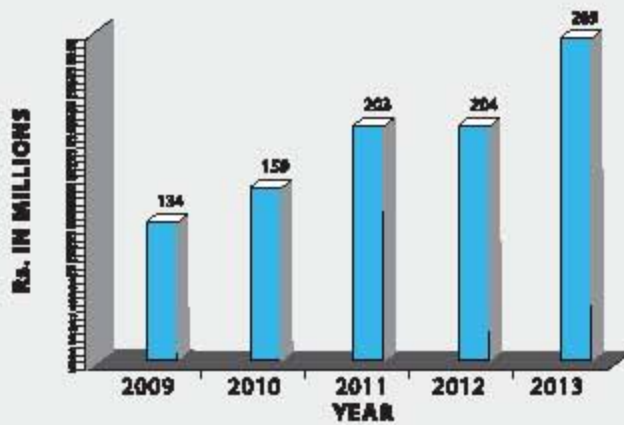
TURNOVER VS NET ASSETS EMPLOYED



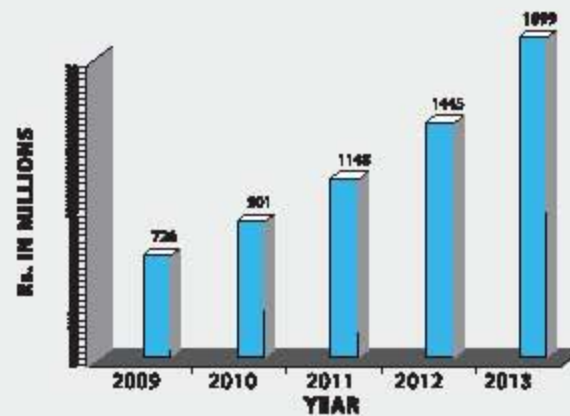
NET ASSETS EMPLOYED



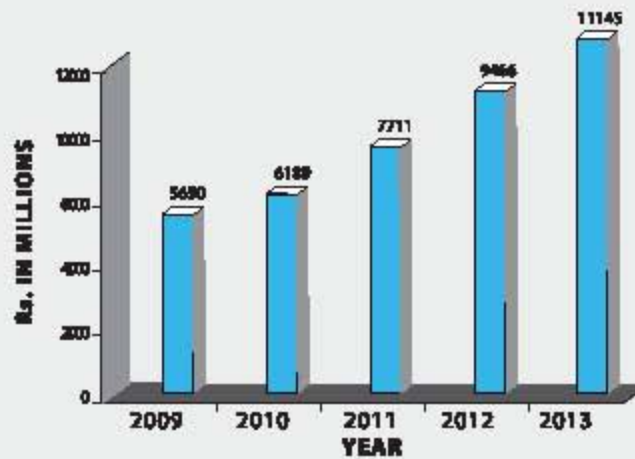
BREAK-UP VALUE PER SHARE



SHAREHOLDERS' EQUITY

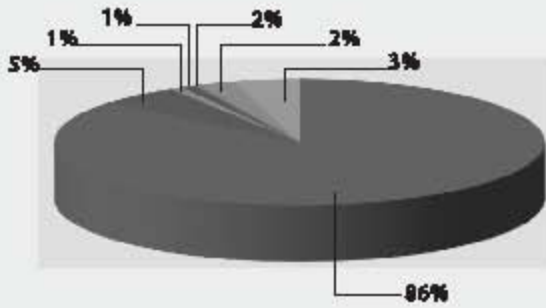


NET SALES



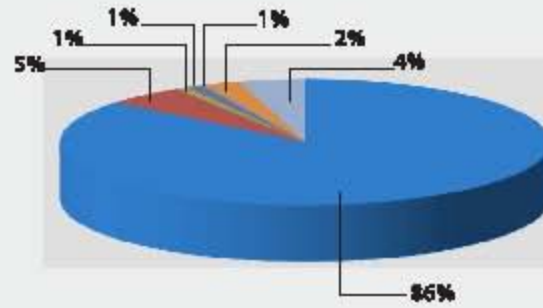
Performance Highlights

Cost and Expenses Analysis 2012



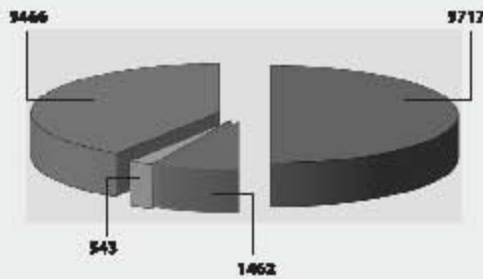
- Cost of Goods Sold
- Selling and Distribution Expenses
- Administration Expenses
- Other Charges Including WPPF and WWF
- Financial Charges
- Taxation
- Net Profit

Cost and Expenses Analysis 2013



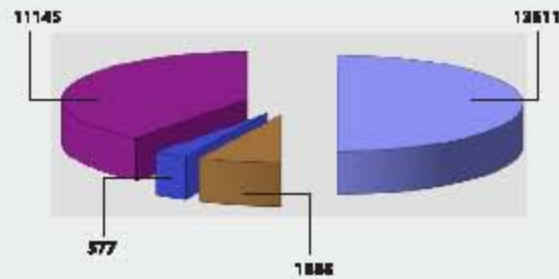
- Cost of Goods Sold
- Selling and Distribution Expenses
- Administration Expenses
- Other Charges Including WPPF and WWF
- Financial Charges
- Taxation
- Net Profit

**Sales Analysis 2012
Rupees in Millions**



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

**Sales Analysis 2013
Rupees in Millions**



- Gross Sales
- Sales Tax and Special Excise Duty
- Discounts
- 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) Limited, Lahore Stock Exchange (Guarantee) Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

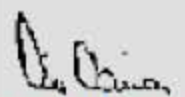
The Company has applied the principles contained in the Code in the following manner:

1. The Company encourages representation of Independent non-executive directors and directors representing minority interests on its Board of Directors. However, at present the Board includes one Independent non executive director who is also representing minority share holders. Presently, the number of Executive Directors exceeds 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.

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

2. The directors have confirmed that none of them is serving as a director in more than seven listed companies, including this Company.
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a Development Financial Institution or a Non-banking Financial Institution or, being 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 2012-13.
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 and non-executive directors, have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. As required by the code, all the directors of the Company are required to attend the training program for directors by the year 2016 and at least one director will attend the training program each year during the period from June 30, 2012 to June 30, 2016. The Board arranged training programs for two of its directors during the year, Mr. Arshad Shahzada and Mr. Altaf Hashwani.
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.

11. The directors' report for this year has been prepared in compliance with the requirements of the Code and describes the salient matters required to be disclosed.
12. The financial statements of the Company were duly endorsed by 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 who is a non-executive Director. The Code specified that at least three members of the Committee should be from among the non-executive Directors. The management of the Company is of the view that this Code will be applicable from election of the new Board of Directors which is due in June 2014.
16. The Board has formed Human Resource & Remuneration Committee. It comprises two non-executive Directors and its Chairman is an executive Director. The Code of Corporate Governance specified that the majority of the members of the Committee should be from among the non-executive Directors. The management of the Company is of the view that this Code will be applicable from election of the new Board of Directors which is due in June 2014.
17. 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.
18. 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.
19. 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.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange(s).
22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).
23. We confirm that all other material principles contained in the Code have been complied with.



ARIF HASHWANI
Chairman

June 28, 2013

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

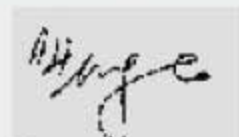
We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of Ede Pakistan Limited to comply with the requirements of Chapter XI of the Listing Regulation of The Karachi Stock Exchange (Guarantee) Limited and Lahore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

Regulation No. 35 (x) of the Listing Regulation 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. Further, 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 requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the audit committee. 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, 2013.



Chartered Accountants

Karachi

Dated: July 8, 2013

Auditor's Report to the Members

We have audited the annexed balance sheet of **Exide Pakistan Limited** as at March 31, 2013 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

- (a) In our opinion, proper books of accounts have been kept by the company as required by the Companies Ordinance, 1984;
- (b) In our opinion:
 - (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
 - (ii) the expenditure incurred during the year was for the purpose of the company's business; and
 - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;
- (c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at March 31, 2013 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: Rashid A. Jafer

Dated: July 8, 2013
Karachi





Financial Statements

Balance Sheet

As at 31 March, 2013

	Note	2013	2012
		—(Rupees '000)—	
SHARE CAPITAL & RESERVES			
Authorised share capital 18,000,000 (2012: 18,000,000) Ordinary shares of Rs 10 each		180,000	180,000
Issued, subscribed and paid-up share capital	4	70,624	70,624
Capital reserve		259	259
Revenue reserves		1,269,991	981,991
Reserve arising on amalgamation - net		25,823	25,823
Unappropriated profit		532,068	366,027
		<u>1,898,765</u>	<u>1,444,724</u>
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - net of tax			
	5	429,937	439,926
NON - CURRENT LIABILITIES			
Deferred tax liability - net	6	52,873	55,362
CURRENT LIABILITIES			
Trade and other payables	7	963,604	707,708
Accrued mark-up	8	6,259	32,005
Short-term borrowings	9	451,748	1,253,521
		1,421,611	1,993,234
CONTINGENCIES AND COMMITMENTS			
	10		
		<u>3,803,186</u>	<u>3,933,246</u>

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



	Note	2013	2012
		—(Rupees '000)—	
NON - CURRENT ASSETS			
Property, plant and equipment	11	1,039,059	1,018,471
Long-term investment	12	224	224
Long-term loans	13	1,451	1,946
Long-term deposits	14	18,703	20,216
		1,059,437	1,040,857
CURRENT ASSETS			
Spares	15	73,136	67,761
Stock-in-trade	16	1,605,155	1,497,121
Trade debts	17	286,504	346,205
Loans and advances	18	20,347	22,707
Trade deposits, short-term prepayments and other receivables	19	73,245	32,522
Taxation recoverable		102,600	182,395
Cash and bank balances	20	582,762	743,678
		2,743,749	2,892,389
		<u>3,803,186</u>	<u>3,933,246</u>

Arif Hashwani
Chairman

Arshad Shehzada
Chief Executive Officer

Profit and Loss Account

For the year ended 31 March, 2013

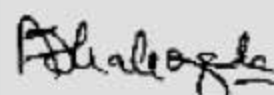
	Note	2013 <u>(Rupees '000)</u>	2012 <u>(Rupees)</u>
Net sales	21	11,145,295	9,465,724
Cost of sales	22	(9,565,046)	(8,191,480)
Gross profit		1,580,249	1,274,244
Selling and distribution expenses	23	(599,201)	(459,848)
Administration and general expenses	24	(92,261)	(76,034)
		888,787	738,362
Other operating income	26	9,126	15,733
		897,913	754,095
Other operating charges	27	(105,257)	(96,070)
Operating profit		792,656	658,025
Finance cost	28	(38,327)	(157,099)
Profit before taxation		754,329	500,926
Taxation - net	29	(267,903)	(180,781)
Profit after taxation		486,426	320,145
		<u>(Rupees)</u>	
Earnings per share (EPS)	30	68.88	45.33

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

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



Arif Hashwani
Chairman



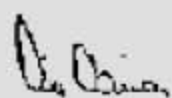
Arshad Shehzada
Chief Executive Officer

Statement of Comprehensive Income

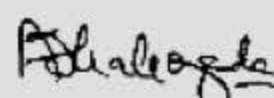
For the year ended 31 March, 2013

	Note	2013 <u>(Rupees '000)</u>	2012
Profit for the year		486,426	320,145
Other comprehensive income		-	-
		<u>486,426</u>	<u>320,145</u>
Components of comprehensive income not reflected in equity		-	-
Total comprehensive income for the year		<u>486,426</u>	<u>320,145</u>

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



Arif Hashwani
Chairman



Arshad Shehzada
Chief Executive Officer

Cash Flow Statement

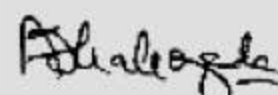
For the year ended 31 March, 2013

	Note	2013 <u>(Rupees '000)</u>	2012
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	34	1,048,479	697,077
Financial charges paid		(64,073)	(172,945)
Taxes paid		(190,597)	(242,670)
Increase in long-term deposits		1,513	(90)
Increase / (decrease) in long-term loans		495	878
Net cash generated from operating activities		<u>795,817</u>	<u>282,250</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capital expenditure		(115,241)	(90,658)
Proceeds from disposal of operating fixed assets		2,622	4,522
Net cash used in investing activities		<u>(112,619)</u>	<u>(86,136)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Loan repaid to director		(28,000)	(72,000)
Dividends paid		(42,341)	(34,111)
Net cash used in from financing activities		<u>(70,341)</u>	<u>(106,111)</u>
Net increase in cash and cash equivalents		<u>612,857</u>	<u>90,003</u>
Cash and cash equivalents at the beginning of the year		<u>(481,843)</u>	<u>(571,846)</u>
Cash and cash equivalents at the end of the year	35	<u>131,014</u>	<u>(481,843)</u>

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



Arif Hashwani
Chairman



Arshad Shehzada
Chief Executive Officer

Statement of Changes in Equity

For the year ended 31 March, 2013

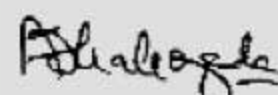
	Issued, subscribed and paid-up share capital	Capital reserve	Revenue reserves	Reserve arising on amalgama- tion - net	Unappro- -priated profit	Total
	(Rupees '000)					
Balance at March 31, 2011	56,499	259	748,991	25,823	316,916	1,148,488
Final dividend for the year ended March 31, 2011 declared subsequent 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
Balance as at March 31, 2012	70,624	259	981,991	25,823	366,027	1,444,724
Final dividend for the year ended March 31, 2012 declared subsequent to year end	-	-	-	-	(42,374)	(42,374)
Transfer to revenue reserves made subsequent to the year ended March 31, 2012	-	-	288,000	-	(288,000)	-
Profit after taxation for the year ended March 31, 2013	-	-	-	-	486,426	486,426
Transferred from surplus on revaluation of property, plant and equipment - net of tax (note 3.1.1)	-	-	-	-	9,989	9,989
Balance as at March 31, 2013	70,624	259	1,269,991	25,823	532,068	1,898,765

Appropriations of dividend and transfer between reserves made subsequent to the year ended March 31, 2013 are disclosed in note 41 to these financial statements.

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



Arif Hashwani
Chairman



Arshad Shehzada
Chief Executive Officer

Notes to and Forming Part of the Financial Statements

For the year ended 31 March, 2013

1 THE COMPANY AND ITS OPERATIONS

Exide Pakistan Limited (the Company) is a limited liability company and is incorporated in Pakistan. The address of its registered office is A-44, Hill Street, Manghopir Road, S.I.T.E, Karachi, Pakistan. The Company is listed on the Karachi and Lahore Stock Exchanges. The Company is engaged in the manufacturing and sale of batteries, chemicals and acid. Manufacturing facilities for batteries are located at S.I.T.E Karachi and HUB Balochistan while facilities for chemical and acid are located at S.I.T.E and Bin Qasim Karachi.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

2.1.1 Statement of compliance

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

2.1.2 Accounting convention

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

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

The following standards and amendments to existing standards and interpretations have been published and are mandatory for the accounting period beginning on April 1, 2012:

IAS 12, 'Income taxes' (effective January 1, 2012), currently requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. It can be difficult and subjective to assess whether recovery will be through use or through sale when the asset is measured using the fair value model in IAS 40, 'Investment property'. This amendment therefore introduces an exception to the existing principle for the measurement of deferred tax assets or liabilities arising on investment property measured at fair value. As a result of the amendments, SIC 21, 'Income taxes - recovery of revalued non-depreciable assets', will no longer apply to investment properties carried at fair value. The amendments also incorporate into IAS 12 the remaining guidance previously contained in SIC 21, which is withdrawn. The amendment will not have any impact on the Company's financial statements.

There are other new and amended standards and interpretations that are mandatory for accounting periods beginning on or after April 1, 2012 but are considered not to be relevant or to have any significant effect on the Company's operations and are therefore not disclosed in these financial statements.

Notes to and Forming Part of the Financial Statements

For the year ended 31 March, 2013

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

The following new amendments to approved accounting standards that have been published and are mandatory for the Company's accounting periods beginning on or after April 1, 2013:

- IAS 1, 'Presentation of financial statements' (effective July 1, 2012). The main change resulting from these amendments is a requirement for entities to group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendments do not address which items are presented in OCI. This amendment is not expected to have any impact on the Company's financial statements.
- IAS 19 Employee Benefits (amended 2011) - (effective for annual periods beginning on or after 1 January 2013). The amended IAS 19 requires 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. The amendments will impact the financial statements of the Company and the management is in the process of assessing the full impact of the change.
- IFRS 10, 'Consolidated financial statements', builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. The amendments will not have any impact on the financial statements of the Company.
- IFRS 12, 'Disclosures of interests in other entities', includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The amendments will not impact the financial statements of the Company.

There are other new and amended standards and interpretations to published approved accounting standards that are mandatory for accounting periods beginning on or after April 1, 2013 but are considered not to be relevant or do not have any significant effect on the Company's operations and are therefore not detailed in these financial statements.

2.1.5 Critical accounting estimates and judgments

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Property, plant and equipment

3.1.1 Operating fixed assets

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

Subsequent costs are included in the asset's carrying amounts or recognised as a separate asset, as appropriate,

Notes to and Forming Part of the Financial Statements

For the year ended 31 March, 2013

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 expenditure connected to the specific assets incurred during installation and construction period is carried under capital work-in-progress. These are transferred to specific assets as and when these are available for use.

3.2 Intangible assets

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

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

3.3 Financial Instruments

3.3.1 Financial assets

3.3.1.1 Classification

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

a) Financial assets at fair value through profit or loss

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

Notes to and Forming Part of the Financial Statements

For the year ended 31 March, 2013

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

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

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

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

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

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

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

3.3.1.4 Impairment

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

a) Assets carried at amortised cost

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

Notes to and Forming Part of the Financial Statements

For the year ended 31 March, 2013

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

3.3.2 Investment in subsidiary company

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

3.3.3 Financial liabilities

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

3.3.4 Derecognition

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

3.3.5 Offsetting of financial assets and liabilities

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

3.4 Spares

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

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

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

Notes to and Forming Part of the Financial Statements

For the year ended 31 March, 2013

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 management's best estimate regarding their future usability.

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

3.6 Trade debts and other receivables

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

3.7 Borrowings and borrowing costs

Borrowings are recognised initially at fair value.

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

3.8 Trade and other payables

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

3.9 Provision for battery warranty claims

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

3.10 Provisions

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

3.11 Staff retirement benefits

The Company operates:

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

Notes to and Forming Part of the Financial Statements

For the year ended 31 March, 2013

(b) approved contributory provident funds for all eligible employees; and

(c) an unfunded pension scheme for certain management staff who had opted to remain in the pension scheme at the time of winding up of the State Life pension scheme. Provision is made annually to cover the obligations under the scheme based on management's estimate.

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

3.12 Employees' compensated absences

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

3.13 Taxation

Current

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

Deferred

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

3.14 Operating leases

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

3.15 Impairment of non-financial assets

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

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.

Notes to and Forming Part of the Financial Statements

For the year ended 31 March, 2013

3.17 Revenue recognition

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

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

3.18 Proposed dividends and transfers between reserves

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

3.19 Segment reporting

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

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

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

3.20 Functional and presentational currency

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

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.

Notes to and Forming Part of the Financial Statements

For the year ended 31 March, 2013

4 ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

2013	2012		2013	2012
—(Number of shares)—			—(Rupees '000)—	
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	6,438,071	Ordinary shares of Rs 10 each Issued as fully paid bonus shares	64,381	64,381
244,167	244,167	Ordinary shares of Rs 10 each Issued to minority shareholders of Automotive Battery Company Limited	2,442	2,442
<u>7,062,380</u>	<u>7,062,380</u>		<u>70,624</u>	<u>70,624</u>

4.1 Shares held by the related parties of the Company

Name of the shareholders	2013	2012
	—(Number of shares)—	
Mr. Arif Hashwani	2,828,976	2,828,976
Mr. Hussain Hashwani	1,136,910	1,136,910
Mr. Altaf Hashwani	1,284,496	1,284,496
Mr. S. Halder Mehd	593	593
Syed Muhammad Faiq	625	625
Ms. Sana Hashwani	198	198
Mr. Arshad Shahzada	12	12

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	2013	2012
	—(Rupees '000)—	
Surplus on revaluation of operating fixed assets as at April 1	447,735	458,282
Surplus arising on revaluation during the year	-	-
Transferred to unappropriated profit	-	-
- surplus relating to incremental depreciation charged during the year - net of deferred tax	(9,989)	(9,990)
Related deferred tax liability	(558)	(557)
Surplus on revaluation of operating fixed assets as at March 31	<u>437,188</u>	<u>447,735</u>
Less: related deferred tax liability on:		
- revaluation as at April 1	7,809	8,366
- surplus arising on revaluation during the year	-	-
- incremental depreciation charged during the year transferred to the profit and loss account	(558)	(557)
	<u>7,251</u>	<u>7,809</u>
	<u>429,937</u>	<u>439,926</u>

Notes to and Forming Part of the Financial Statements

For the year ended 31 March, 2013

6 DEFERRED TAX LIABILITY - NET	Note	2013	2012
		(Rupees '000)	
Deferred tax liability arising on taxable temporary differences:			
Due to accelerated tax depreciation		78,998	73,573
Arising on surplus on revaluation of property, plant and equipment	5	7,251	7,809
Deferred tax assets arising on deductible temporary differences:			
In respect of certain provisions		(33,376)	(26,020)
		<u>52,873</u>	<u>55,362</u>
7 TRADE AND OTHER PAYABLES			
Creditors		155,120	93,259
Bills payable		397,020	260,335
Accrued liabilities	7.1	109,280	60,074
Advances from customers		68,933	51,255
Workers' Profit Participation Fund	7.2	143	24,631
Workers' Welfare Fund		50,488	34,879
Payable to gratuity funds	7.3	3,126	3,774
Provision for battery warranty claims	7.4	65,749	46,790
Unclaimed dividends		1,597	1,564
Payable to provident fund		1,186	1,082
Royalty payable		13,279	18,208
Sales tax payable		77,405	96,688
Others		20,278	15,169
		<u>963,604</u>	<u>707,708</u>

7.1 This includes an amount of Rs 2,760 million (2012: Rs 2,803 million) in respect of employees compensated absences.

7.2 Workers' Profits Participation Fund	Note	2013	2012
		(Rupees '000)	
Balance at April 1		24,631	1,178
Allocation for the year	27	40,523	26,901
		65,154	28,079
Interest on funds utilised in the company's business	28	341	218
		65,495	28,297
Less: Amount paid during the year		65,352	3,666
Balance at March 31		<u>143</u>	<u>24,631</u>

7.3 Payable to gratuity funds

	2013			2012		
	EXIDE	ABCL	Total	EXIDE	ABCL	Total
	(Rupees '000)					
Balance at April 1	2,107	1,667	3,774	3,010	2,248	5,258
Charge for the year	540	919	1,459	1,856	988	2,844
Contributions paid	(2,107)	-	(2,107)	(2,759)	(1,569)	(4,328)
Balance at March 31	<u>540</u>	<u>2,586</u>	<u>3,126</u>	<u>2,107</u>	<u>1,667</u>	<u>3,774</u>

Notes to and Forming Part of the Financial Statements

For the year ended 31 March, 2013

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.

	Note	2013	2012
		(Rupees '000)	
7.4	Provision for battery warranty claims		
	Balance at April 1	46,790	45,490
	Charge for the year	239,985	184,980
	Claims paid	(221,026)	(183,680)
	Balance at March 31	<u>65,749</u>	<u>46,790</u>
8	ACCRUED MARK-UP		
	Mark-up accrued on:		
	- Short-term running finance	6,259	10,354
	- Short-term finance	-	21,651
		<u>6,259</u>	<u>32,005</u>
9	SHORT-TERM BORROWINGS		
	From banking companies - secured		
	Short-term running finance	265,978	398,409
	Short-term finance	185,770	827,112
	From related party - unsecured		
	Loan from a director	-	28,000
		<u>451,748</u>	<u>1,253,521</u>

9.1 The facilities for short-term running finance and short term finance available from various banks amounted to Rs 1,095 million (2012: Rs 1,938 million). The facilities carry mark-up at rates ranging from 9.59% to 11.34% (2012: 12.05% to 14.62%) and are repayable latest by March 2014. The arrangements are secured by *pari passu* and joint hypothecation charge over the company's stock-in-trade and trade debts.

10 CONTINGENCIES AND COMMITMENTS

Contingencies

10.1 Automotive Battery Company Limited (which has been merged with Exide Pakistan Limited) had claimed carry over of tax holiday losses beyond the tax holiday period for set off against the profits of taxable period. The tax benefit claimed by the company amounted to approximately Rs 24 million. This was adjudicated by the Income Tax Appellate Tribunal in the Company's favour and on a reference application for assessment years 1988-89, 1989-90 and 1990-91 by the Income Tax Department, the Tribunal referred the question of law to the Honorable Sindh High Court, which upheld the order of the Tribunal vide its judgment dated 27 January 2006. The Tax Department has filed a further appeal before the Supreme Court of Pakistan against the judgment of the High Court which is currently pending. Based on the legal advice from the Company lawyers and in view of the initial success upto the High Court level, the Company expects the final outcome to be in its favour and accordingly provision has not been made in these financial statements in respect of this amount.

Notes to and Forming Part of the Financial Statements

For the year ended 31 March, 2013

- 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 taxpayers. The dummy/fake suppliers as alleged in the FIR were active at the time of purchase of goods and were filing their sales tax returns which was accepted by the web portal of FBR. This made the Company believe that it was safe and legitimate to conclude that the alleged suppliers at the time of supplying taxable goods to the Company were making their output tax payments. The Company had no other means of confirmation. The Company further explained that the payments to these alleged dummy suppliers were made through crossed cheques after physical receipt of goods in order to comply with the requirement of Section 73 of the Act. Income tax was deducted at source under section 153 of the Income Tax Ordinance, 2001.

The Company has, therefore, filed a Constitutional Petition in the Honorable Sindh High Court (the Court) and prayed to quash the FIR against the Company and declare the notice illegal. The Court has restrained the tax authorities from proceeding with the matter and the notices issued by the tax authorities have been stayed. The department filed an appeal in the Honorable Supreme Court of Pakistan against interim injunction order passed by a learned Division Bench of the Honorable Sindh High Court. The department's appeal was rejected by the Honorable Supreme Court of Pakistan. The management of the Company is confident that in view of the explanations given in the above paragraph the matter will be decided in favour of the Company and, accordingly, the Company will not be exposed to any loss on account of this action. Therefore, no provision has been made in these financial statements in respect of any liability / penalty which may arise as a consequence of the said notice.

Commitments	Note	2013	2012
		(Rupees '000)	
10.3 Commitments in respect of:			
Capital expenditure contracted for but not incurred		4,546	13,461
Letters of credit		335,295	198,945
Letter of guarantee		47,865	56,097
11 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	11.1	1,005,513	996,550
Capital work-in-progress	11.5	33,546	19,184
Intangible assets	11.6	-	2,737
		<u>1,039,059</u>	<u>1,018,471</u>

Notes to and Forming Part of the Financial Statements

For the year ended 31 March, 2013

11.1 The following is a statement of operating fixed assets:

	2013						
	Leasehold Land	Buildings on leasehold land	Plant and machinery	Furniture and fixtures	Office equipment and appliances	Vehicles	Total
	(Rupees '000)						
At April 1, 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
Additions	-	670	80,229	1,796	9,284	8,900	100,879
Disposals:							
Cost	-	-	-	-	-	(4,079)	(4,079)
Depreciation	-	-	-	-	-	3,214	3,214
	-	-	-	-	-	(865)	(865)
Depreciation / amortisation charge for the year	(9,534)	(7,228)	(64,448)	(854)	(2,357)	(6,630)	(91,051)
Closing net book value	489,276	49,907	427,448	4,292	10,182	24,408	1,005,513
At March 31, 2013							
Cost / revalued amount	510,000	61,835	973,310	10,950	23,690	75,330	1,655,115
Accumulated depreciation / amortisation	(20,724)	(11,928)	(545,862)	(6,658)	(13,508)	(50,922)	(649,602)
Net book value	489,276	49,907	427,448	4,292	10,182	24,408	1,005,513
Depreciation/amortisation rate % per annum	1 - 2	5 - 10	10 - 20	10 - 20	10 - 20	10 - 20	
	2012						
	Leasehold Land	Buildings on leasehold land	Plant and machinery	Furniture and fixtures	Office equipment and appliances	Vehicles	Total
	(Rupees '000)						
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	

Notes to and Forming Part of the Financial Statements

For the year ended 31 March, 2013

11.1.1 Title documents in respect of one of the Company's property (having net book value of Rs. 228.2 million (2012: 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 437.188 million (2012: 447.735 million) remains undepreciated as at March 31, 2013.

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

	2013	2012
	(Rupees '000)	
Leasehold land	71,455	73,387
Buildings on leasehold land	30,540	34,153

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							
Toyota Corolla	1,639	1,257	382	1,350	Insurance Claim	Jubilee General Insurance	Karachi
Suzuki Alto	630	252	378	326	As per company policy	Mr. Khurram Ali	Karachi
Suzuki Cultus	60	28	32	220	As per company policy	Mr. Waseem Shakoor	Karachi
Motorcycle	77	5	72	70	Insurance Claim	Jubilee General Insurance	Karachi
2013	<u>2,406</u>	<u>1,542</u>	<u>854</u>	<u>1,966</u>			
2012	<u>5,122</u>	<u>2,453</u>	<u>2,669</u>	<u>3,949</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	2013	2012
		(Rupees '000)	
Depreciation			
Cost of sales	22	86,498	89,955
Selling and distribution expenses	23	2,732	2,841
Administration and general expenses	24	1,821	1,894
		<u>91,051</u>	<u>94,690</u>

11.5 Capital work-in-progress

	2013	2012
Building	1,953	-
Plant and machinery	12,629	8,125
Advances to suppliers / contractors	18,964	11,059
	<u>33,546</u>	<u>19,184</u>

11.6 Intangible assets

		2013	2012
As at April 01		2,737	-
Additions		-	5,475
Amortisation	11.6.1	(2,737)	(2,738)
As at March 31		<u>-</u>	<u>2,737</u>
Amortisation rate % per annum		50%	50%

Notes to and Forming Part of the Financial Statements

For the year ended 31 March, 2013

- 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	2013	2012
		(Rupees '000)	
Amortisation			
Cost of sales	22	1,383	1,383
Selling and distribution expenses	23	889	889
Administration and general expenses	24	465	466
		<u>2,737</u>	<u>2,738</u>

12 LONG-TERM INVESTMENT

	Percentage holding	2013	2012
		(Rupees '000)	
Investment in related party - at cost			
Subsidiary company - Unquoted			
22,380 (2012: 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 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.

- 12.2 The Securities and Exchange Commission of Pakistan vide letter EMD/233/443/2002-1189 dated June 17, 2013 has granted exemption to the Company from the preparation of consolidated financial statements. The audited balance sheet as at March 31, 2013 and the profit and loss account for the year ended March 31, 2013 of CPL are as follows:

	2013	2012
	(Rupees '000)	
BALANCE SHEET		
Current Assets		
Receivable from Exide Pakistan Limited	46	56
Cash and bank balances	28	26
Current Liability		
Accrued expenses	(49)	(79)
	<u>25</u>	<u>3</u>
Financed by:		
Share capital	224	224
Accumulated loss	(659)	(591)
	<u>(435)</u>	<u>(367)</u>
Loan from a director - subordinated	460	370
	<u>25</u>	<u>3</u>
PROFIT AND LOSS ACCOUNT		
Expenses		
Legal and professional charges	(31)	(5)
Bank charges	-	-
	<u>(31)</u>	<u>(5)</u>
Auditors' Remuneration		
- Audit fees	(32)	(32)
- Out of pocket expenses	(6)	(6)
	<u>(38)</u>	<u>(38)</u>
Loss before tax	(69)	(43)
Tax	-	-
Loss for the year	<u>(69)</u>	<u>(43)</u>

Notes to and Forming Part of the Financial Statements

For the year ended 31 March, 2013

17	TRADE DEBTS - unsecured	Note	2013	2012
			(Rupees '000)	
	Considered			
	- good		286,504	346,205
	- doubtful		15,784	14,174
			<u>302,288</u>	<u>360,379</u>
	Less: Provision for Impairment in trade debts	17.1	<u>(15,784)</u>	<u>(14,174)</u>
			<u>286,504</u>	<u>346,205</u>
17.1	Provision for Impairment			
	Balance at April 1		14,174	15,046
	Provision made during the year		2,663	1,794
			<u>16,837</u>	<u>16,840</u>
	Less: amount reversed during the year		(1,053)	(2,666)
	Less: amount written off during the year		-	-
	Balance at March 31		<u>15,784</u>	<u>14,174</u>
17.2	As at March 31, 2013, Rs 166.67 million (2012: Rs 207.045 million) of the gross trade debts are over due but not impaired. These balances relate to various customers for whom there is no recent history of default. The age analysis of these trade debts is as follows:			
	Upto 1 month		94,049	120,468
	1 to 6 months		31,346	51,591
	Over 6 months		41,275	34,986
			<u>166,670</u>	<u>207,045</u>
18	LOANS AND ADVANCES - considered good			
	Loans due from - employees			
	- current portion of long term loans to employees	13	1,401	2,218
	Advances to			
	- employees	18.1	149	307
	- suppliers		18,797	20,182
			<u>20,347</u>	<u>22,707</u>
18.1	Advances to employees are given to meet business expenses and are settled as and when expenses are incurred.			
19	TRADE DEPOSITS, SHORT-TERM PREPAYMENTS AND OTHER RECEIVABLES			
	Advance to clearing agent		126	126
	Margin deposits		1,932	1,932
	Short-term prepayments		4,492	3,839
	Container deposits		-	2,525
	Insurance claims		42,982	23,609
	Others		23,713	491
			<u>73,245</u>	<u>32,522</u>
20	CASH AND BANK BALANCES			
	With banks - current accounts		503,768	611,445
	Cheques in hand		78,948	132,196
	Cash in hand		46	37
			<u>582,762</u>	<u>743,678</u>

Notes to and Forming Part of the Financial Statements

For the year ended 31 March, 2013

21 OPERATING RESULTS

	Note	Batteries		Chemicals		Company	
		2013	2012	2013	2012	2013	2012
(Rupees '000)							
Sales		13,165,023	11,494,509	446,205	400,986	13,611,228	11,895,495
Sales tax		1,802,356	1,589,228	61,526	56,540	1,863,882	1,645,768
Excise Duty		-	73,313	-	2,891	-	76,204
Special Excise Duty		24,437	-	143	-	24,580	-
Commission to distributor		1,530	6,849	-	-	1,530	6,849
Discounts to distributors and customers		575,941	700,950	-	-	575,941	700,950
		<u>2,404,264</u>	<u>2,370,340</u>	<u>61,669</u>	<u>59,431</u>	<u>2,465,933</u>	<u>2,429,771</u>
Net sales		10,760,759	9,124,169	384,536	341,555	11,145,295	9,465,724
Cost of sales	22	9,241,213	7,909,575	323,833	281,905	9,565,046	8,191,480
Gross profit		1,519,546	1,214,594	60,703	59,650	1,580,249	1,274,244
Selling and distribution expenses	23	592,364	453,464	6,837	6,384	599,201	459,848
Administration and general expenses	24	89,079	73,494	3,182	2,540	92,261	76,034
Other operating income		1,958	8,053	-	-	1,958	8,053
Unallocated other operating income	21.9	-	-	-	-	7,168	7,680
	26					9,126	15,733
Unallocated other operating charges	21.9						
	and 27					105,257	96,070
Operating profit		<u>840,061</u>	<u>695,689</u>	<u>50,684</u>	<u>50,726</u>	<u>792,656</u>	<u>658,025</u>
21.1 Segment assets		2,970,933	2,855,198	106,166	106,882	3,077,099	2,962,080
21.2 Unallocated assets	21.9					726,087	971,166
						<u>3,803,186</u>	<u>3,933,246</u>
21.3 Segment liabilities		528,905	365,345	16,076	11,243	544,981	376,588
21.4 Unallocated liabilities	21.9					955,249	1,672,008
						<u>1,500,230</u>	<u>2,048,596</u>
21.5 Capital expenditure		111,265	87,387	3,976	3,271	115,241	90,658
21.6 Depreciation expense		87,910	91,273	3,141	3,417	91,051	94,690
21.7 Amortisation expense		2,645	2,646	92	92	2,737	2,738

21.8 Sales of Rs 13.165 billion includes export sales amounting to Rs 73.502 million (2012: Rs. 71.568 million).

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 31 March, 2013

22 COST OF SALES

	Note	Batteries		Chemicals		Company	
		2013	2012	2013	2012	2013	2012
(Rupees '000)							
Raw and packing materials consumed							
Opening stock		855,662	1,105,815	27,920	33,470	883,582	1,139,285
Purchases		8,511,642	6,862,616	250,177	201,893	8,761,819	7,064,509
		9,367,304	7,968,431	278,097	235,363	9,645,401	8,203,794
Closing stock		(1,140,954)	(855,662)	(15,914)	(27,920)	(1,156,868)	(883,582)
		8,226,350	7,112,769	262,183	207,443	8,488,533	7,320,212
Salaries, wages and benefits		216,101	185,360	16,388	14,888	232,489	200,248
Spares consumed		53,072	55,086	3,739	3,664	56,811	58,750
Rent, rates and taxes		39,786	39,570	181	123	39,967	39,693
Fuel, power and water		260,102	226,741	26,502	26,446	286,604	253,187
Insurance		15,510	12,887	1,163	1,128	16,673	14,015
Repairs and maintenance		55,917	53,469	4,385	3,236	60,302	56,705
Depreciation	11.4	82,173	86,717	4,325	3,238	86,498	89,955
Amortisation of intangible assets	11.6.1	1,337	1,337	46	46	1,383	1,383
General expenses		45,164	40,228	9,795	6,171	54,959	46,399
Opening stock of work-in-process		264,044	246,347	2,168	2,528	266,212	248,875
Closing stock of work-in-process		(283,642)	(264,044)	(3,148)	(2,168)	(286,790)	(266,212)
Cost of goods manufactured		8,975,914	7,796,467	327,727	266,743	9,303,641	8,063,210
Opening stock of finished goods		348,067	461,175	5,988	13,100	354,055	474,275
Finished goods purchased		-	-	-	8,050	-	8,050
		9,323,981	8,257,642	333,715	287,893	9,657,696	8,545,535
Closing stock of finished goods		(82,768)	(348,067)	(9,882)	(5,988)	(92,650)	(354,055)
		9,241,213	7,909,575	323,833	281,905	9,565,046	8,191,480

22.1 Salaries, wages and benefits include Rs 8,876 million (2012: Rs 4,688 million) in respect of staff retirement benefits.

23 SELLING AND DISTRIBUTION EXPENSES

	Note	Batteries		Chemicals		Company	
		2013	2012	2013	2012	2013	2012
(Rupees '000)							
Salaries, wages and benefits		30,781	27,145	603	663	31,384	27,808
Repairs and maintenance		1,065	840	-	-	1,065	840
Royalty		13,279	9,504	-	-	13,279	9,504
Advertising and sales promotion		86,664	56,257	-	-	86,664	56,257
Rent, rates and taxes		5,617	5,736	-	-	5,617	5,736
Insurance		437	385	-	-	437	385
Printing and stationery		786	784	8	-	794	784
Carriage and forwarding		186,214	153,021	5,902	5,409	192,116	158,430
Battery warranty claims	7.4	239,985	184,980	-	-	239,985	184,980
Travelling, conveyance and entertainment		9,483	7,871	-	-	9,483	7,871
Depreciation	11.4	2,638	2,739	94	102	2,732	2,841
Amortisation of intangible assets	11.6.1	859	859	30	30	889	889
Postage, telegram, telephone and telex		2,714	2,295	100	100	2,814	2,395
General expenses		11,842	1,048	100	80	11,942	1,128
		592,364	453,464	6,837	6,384	599,201	459,848

23.1 Salaries, wages and benefits include Rs 1,855 million (2012: Rs 0,975 million) in respect of staff retirement benefits.

Notes to and Forming Part of the Financial Statements

For the year ended 31 March, 2013

24 ADMINISTRATION AND GENERAL EXPENSES

Note	Batteries		Chemicals		Company		
	2013	2012	2013	2012	2013	2012	
	(Rupees '000)						
Salaries, wages and benefits	54,720	48,791	1,955	1,677	56,675	50,468	
Repairs and maintenance	4,909	4,204	175	146	5,084	4,350	
Legal and professional charges	3,509	3,018	125	105	3,634	3,123	
Rent, rates and taxes	233	360	8	12	241	372	
Insurance	5,654	872	202	30	5,856	902	
Depreciation	11.4	1,758	1,826	63	68	1,821	1,894
Amortisation of intangible assets	11.6.1	449	450	16	16	465	466
Printing and stationery	982	1,266	35	44	1,017	1,310	
Travelling, conveyance and entertainment	9,647	6,341	345	220	9,992	6,561	
Communication and postage	2,387	2,321	85	81	2,472	2,402	
General expenses	4,831	4,045	173	141	5,004	4,186	
	<u>89,079</u>	<u>73,494</u>	<u>3,182</u>	<u>2,540</u>	<u>92,261</u>	<u>76,034</u>	

24.1 Salaries, wages and benefits include Rs 2,517 million (2012: Rs 1,344 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, 2013 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.

	2013		2012	
	EXIDE	ABCL	EXIDE	ABCL
a. Discount rate	11.5%	11.5%	12.5%	12.5%
b. Expected rate of increase in salary	11.5%	11.5%	12.5%	12.5%
c. Expected rate of return on plan assets	11.5%	11.5%	12.5%	12.5%
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 31 March, 2013

25.1.1 Amount recognised in the balance sheet (note 7.3)

Note	2013			2012			
	Exide	ABCL	Total	Exide	ABCL	Total	
	(Rupees '000)						
Present value of defined benefit obligations	25.1.2	35,175	14,520	49,695	33,882	13,796	47,678
Less: fair value of plan assets	23.1.3	(49,075)	(15,088)	(64,163)	(44,270)	(14,019)	(58,289)
Unrecognised actuarial gains		14,440	3,154	17,594	12,495	1,890	14,385
		540	2,586	3,126	2,107	1,667	3,774

25.1.2 Movement in the defined benefit obligation

Present value of obligation at April 1	33,882	13,796	47,678	32,687	12,140	44,827
Current service cost	2,776	1,017	3,793	2,495	862	3,357
Interest cost	4,048	1,681	5,729	4,469	1,678	6,147
Benefits paid	(3,004)	(698)	(3,702)	(1,528)	(302)	(1,830)
Actuarial gain on obligation	(2,527)	(1,276)	(3,803)	(4,241)	(582)	(4,823)
Present value of obligation at March 31	35,175	14,520	49,695	33,882	13,796	47,678

23.1.3 Movement in the fair value of plan assets

Total plan assets as at April 1	44,270	14,019	58,289	37,369	10,450	47,819
Expected return on plan assets	5,478	1,709	7,187	4,748	1,552	6,300
Contributions made	2,107	-	2,107	2,759	1,569	4,328
Benefits paid	(3,004)	(698)	(3,702)	(1,528)	(302)	(1,830)
Actuarial gains / (losses) on plan assets	224	58	282	922	750	1,672
	49,075	15,088	64,163	44,270	14,019	58,289

25.1.4 Amount recognised in the profit and loss account

Current service cost	2,776	1,017	3,793	2,495	862	3,357
Interest cost	4,048	1,681	5,729	4,469	1,678	6,147
Expected return on plan assets	(5,477)	(1,709)	(7,186)	(4,748)	(1,552)	(6,300)
Net actuarial (gain) / loss recognised	(807)	(70)	(877)	(360)	-	(360)
Cost for the year	540	919	1,459	1,856	988	2,844

25.1.5 Plan assets comprise of the following:

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

	2012			
	(Rupees '000)	Percentage composition	(Rupees '000)	Percentage composition
	EXIDE		ABCL	
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%	-	0.00%
Cash at bank	1,031	2.33%	418	2.98%
	44,270	100%	14,019	100.00%

Notes to and Forming Part of the Financial Statements

For the year ended 31 March, 2013

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

	EXIDE				
	2013	2012	2011	2010	2009
	(Rupees '000)				
Present value of defined benefit obligation	35,175	33,882	32,687	31,073	30,713
Fair value of plan assets	(49,075)	(44,270)	(37,369)	(32,825)	(34,111)
Surplus	(13,900)	(10,388)	(4,682)	(1,752)	(3,398)

	ABCL				
	2013	2012	2011	2010	2009
	(Rupees '000)				
Present value of defined benefit obligation	14,520	13,796	12,140	10,967	10,394
Fair value of plan assets	(15,088)	(14,019)	(10,450)	(9,081)	(8,317)
Deficit / (Surplus)	(568)	(223)	1,690	1,886	2,077

25.1.7 Five years data on experience adjustments is as follows:

	EXIDE				
	2013	2012	2011	2010	2009
	(Rupees '000)				
Experience adjustments on plan liabilities	(2,527)	(4,241)	(470)	(2,780)	(3,543)
Experience adjustments on plan assets	224	922	2,813	(3,296)	(2,210)

	ABCL				
	2013	2012	2011	2010	2009
	(Rupees '000)				
Experience adjustments on plan liabilities	(1,276)	(582)	(1,062)	(848)	(41)
Experience adjustments on plan assets	58	750	(187)	376	(3,465)

25.1.8 Expected return on plan assets during the year was Rs 7.187 million (2012: Rs 6.30 million).

25.1.9 The Company intends to charge an amount of approximately Rs 1.145 million in the financial statements for the year ending March 31, 2014 in respect of defined benefit scheme.

25.2 Defined contribution plan - provident fund

An amount of Rs 4.284 million (2012: Rs 4.163 million) has been charged during the year in respect of contributory provident fund maintained by the Company.

26 OTHER OPERATING INCOME	Note	2013	2012
		(Rupees '000)	
Mark up on margin deposits		309	160
Gain on disposal of operating fixed assets		1,757	1,853
Reversal of provision for impairment in trade debts	17.1	1,053	2,666
Reversal of provision held against slow moving and obsolete spares		-	-
Scrap sales		1,958	8,053
Liabilities no longer payable written back		-	2,142
Others		4,049	859
		<u>9,126</u>	<u>15,733</u>

Notes to and Forming Part of the Financial Statements

For the year ended 31 March, 2013

27	OTHER OPERATING CHARGES	Note	2013 —(Rupees '000)—	2012
	Auditors' remuneration	27.1	2,025	1,940
	Workers' Profits Participation Fund	7.2	40,523	26,901
	Workers' Welfare Fund		15,609	10,184
	Donations	27.2	521	415
	Provision for impairment in trade debts	17.1	2,663	1,794
	Provision against slow moving and obsolete spares		112	543
	Provision against slow moving and obsolete stock-in-trade		982	433
	Bad debts directly written off		-	4,551
	Capital work-in-progress written off		-	247
	Other assets written off		1,856	630
	Bank charges		8,731	8,833
	Exchange loss		32,169	39,599
	Zakat		66	-
			<u>105,257</u>	<u>96,070</u>
			2013	2012
27.1	Auditors' remuneration		—(Rupees '000)—	
	Audit fee		1,000	950
	Tax advisory services		487	400
	Fee for the review of half yearly financial statements		150	140
	Special reports and certifications, audit of provident and gratuity funds		150	250
	Out of pocket expenses		238	200
			<u>2,025</u>	<u>1,940</u>
27.2	Donations were not made to any donee in which the Company or a director or his spouse had any interest.			
28	FINANCE COST	Note	2013 —(Rupees '000)—	2012
	Interest on Workers' Profit Participation Fund	7.2	341	218
	Mark-up on			
	- Short-term running finance		37,986	75,198
	- Short-term finance		-	67,894
	- Import finance		-	1,200
	- Loan from a director - related party		-	12,589
			<u>38,327</u>	<u>157,099</u>
29	TAXATION			
	Current - for the year		268,255	168,500
	- for prior years		2,137	2,666
	Deferred - net		(2,489)	9,615
			<u>267,903</u>	<u>180,781</u>
29.1	Relationship between tax expenses and accounting profit			
	Accounting profit before tax		754,329	500,926
	Tax rate		35%	35%
	Tax on accounting profit		264,015	175,324
	Tax effect of differences relating to :			
	- tax for prior years		2,137	2,666
	- depreciation charged in the financial statements on leasehold land		3,337	3,804
	- export sales		(1,804)	(1,248)
	- others		218	235
	Tax expense for the current year		<u>267,903</u>	<u>180,781</u>

Notes to and Forming Part of the Financial Statements

For the year ended 31 March, 2013

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:

	2013 —(Rupees '000)—	2012 —(Rupees '000)—
Profit after taxation attributable to ordinary shareholders	<u>486,426</u>	<u>320,145</u>
	—Number of shares—	
Weighted average number of ordinary shares outstanding during the year	<u>7,062,380</u>	<u>7,062,380</u>
	—(Rupees '000)—	
Earnings per share (EPS)	<u>68.88</u>	<u>45.33</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, 2013 and 2012 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	
	2013	2012	2013	2012	2013	2012	2013	2012
	—(Rupees '000)—							
Short - term employee benefits								
Managerial remuneration	1,180	1,103	5,937	7,093	3,049	2,868	10,166	11,064
Bonus	-	-	879	1,015	254	240	1,133	1,255
Leave pay	76	75	93	104	41	120	210	299
Housing, utilities and reimbursable expenses	865	810	3,820	4,418	3,141	2,738	7,826	7,966
Medical expenses	118	111	144	197	254	231	516	539
Retirement benefits								
Defined benefit plan	-	-	495	558	51	46	546	604
Defined contribution plan	-	-	594	670	61	55	655	725
	<u>2,239</u>	<u>2,099</u>	<u>11,962</u>	<u>14,055</u>	<u>6,851</u>	<u>6,298</u>	<u>21,052</u>	<u>22,452</u>
Number of persons	<u>1</u>	<u>1</u>	<u>5</u>	<u>5</u>	<u>4</u>	<u>4</u>	<u>10</u>	<u>10</u>

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

31.2 Remuneration to other Directors

Aggregate amount charged in the financial statements for fee to a director was Rs Nil. (2012: Rs 0.005 million).

Notes to and Forming Part of the Financial Statements

For the year ended 31 March, 2013

32 TRANSACTIONS WITH RELATED PARTIES

	Subsidiary company		Key management personnel		Other related parties	
	2013	2012	2013	2012	2013	2012
	(Rupees '000)					
Expenses charged to Interest on loan from a director	10	5	-	-	-	-
	-	-	-	12,589	-	-
Transactions with key management personnel:						
- Salaries	-	-	19,851	21,123	-	-
- Defined benefit plan - post employment benefits	-	-	546	604	-	-
- Defined contribution plan	-	-	655	725	-	-
- Sale of motor vehicle having cost of Rs 150 thousand and book value of Rs Nil for	-	-	-	150	-	-
Rent expense	-	-	-	-	38,860	38,860
Expenses charged in respect of staff contribution plan	-	-	-	-	4,361	3,438
Expenses charged in respect of staff defined benefit plan	-	-	-	-	4,116	2,240
Pension pertaining to a retired employee	-	-	-	-	-	-

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

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 PROVIDENT FUND RELATED DISCLOSURES

The Company operates two provident funds:

- i) Staff Provident Fund
- ii) Senior Staff Provident Fund

The following information is based on un-audited financial statements of the Funds as at March 31, 2013 and 2012:

Notes to and Forming Part of the Financial Statements

For the year ended 31 March, 2013

	2013	2012
	—(Rupees '000)—	
Size of the funds - Total assets	87,461	79,263
Fair value of investments	87,461	79,263
	—(Percentage)—	
Percentage of investments made	100%	100%

33.1 The cost of above investments amounted to Rs. 81.318 million (2012: Rs 79.241 million).

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

	2013	2012	2013	2012
	—(Percentage)—		—(Rupees '000)—	
Shares - listed	1.59%	1.44%	1,389	1,142
Cash and Bank deposits	5.30%	11.13%	4,638	8,824
Government securities	47.94%	35.94%	41,929	28,484
Debt securities - listed	6.08%	29.12%	5,319	23,082
Debt securities - unlisted	25.14%	9.76%	21,985	7,737
Mutual funds - listed	0.53%	0.43%	460	342
Mutual funds - unlisted (NIT)	13.42%	12.18%	11,741	9,652
	<u>100.00%</u>	<u>100.00%</u>	<u>87,461</u>	<u>79,263</u>

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

33.4 PRODUCTION CAPACITY

The actual production capacity of the battery plant cannot be determined as it depends on the proportion of different types of batteries produced which varies in relation to the consumer demand. The actual production during the year was according to market demand. The installed capacity of the chemical plants is 33,000 MT (2012: 33,000 MT) per annum whereas actual production during the year was 28,668 MT (2012: 24,743 MT).

	Note	2013	2012
		—(Rupees '000)—	
34 CASH GENERATED FROM OPERATIONS			
Profit before taxation		754,329	500,926
Adjustments for non cash charges and other items:			
Depreciation		91,051	94,690
Amortisation		2,737	2,738
Gain on disposal of operating fixed assets		(1,757)	(1,853)
Mark-up expenses		38,327	157,099
Provision / (reversal) for impairment in trade debts - net		1,610	(872)
Provision for slow moving and obsolete stock-in-trade		982	433
Provision for slow moving and obsolete spares - net		112	543
Working capital changes	34.1	161,088	(56,627)
		<u>1,048,479</u>	<u>697,077</u>

Notes to and Forming Part of the Financial Statements

For the year ended 31 March, 2013

34.1 Working capital changes		2013	2012
		——(Rupees '000)——	
(Increase) / Decrease in current assets:			
Spares		(5,487)	(2,506)
Stock-in-trade		(109,016)	358,586
Trade debts		58,091	(27,966)
Loans and advances		2,360	(17,270)
Trade deposits, short-term prepayments and other receivables		(40,723)	3,836
		(94,775)	314,680
Increase / (Decrease) in trade and other payables		255,863	(371,307)
		<u>161,088</u>	<u>(56,627)</u>

35 CASH AND CASH EQUIVALENTS

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

	Note	2013	2012
		——(Rupees '000)——	
Cash and bank balances	20	582,762	743,678
Short-term running finance	9	(265,978)	(398,409)
Short-term finance	9	(185,770)	(827,112)
		<u>131,014</u>	<u>(481,843)</u>

36 FINANCIAL INSTRUMENTS BY CATEGORY

36.1 Financial assets and financial liabilities

Financial assets

Loans and receivables			
Loans and advances		21,798	24,653
Long-term deposits		18,703	20,216
Trade debts		286,504	346,205
Trade deposits and other receivables		68,753	28,683
Cash and bank balances		582,762	743,678
		<u>978,520</u>	<u>1,163,435</u>

Financial liabilities

Financial liabilities at amortised cost			
Short-term borrowings		451,748	1,253,521
Trade and other payables		762,323	495,399
Accrued mark-up		6,259	32,005
		<u>1,220,330</u>	<u>1,780,925</u>

37 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

Notes to and Forming Part of the Financial Statements

For the year ended 31 March, 2013

37.3 Market Risk

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

37.3.1 Foreign currency risk

Foreign currency risk arises mainly where receivables and payables exist due to transactions entered into in foreign currencies. The Company primarily has foreign currency exposures in US Dollars (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:

	2013	2012
	(Amount '000)	
Bills payable		
US Dollar	3,868	2,777
Yen	17,648	6,588
GBP	-	9

As at March 31, 2013, 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 3.992 million (2012: Rs 2.703 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, 2013, with all other variables held constant, the net assets and net income for the year would have been lower / higher by Rs 0.452 million (2012: Rs 1.869 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, 2013 is not necessarily indicative of the effect on the Company's net assets due to future movement in interest rates.

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

Notes to and Forming Part of the Financial Statements

For the year ended 31 March, 2013

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

Effective interest rate (in percentage)*	2013						Total
	Interest / mark-up bearing			Non interest / mark up bearing			
	Maturity up to one year	Maturity after one year	Sub-total	Maturity up to one year	Maturity after one year	Sub-total	
	(Rupees '000)						
On balance sheet financial instruments							
Financial assets							
Loans and advances	-	-	-	20,347	1,451	21,798	21,798
Long-term deposits	-	-	-	-	18,703	18,703	18,703
Trade debts	-	-	-	286,504	-	286,504	286,504
Trade deposits and other receivables	8%	1,932	1,932	66,821	-	66,821	68,753
Cash and bank balances	-	-	-	582,762	-	582,762	582,762
		1,932	1,932	956,434	20,154	976,588	978,520
Financial liabilities							
Short-term borrowings							
- from banking companies	12.05-14.62	451,748	451,748	-	-	-	451,748
- loan from director	12.5	-	-	-	-	-	-
Trade and other payables	-	-	-	762,323	-	762,323	762,323
Accrued mark-up	-	-	-	6,259	-	6,259	6,259
		451,748	451,748	768,582	-	768,582	1,220,330
On balance sheet gap							
		(449,816)	(449,816)	187,852	20,154	208,006	(241,810)
Off-balance sheet financial instruments							
Commitments in respect of capital expenditure	-	-	-	4,546	-	4,546	4,546
Commitments in respect of Letter of credit	-	-	-	335,295	-	335,295	335,295
Outstanding bank guarantees	-	-	-	47,865	-	47,865	47,865
		-	-	387,706	-	387,706	387,706

Effective interest rate (in percentage)*	2012						Total
	Interest / mark-up bearing			Non interest / mark up bearing			
	Maturity up to one year	Maturity after one year	Sub-total	Maturity up to one year	Maturity after one year	Sub-total	
	(Rupees '000)						
On balance sheet financial instruments							
Financial assets							
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	-	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	1,163,435
Financial liabilities							
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	-	527,404	1,780,925
On balance sheet gap							
		(1,251,589)	(1,251,589)	611,937	22,162	634,099	(617,490)
Off-balance sheet financial instruments							
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

Notes to and Forming Part of the Financial Statements

For the year ended 31 March, 2013

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.

	2013	2012
	(Rupees '000)	
Total Borrowings	451,748	1,253,521
Less: Cash and bank balances	582,762	743,678
Net Debt	(131,014)	509,843
Total Equity	1,898,765	1,444,724
Total Capital	1,767,751	1,954,567
Gearing Ratio	-	26.08%

As at March 31, 2013, the Company had a net positive cash balance.

Notes to and Forming Part of the Financial Statements

For the year ended 31 March, 2013

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 NUMBER OF EMPLOYEES

	2013	2012
Number of employees at March 31		
- Permanent	470	484
- Contractual	40	42
Average number of employees during the year		
- Permanent	477	477
- Contractual	41	44

41 NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

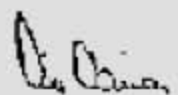
The Board of Directors of the Company in their meeting held on June 28, 2013 have proposed stock dividend @ 10% (2012: stock dividend @ Nil%) and a final cash dividend for the year ended March 31, 2013 of Rs. 6.00 per share (2012: Rs 6.00 per share). In addition, the Board of Directors have also announced appropriation of Rs. 445 million (2012: Rs 288 million) to revenue reserves. These appropriations will be approved in the forthcoming Annual General Meeting. The financial statements for the year ended March 31, 2013 do not include the effect of these appropriations which will be accounted for subsequent to the year end.

42 GENERAL AND CORRESPONDING FIGURES

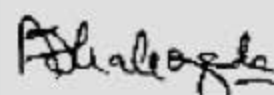
Amounts have been rounded to the nearest thousand unless otherwise stated. Corresponding figures have been rearranged and reclassified, where ever necessary, for the purpose of comparison. There have been no significant reclassifications made in these financial statements.

43 DATE OF AUTHORISATION

These financial statements were authorised for issue on June 28, 2013 by the Board of Directors of the Company.



Arif Hashwani
Chairman



Arshad Shehzada
Chief Executive Officer

Pattern of Shareholding

As on 31 March, 2013

No. of Shareholding	Having Shares		Shares Held	Percentage
	From	To		
937	1	100	25869	0.3663
373	101	500	102828	1.4560
95	501	1000	72255	1.0231
65	1001	5000	128826	1.8241
7	5001	10000	44187	0.6257
2	10001	15000	29040	0.4112
2	20001	25000	48000	0.6797
1	35001	40000	39510	0.5594
1	40001	45000	44454	0.6294
1	95001	100000	96400	1.3650
1	100001	105000	104166	1.4749
1	200001	205000	201600	2.8546
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
1491	Company Total		7062380	100.0000

Category of Shareholding

As on 31 March, 2013

Particulars	No of Folio	Balance Share	Percentage
DIRECTORS, CEO & CHILDREN	9	5251810	74.3632
NIT & ICP	3	486391	6.8871
BANKS, DFI & NBF	2	316	0.0045
INSURANCE COMPANIES	2	590236	8.3575
MODARABAS & MUTUAL FUNDS	3	40081	0.5675
GENERAL PUBLIC (LOCAL)	1	436 409164	5.7936
GENERAL PUBLIC (FOREIGN)	9	4013	0.0568
OTHERS	16	160074	2.2666
JOINT STOCK COMPANIES	6	15115	0.2140
FOREIGN COMPANIES	3	104204	1.4755
CHARITABLE TRUST	2	976	0.0138
Company Total	1491	7062380	100.0000

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	133	0.0019
002154000027	NATIONAL BANK OF PAKISTAN-TRUSTEE DEPARTMENT NI(UJT FUND	003	486240	6.8849
000083000036	IDBL (ICP UNIT)	004	44	0.0006
003889000028	NATIONAL BANK OF PAKISTAN	004	272	0.0039
002683000023	STATE LIFE INSURANCE CORP. OF PAKISTAN	005	388636	5.5029
003277002538	EFU LIFE ASSURANCE LTD	005	201600	2.8546
00000001289	M/S FIRST UDL MODARABA	006	544	0.0077
003525064045	NH CAPITAL FUND LTD	006	27	0.0004
005520000028	GOLDEN ARROW SELECTED STOCKS FUND LIMITED	006	39510	0.5594
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	1	0.0000
003137000036	MOOSANI SECURITIES (PVT) LTD.	010	5527	0.0783
003277078335	TRUSTEE NATIONAL BANK OF PAKISTAN EMPLOYEES PENSION FUND	010	44454	0.6294
003277082127	TRUSTEE NATIONAL BANK OF PAKISTAN EMP BENEVOLENT FUND TRUST	010	1560	0.0221
003525082219	UHF CONSULTING (PRIVATE) LIMITED	010	76	0.0011
003863000020	ACE SECURITIES (PVT.) LIMITED	010	161	0.0023
003939012463	CAPITAL VISION SECURITIES PVT LIMITED	010	500	0.0071
003939012703	EXCEL SECURITIES (PRIVATE) LIMITED	010	100	0.0014

Category of Shareholding

As on 31 March, 2013

Folio No	Name	Code	Balance Held	Percentage
004184000022	AZEE SECURITIES (PRIVATE) LIMITED	010	200	0.0028
004457000045	FDM CAPITAL SECURITIES (PVT) LIMITED	010	7515	0.1064
004978000042	LIVE SECURITIES LIMITED	010	200	0.0028
006684000029	MOHAMMAD MUNIR MOHAMMAD AHMED KHANANI SECURITIES (PVT) LTD.	010	2500	0.0354
000000000348	HOSHANG DINSHAW (PVT) LTD	011	22	0.0003
000000000811	PERIN DINSHAW (PVT) LTD	011	16	0.0002
000000000812	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
000000000795	NOMURA BANK (LUXEMBOURG) SA	012	5	0.0001
000000001053	TEMPLETON GLOBAL STRATEGY SICAV	012	33	0.0005
000000001292	M/S FURUKAWA BATTERY CO LTD	012	104166	1.4749
000000001818	GHIJLAMAN-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

FORM OF PROXY

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

I/We
of in the district of
being a member of Exide Pakistan Limited and a holder of

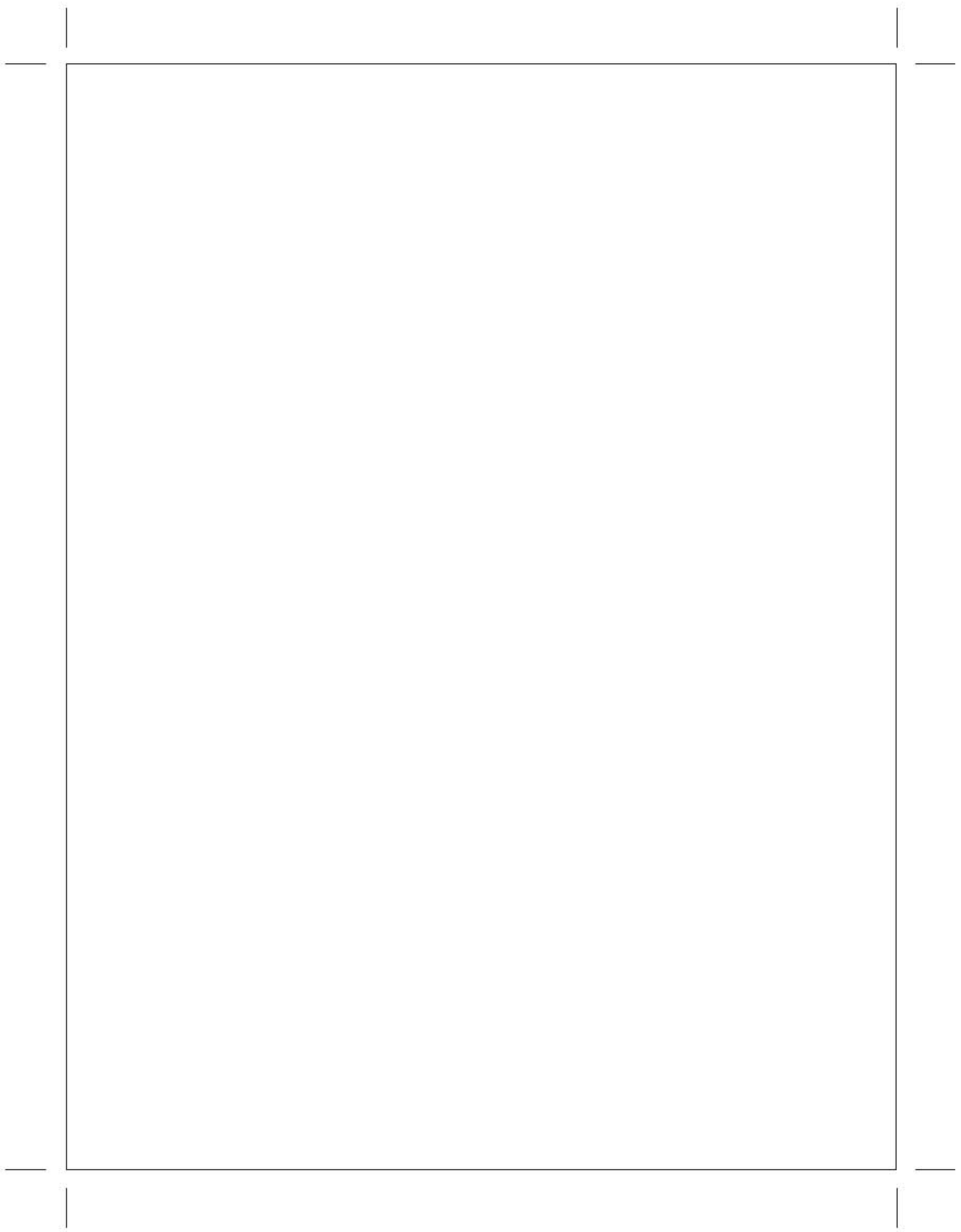
Ordinary Shares as per Share Register Folio Number
hereby appoint
of In the district of
or failing him
of as my/our proxy to vote for me/us on
my/our behalf at the 56th Annual General Meeting of the Company to be held on July 31, 2013 and at any
adjournment thereof.

Signature this day of 2013.

Signature on
Revenue
Stamp

.....
Signature of Proxy

Signature should agree with
the specimen signature
registered with the Company



CHLORIDE

PAKISTAN (PRIVATE) LIMITED

Financial
Statements

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.

The Directors have pleasure in presenting their Report for the year ended March 31, 2013.

Accounts:

The Audited Accounts of the Company for the year ended March 31, 2013 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: 28 June, 2013

We have audited the annexed balance sheet of Chloride Pakistan (Private) Limited ("the Company") as at 31 March 2013 and the related profit and loss account, statement of comprehensive income, cash flow statement, and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

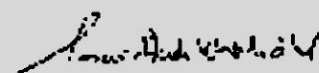
It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an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

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

- a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;
- b) in our opinion:
 - i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied
 - ii) the expenditure incurred during the year was for the purpose of the Company's business; and
 - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 31 March 2013 and of the loss, its cash flows and changes in equity for the year then ended; and
- d) in our opinion no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980. We draw attention to note 2.2 to the financial statements, which states that these financial statements have not been prepared on a going concern basis and consequently all the assets appearing in these financial statements have been measured at their realizable values and the liabilities are reported at amounts not less than those at which these are expected to be settled. Our opinion is not qualified in respect of this matter.

Date: July 8, 2013

Karachi



KPMG Taseer Hadi & Co.
Chartered Accountants
Muhammad Taufiq

Balance Sheet

As at 31 March, 2013

	Note	2013	2012
		------(Rupees)-----	
Current assets			
Receivable from Exide Pakistan Limited	3	45,936	56,436
Cash and bank balances	4	27,659	25,846
Current liability			
Accrued expenses	5	(49,077)	(79,194)
		<u>24,518</u>	<u>3,088</u>
Financed by:			
Share capital	7	223,800	223,800
Accumulated loss		<u>(659,282)</u>	<u>(590,712)</u>
		(435,482)	(366,912)
Loan from a director - Subordinated	8	460,000	370,000
Contingencies and commitments	9	-	-
		<u>24,518</u>	<u>3,088</u>

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



Chief Executive



Director

Profit and Loss Account

For the year ended 31 March, 2013

	Note	2013	2012
		----- (Rupees) -----	
Expenses			
Legal and professional charges		30,500	4,500
Bank charges		70	464
Auditors' remuneration			
- Audit fees		32,000	32,000
- Out of pocket expenses		6,000	6,000
		38,000	38,000
Loss before tax		(68,570)	(42,964)
Tax	2.6	-	-
Loss for the year		(68,570)	(42,964)
Loss per share - basic and diluted		(3.06)	(1.92)

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, 2013

	Note	2013	2012
		------(Rupees)-----	
Loss for the year		(68,570)	(42,964)
Other comprehensive income		-	-
Total comprehensive income for the year		<u>(68,570)</u>	<u>(42,964)</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, 2013

	Note	2013	2012
		----- (Rupees) -----	
Cash Flow from Operating Activities			
Loss for the year		(68,570)	(42,964)
Decrease / (increase) in receivable from Exide Pakistan Limited		10,500	(26,426)
(Decrease) / increase in accrued expenses		(30,117)	36,016
Net cash outflow from operating activities		<u>(88,187)</u>	<u>(33,374)</u>
Cash Flow from Financing Activities			
Subordinated loan from a director		90,000	50,000
Net cash flow from financing activities		<u>1,813</u>	<u>16,626</u>
Cash and bank at beginning of the year		25,846	9,220
Cash and bank at the end of the year	4	<u><u>27,659</u></u>	<u><u>25,846</u></u>

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



Chief Executive



Director

Statement of Changes in Equity

For the year ended 31 March, 2013

	Share capital	Accumulated loss ------(Rupees)-----	Total
Balance as at 1 April 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	<u>223,800</u>	<u>(590,712)</u>	<u>(366,912)</u>
<i>Total comprehensive income for the year ended 31 March 2013</i>			
Loss for the year	-	(68,570)	(68,570)
Other comprehensive income	-	-	-
Transactions with owners directly recorded in equity	-	-	-
Balance as at 31 March 2013	<u><u>223,800</u></u>	<u><u>(659,282)</u></u>	<u><u>(435,482)</u></u>

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



Chief Executive



Director

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.

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 2013:

- IAS 19 Employee Benefits (amended 2011) - (effective for annual periods beginning on or after January 1, 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. The amendments have no impact on financial statements of the Company.
- 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.
- 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. 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. 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 has a legally enforceable right of set-off’; and that some gross settlement systems may be considered equivalent to net settlement. The amendments have no impact on financial statements of the Company.
- 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. The amendments have no impact on financial statements of the Company.

- Annual Improvements 2009–2011 (effective for annual periods beginning on or after 1 January 2013). The new cycle of improvements contains amendments to the following five standards, with consequential amendments to other standards and interpretations. The amendments have no impact on financial statements of the Company.
- IAS 1 Presentation of Financial Statements is amended to clarify that only one comparative period – which is the preceding period – is required for a complete set of financial statements. If an entity presents additional comparative information, then that additional information need not be in the form of a complete set of financial statements. However, such information should be accompanied by related notes and should be in accordance with IFRS. Furthermore, it clarifies that the ‘third statement of financial position’, when required, is only required if the effect of restatement is material to statement of financial position.
- IAS 32 Financial Instruments: Presentation - is amended to clarify that IAS 12 Income Taxes applies to the accounting for period taxes relating to distributions to holders of an equity instrument and transaction costs of an equity transaction. The amendment removes a perceived inconsistency between IAS 32 and IAS 12.
- IFRIC 20 Stripping cost in the production phase of a surface mining (effective for annual period 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. This improvement is not relevant to the Company’s financial statements. 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

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

Notes to the Financial Statements

For the year ended 31 March, 2013

CHLORIDE

PAKISTAN (PRIVATE) LIMITED

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.

2.9 Financial liabilities

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

2.10 Provisions

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

3. RECEIVABLE / (PAYABLE) - EXIDE PAKISTAN LIMITED - holding company	2013	2012
	----- (Rupees) -----	
Balance as at 1 April 2012	56,436	30,010
Legal and professional charges	(10,500)	(4,500)
Reversal of payable booked in previous year	-	30,926
	(10,500)	26,426
Balance as at 31 March 2013	<u>45,936</u>	<u>56,436</u>

4. CASH AND BANK BALANCES

Cash in hand	296	296
Cash at bank - Current account	27,363	25,550
	<u>27,659</u>	<u>25,846</u>

5. ACCRUED EXPENSES

This includes accrual relating to audit fees.

6. TRANSACTION WITH RELATED PARTIES

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 3 and 8.

7. SHARE CAPITAL	2013	2012
	----- (Rupees) -----	
Authorised share capital 10,000,000 ordinary shares of Rs. 10 each	<u>100,000,000</u>	<u>100,000,000</u>
Issued, subscribed and paid up share capital 22,380 (2012: 22,380) ordinary shares of Rs. 10 each fully paid in cash	<u>223,800</u>	<u>223,800</u>

7.1 At 31 March 2013 Exide Pakistan Limited (holding company) held 22,350 (2012: 22,350) ordinary shares of Rs. 10 each of the Company.

8. LOAN FROM A DIRECTOR - subordinated, unsecured

This represents interest free loan received from Mr. Arif Hashwani (a director of the Company). The loan has no fixed repayment terms and is subordinated to all the liabilities of the Company.

9. CONTINGENCIES AND COMMITMENTS

There are no contingencies and commitments as at 31 March 2013.

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 2013.

12. INTEREST RATE RISK EXPOSURE

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

13. CAPITAL RISK MANAGEMENT

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

14. DATE OF AUTHORISATION

These financial statements were authorised for issue by the Board of Directors in their meeting held on 28 June, 2013.



Chief Executive



Director





Pakistan Moves On
EXIDE



Heavy Duty Batteries

