

**ASSOCIATED BATTERY
MANUFACTURERS (CEYLON)
LIMITED**

**AUDITED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
31ST MARCH, 2017**

**ASSOCIATED BATTERY MANUFACTURERS (CEYLON)
LIMITED**

FINANCIAL STATEMENTS

31 MARCH 2017



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**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF ASSOCIATED BATTERY MANUFACTURERS (CEYLON) LIMITED**

Report on the Financial Statements

We have audited the accompanying financial statements of Associated Battery Manufactures (Ceylon) Limited, ("the Company"), which comprise the statement of financial position as at 31 March 2017, and the statement of profit or loss and other comprehensive income, statement of changes in equity and, statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, set out on pages 03 to 21.

Board's Responsibility for the Financial Statements

The Board of Directors ("Board") is responsible for the preparation of these financial statements that give a true and fair view in accordance with Sri Lanka Financial Reporting Standards for Small and Medium-sized Entities (SLFRS for SMEs), and for such internal controls as Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Sri Lanka Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain evidence and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 March 2017, and of its financial performance and cash flows for the year then ended in accordance with Sri Lanka Financial Reporting Standards for Small and Medium-sized Entities (SLFRS for SMEs).

(Contd..2/-)

Report on Other Legal and Regulatory Requirements

As required by Section 163(2) of the Companies Act No. 7 of 2007, we state the following:

- a) The basis of opinion and Scope and Limitations of the audit are as stated above.
- b) In our opinion :
 - We have obtained all the information and explanations that were required for the audit and, as far as appears from our examination, proper accounting records have been kept by the Company,
 - The financial statements of the Company, comply with the requirements of Section 151.

11 April 2017
Colombo

Associated Battery Manufacturers (Ceylon) Limited

STATEMENT OF FINANCIAL POSITION

As at 31 March 2017

	Note	2017 Rs.	2016 Rs.
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	4	528,466,605	456,410,663
Intangible Assets	5	8,507,219	7,388,366
Loans to Company Employees	7	5,911,091	9,621,410
		<u>542,884,915</u>	<u>473,420,439</u>
Current Assets			
Inventories	6	591,646,334	390,704,631
Trade and Other Receivables	7	692,131,111	443,618,942
Cash and Cash Equivalents	19	3,682,148	19,529,981
		<u>1,287,459,593</u>	<u>853,853,554</u>
Total Assets		<u>1,830,344,508</u>	<u>1,327,273,993</u>
EQUITY AND LIABILITIES			
Equity			
Stated Capital	8	63,360,000	63,360,000
Reserves	9	82,799,732	82,799,732
Retained Earnings		<u>664,178,158</u>	<u>597,533,949</u>
		<u>810,337,890</u>	<u>743,693,681</u>
Non-Current Liabilities			
Differed Tax Liability	11	54,410,166	34,854,420
Retirement Benefit Liability	12	33,087,189	48,921,930
Interest Bearing Loans and Borrowings	10		27,210,516
		<u>87,497,355</u>	<u>110,986,866</u>
Current Liabilities			
Trade and Other Payables	13	630,835,414	379,286,432
Interest Bearing Loans and Borrowings	10	261,481,886	64,963,297
Income Tax Payable		17,931,151	9,746,995
Warranty Provisions	14	22,260,812	18,596,722
		<u>932,509,263</u>	<u>472,593,446</u>
Total Equity and Liabilities		<u>1,830,344,508</u>	<u>1,327,273,993</u>

These Financial Statements are in compliance with the requirements of the Companies Act No :07 of 2007.

Head of Finance

The board of directors is responsible for the preparation and presentation of these Financial Statements. Signed for and on behalf of the board by:

Director

Director

The accounting policies and notes on pages 07 through 21 form an integral part of the Financial Statements.

11 April 2017

Associated Battery Manufacturers (Ceylon) Limited

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 March 2017

	Note	2017 Rs.	2016 Rs.
Revenue	3	2,713,496,859	2,340,978,931
Cost of Sales		(2,389,117,234)	(2,062,821,941)
Gross Profit		<u>324,379,625</u>	<u>278,156,990</u>
Other Income and Gains	15	22,297,054	16,764,285
Administrative Expenses		(72,672,397)	(77,471,651)
Finance Cost	16	(32,346,600)	(11,593,663)
Profit/ (Loss) Before tax	17	<u>241,657,682</u>	<u>205,855,961</u>
Income Tax Expense	11	(70,469,473)	(57,683,015)
Profit/ (Loss) For The Year		<u>171,188,209</u>	<u>148,172,946</u>
Other Comprehensive Income		-	-
Other Comprehensive Income for the Year Net of Tax		<u>-</u>	<u>-</u>
Total Comprehensive Income for the Year Net of Tax		<u>171,188,209</u>	<u>148,172,946</u>
Earnings Per Share	18	27.02	23.39
Dividends Per Share		16.50	8.00

The accounting policies and notes on pages 07 through 21 form an integral part of the Financial Statements.



Associated Battery Manufacturers (Ceylon) Limited

STATEMENTS OF CHANGES IN EQUITY

Year ended 31 March 2017

	Stated Capital Rs.	Revenue Reserve Rs.	Retained Earnings Rs.	Total Rs.
Balance as at 1 April 2015	63,360,000	82,799,732	500,049,003	646,208,735
Net profit for the year	-	-	148,172,946	148,172,946
Dividends - Interim 2015/2016	-	-	(50,688,000)	(50,688,000)
Balance as at 31 March 2016	63,360,000	82,799,732	597,533,949	743,693,681
Net profit for the year	-	-	171,188,209	171,188,209
Dividends - Interim 2016/2017	-	-	(104,544,000)	(104,544,000)
Balance as at 31 March 2017	63,360,000	82,799,732	664,178,158	810,337,890

The accounting policies and notes on pages 07 through 21 form an integral part of the Financial Statements.



Associated Battery Manufacturers (Ceylon) Limited

STATEMENT OF CASH FLOWS

Year ended 31 March 2017

	Note	2017 Rs.	2016 Rs.
Cash Flows From / (Used in) Operating Activities			
Profit/(loss) before tax from continuing operations		241,657,682	205,855,961
Adjustments for			
Depreciation		58,117,214	41,717,727
Amortization		478,525	-
Income from Investments	15	(113,410)	(946,012)
(Profit)/Loss on Sales of Property, Plant and Equipment	15	(3,077,579)	(4,788,453)
Assets Scrapping		1,685,722	-
Finance Costs	16	32,346,600	11,593,663
Warranty Provision	14	34,926,887	25,485,844
Provision for Defined Benefit Plans	12	(9,407,839)	4,800,997
Amortization of Pre Paid Cost on Staff Loan		1,942,006	1,104,668
Fair Value Adjustment on Staff Loans	15	(1,942,006)	(1,855,856)
Operating Profit/(Loss) Before Working Capital Changes		356,613,802	282,968,539
(Increase)/ Decrease in Inventories	6	(200,941,703)	(71,735,819)
(Increase)/ Decrease in Trade and Other Receivables	7	(244,801,850)	(60,841,877)
Increase/ (Decrease) in Trade and Other Payables	13	251,548,982	50,468,184
Cash Generated From Operations		162,419,231	200,859,027
Finance Cost Paid	16	(32,346,600)	(11,593,663)
Defined Benefit Plan Costs Paid	12	(6,426,902)	(13,775,246)
Income Tax Paid	11	(42,729,569)	(41,111,000)
Warranty Payments	14	(31,262,797)	(25,485,844)
Net Cash From Operating Activities		49,653,363	108,893,275
Cash Flows From / (Used in) Investing Activities			
Acquisition of Property, Plant and Equipment	4	(131,858,880)	(153,938,635)
Acquisition of Intangible Assets	5	(1,597,378)	(372,417)
Proceeds From Sale of Property, Plant and Equipment		3,077,579	4,842,786
Interest Received		113,410	946,012
Net Cash Flows Used in Investing Activities		(130,265,269)	(148,522,254)
Cash Flows From/(Used in) Financing Activities			
Proceeds From Interest Bearing Loans and Borrowings	10	550,101,222	135,419,517
Repayment of Interest Bearing Loans and Borrowings	10	(481,860,926)	(88,874,313)
Dividends Paid		(104,544,000)	(50,688,000)
Net Cash Flows Used in Financing Activities		(36,303,704)	(4,142,796)
Net Increase/(Decrease) in Cash and Cash Equivalents		(116,915,610)	(43,771,775)
Cash and Cash Equivalents At The Beginning of The Year	19	16,485,835	60,257,610
Cash and Cash Equivalents At The End of The Year	19	(100,429,775)	16,485,835

The accounting policies and notes on pages 07 through 21 form an integral part of the Financial Statements.



1. CORPORATE INFORMATION

1.1 General

Associated Battery Manufacturers (Ceylon) Limited (“Company”) is a limited liability company incorporated and domiciled in Sri Lanka. The registered office of the Company is located at 481, T. B. Jayah Mawatha, Colombo 10, and the principal place of business is situated at 31, Katukurunduwatte Road, Off Attidiya Road, Ratmalana.

1.2 Principal Activities and Nature of Operations

During the year, the principal activities of the Company were manufacturing of lead acid automotives and motorcycle batteries.

1.3 Parent Enterprise and Ultimate Parent Enterprise

The Company’s parent undertaking is Exide Industries Ltd. – India, which in the opinion of the directors, it is also the company’s ultimate parent undertaking and controlling party.

1.4 Date of Authorization for Issue

The Financial Statements of Associated Battery Manufacturers (Ceylon) Limited for the year ended 31 March 2017 were authorized for issue in accordance with a resolution of the Board of Directors on 11 April 2017.



2.0 GENERAL POLICIES

2.1 Basis of Preparation

The Financial Statements which comprise the Statement of Financial Position as at 31 March 2017, and the Statement of Comprehensive Income, Statement of Changes in Equity and Cash Flow Statement for the year then ended, and a summary of significant Accounting Policies and Other Explanatory Notes, have been prepared on a historical cost basis and are presented in Sri Lanka Rupees.

The preparation and presentation of these Financial Statements are in compliance with Companies Act No. 07 of 2007.

2.1.1 Statement of Compliance

The statement of financial position, statements of comprehensive income, changes in equity and cash flows, together with accounting policies and notes, ("Financial Statements") of the Company as at 31 March 2017 and for the year then ended, comply in all material respects with the applicable Sri Lanka Accounting Standards for Small and Medium-sized Entities.

2.1.2 Comparative Information

The accounting policies have been consistently applied by the Company during the year under review with those used in the previous year.

2.2 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

Judgments

In the process of applying the Company's accounting policies, management has made the following judgments, apart from those involving estimations, which has the most significant effect on the amounts recognized in the Financial Statements.

Deferred Tax Assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Allowance for Doubtful Debts:

The Company reviews at each reporting date all receivables to assess whether an allowance should be recorded in the income statement. The Management uses judgement in estimating such amounts in the light of the duration of outstanding and any other factors management is aware of, that indicate uncertainty in recovery.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.3.1 Foreign Currency Translation

The Financial Statements are presented in Sri Lanka Rupees, which is the Company's functional and presentation currency. Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the statement of financial position date. All differences are taken to profit or loss. Non monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

2.3.2 Taxation

Current Taxes

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the date of statement of financial position.

The provision for income tax is based on the elements of income and expenditure as reported in the Financial Statements and computed in accordance with the provisions of the relevant tax legislations.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of comprehensive income.

Deferred Taxation

Deferred income tax is provided, using the liability method, on temporary differences at the statement of financial position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

The carrying amount of deferred income tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the statement of financial position date.

Deferred income tax relating to items recognised directly in equity is recognised in equity and not in the statement comprehensive income.

Sales Tax

Revenues, expenses and assets are recognised net of the amount of sales tax except where the sales tax incurred on a purchase of assets or service is not recoverable from the taxation authorities in which case the sales tax is recognised as a part of the cost of the asset or part of the expense items as applicable and receivable and payable that are stated with the amount of sales tax included. The amount of sales tax recoverable and payable in respect of taxation authorities is included as a part of receivables and payables in the statement of financial position.



2.3.3 Borrowing Costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

2.3.4 Inventories

Inventories are valued at the lower of cost and net realisable value, after making due allowances for obsolete and slow moving items. Net realisable value is the price at which inventories can be sold in the ordinary course of business less the estimated cost of completion and the estimated cost necessary to make the sale.

The cost incurred in bringing inventories to its present location and condition are accounted using the following cost formulae:-

- | | |
|-------------------------------------|--|
| a) Raw Materials | - At actual cost on first-in first-out basis |
| b) Work-in-progress | - At actual cost on Direct Material and Factory Cost |
| c) Finished Goods | - At actual cost on Direct Material and Factory Cost |
| d) Consumables and Goods in Transit | - At actual cost |

2.3.5 Trade and Other Receivables

Trade receivables are stated at the amounts that they are estimated to realise net of provisions for doubtful receivables.

Other receivables and dues from Related Parties are recognised at cost less provision for doubtful receivables.

2.3.6 Cash and Cash Equivalents

Cash and cash equivalents are defined as cash on hand, demand deposits and short term highly liquid investments, readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

For the purpose of cash flow statement, cash and cash equivalents consist of cash on hand and deposits in banks net of outstanding bank overdrafts. Investments with short maturities i.e. three months or less from the date of acquisition are also treated as cash equivalents.

2.3.7 Property, Plant and Equipment

Property, Plant and Equipment is stated at cost, excluding the costs of day to day servicing, less accumulated depreciation and accumulated impairment in value. Such cost includes the cost of replacing part of the Property, Plant and Equipment when that cost is incurred, if the recognition criteria are met.

Depreciation is calculated on a straight line basis over the useful life of the assets.

An item of Property, Plant and Equipment and Investment Property is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognising of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income in the year the asset is derecognised.

The asset's residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each financial year end.



2.3.8 Other non-current Assets

Investments

a) Initial Recognition:

Cost of investment includes purchase cost and acquisition charges such as brokerages, fees, duties and bank regulatory fees. The company distinguishes and presents current and non current investment in the statement of financial position.

b) Measurement

Long Term Investments

Long term investments are stated at cost. Carrying amounts are reduced to recognize a decline other than temporary, determined for each investment individually. These reductions for other than temporary declines in carrying amounts are charged to statement of comprehensive income.

c) Disposal of Investments

On disposal of an investment, the different between net disposals and proceed and the carrying amounts is recognised as income or expense.

2.3.9 Impairment of Non Financial Assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses of continuing operations are recognised in the statement of comprehensive income in those expense categories consistent with the function of the impaired asset.

For assets, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company makes an estimate of recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of comprehensive income.

2.3.10 Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate assets but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense.

2.3.11 Retirement Benefit Obligations

a) Defined Benefit Plan – Gratuity

The Company measures the present value of the promised retirement benefits of gratuity which is a defined benefit plan with the advice of an actuary every financial year using Projected Unit Cost Method.

However, according to the Payment of Gratuity Act No. 12 of 1983, the liability for gratuity payment to an employee arises only after the completion of 5 years of continued service.

The liability is not funded.

b) Provision is made in these Financial Statements for the payment of Non- recurring cost of living gratuity payable to all the employees governed by the collective agreements.

c) Defined Contribution Plans – Employees’ Provident Fund & Employees’ Trust Fund

Employees are eligible for Employees’ Provident Fund Contributions and Employees’ Trust Fund Contributions in line with the respective statutes and regulations. The Company contributes 12% and 3% of gross emoluments of employees to Employees’ Provident Fund and Employees’ Trust Fund respectively.

2.3.12 Warranties

All batteries sold are returnable for any manufacturing defects within 12 months for MF Batteries and within 24 months for UMF Batteries from the date of sale by the distributors.

Provision for manufacturing defects related warranty cost is based on the claims received up to the year end as well as the management estimate of the fair value of the future liabilities to be incurred during the period of warranty completion, on the basis of the past trends of such claims.

Up to 31 March 2002, no provision was made for any outstanding warranties, but expenses as warranties were charged direct to Statement of Comprehensive Income in the period in which goods were returned.

With effect from 01 April 2002, this policy was changed, whereby a provision is recognized for expected warranty claims on products sold during the year based on past experience of the level of returns. It is expected that all of these costs will be incurred in the next financial year.

2.3.13 Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue and associated costs incurred or to be incurred can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable net of trade discounts and sales taxes. The following specific criteria are used for the purpose of recognition of revenue.

a) Sale of Goods

Revenue from sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to buyer; with the Company retaining neither continuing managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold.

b) Interest

Interest Income is recognised as the interest accrues unless collectability is in doubt.



c) Dividends

Dividend Income is recognised when the shareholders' right to receive the payment is established.

d) Rental income

Rental income arising on investment properties is accounted for on a straight-line basis over the lease terms.

e) Others

Other income is recognised on an accrual basis.



Associated Battery Manufacturers (Ceylon) Limited

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2017

3. REVENUE	2017 Rs.	2016 Rs.
Sales of Goods - Local	2,579,667,917	2,320,398,465
Export	133,828,942	20,580,466
	<u>2,713,496,859</u>	<u>2,340,978,931</u>

4. PROPERTY, PLANT AND EQUIPMENT

4.1 Gross Carrying Amounts	Balance As at 01.04.2016 Rs.	Transfers Rs.	Additions /Transfers Rs.	Disposals/ Transfers Rs.	Balance As at 31.03.2017 Rs.
At Cost					
Land	59,475,299	-	-	-	59,475,299
Buildings	59,939,682	-	47,016,910	(3,778,597)	103,177,995
Plant and Machinery	765,761,768	(47,969,165)	86,053,286	(10,544,664)	793,301,225
Motor Vehicles	7,467,590	-	-	(3,551,600)	3,915,990
Tools and Moulds	-	47,969,165	4,189,306	(592,415)	51,566,056
Computer and Electronic Appliances	-	-	606,350	-	606,350
Furniture and Fittings	31,728,211	-	8,110,160	(1,963,128)	37,875,243
Total Value of Depreciable Assets	<u>924,372,550</u>	<u>-</u>	<u>145,976,012</u>	<u>(20,430,404)</u>	<u>1,049,918,158</u>
In the Course of Construction					
Capital Work in Progress	30,883,250	-	62,233,982	(76,351,114)	16,766,118
Total Gross Carrying Amount	<u>955,255,800</u>	<u>-</u>	<u>208,209,994</u>	<u>(96,781,518)</u>	<u>1,066,684,276</u>

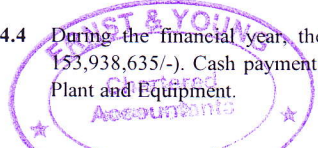
4.2 Depreciation and Impairment

4.2 Depreciation and Impairment	Balance As at 01.04.2016 Rs.	Transfers Rs.	Charge for the year/ Transfers Rs.	Disposals Rs.	Balance As at 31.03.2017 Rs.
At Cost					
Buildings	20,100,034	-	2,457,618	(2,493,025)	20,064,627
Plant and Machinery	446,277,020	(31,984,274)	49,636,285	(10,144,514)	453,784,517
Motor Vehicles	7,332,931	-	50,497	(3,551,600)	3,831,828
Tools and Mould	-	31,984,274	3,340,031	(592,415)	34,731,890
Computer and Electronic Appliance	-	-	12,938	-	12,938
Furniture and Fittings	25,135,154	-	2,619,845	(1,963,128)	25,791,871
Total Depreciation	<u>498,845,139</u>	<u>-</u>	<u>58,117,214</u>	<u>(18,744,682)</u>	<u>538,217,671</u>

4.3 Net Book Values

4.3 Net Book Values	2017 Rs.	2016 Rs.
At Cost		
Land	59,475,299	59,475,299
Buildings	83,113,368	39,839,648
Plant and Machinery	339,516,708	319,484,749
Motor Vehicles	84,162	134,660
Tools and Mould	16,834,166	-
Computer and Electronic Appliance	593,412	-
Furniture and Fittings	12,083,372	6,593,058
	<u>511,700,487</u>	<u>425,527,414</u>
In the Course of Construction		
Capital Work in Progress	16,766,118	30,883,250
Total Carrying Amount of Property, Plant and Equipment	<u>528,466,605</u>	<u>456,410,663</u>

4.4 During the financial year, the Company acquired Property, Plant and Equipment to the aggregate value of Rs. 131,858,880/- (2016 - Rs. 153,938,635/-). Cash payments amounting to Rs.131,858,880/- (2016 - Rs. 153,938,635/-) were made during the year for purchase of Property, Plant and Equipment.



NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2017

4. PROPERTY, PLANT AND EQUIPMENT (Contd..)

4.5 The useful lives of the assets is estimated as follows:

	2017	2016
Buildings on Freehold Land	30 Years	30 Years
Plant & Machinery	10 Years	10 Years
Motor Vehicles	4 Years	4 Years
Tools & Mould	10 Years	-
Computer & Electronic Appliance	4 Years	-
Furniture and Fittings	5 Years	5 Years

4.6 Property, Plant and Equipment includes fully depreciated assets having a gross carrying amounts of Rs. 391,266,164.8/- (2016 - Rs. 293,584,853/-).

4.7 Cost amounting to Rs.47,969,165/- included in Plant & Machinery has been reclassified to Tools & Moulds (Additions/Transfers), due to better presentation. Accordingly accumulated depreciation amounting to Rs.31,984,274/- included in Plant & machinery (Disposals/transfers) has been reclassified to Tools & Moulds (Charge for the year/transfers).

5. INTANGIBLE ASSETS

5.1 Gross Carrying Amounts

	Balance As at 01.04.2016 Rs.	Additions /Transfers Rs.	Disposals/ Transfers Rs.	Balance As at 31.03.2017 Rs.
At Cost				
Computer Software	-	8,985,744	-	8,985,744
	-	8,985,744	-	8,985,744
In the course of Implementation	7,388,366	1,597,378	(8,985,744)	-
	7,388,366	1,597,378	(8,985,744)	-

5.2 Amortization and Impairment

	Balance As at 01.04.2016 Rs.	Additions /Transfers Rs.	Disposals/ Transfers Rs.	Balance As at 31.03.2017 Rs.
At Cost				
Computer Software	-	478,525	-	478,525
	-	478,525	-	478,525

5.3 Net Book Values

	2017 Rs.	2016 Rs.
Computer Software	8,507,219	7,388,366

6. INVENTORIES

	2017 Rs.	2016 Rs.
Raw Materials	203,789,426	147,855,734
Work in Progress	271,073,275	175,123,824
Finished Goods	81,120,314	32,818,589
Consumables and Spares	35,663,319	34,906,484
	591,646,334	390,704,631



NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2017

7. TRADE AND OTHER RECEIVABLES

	Current 2017 Rs.	Non-Current 2017 Rs.	Total 2017 Rs.	Current 2016 Rs.	Non-Current 2016 Rs.	Total 2016 Rs.
Trade Debtors - Related Parties (7.1)	531,439,824	-	531,439,824	397,909,573	-	397,909,573
- Other	30,400,508	-	30,400,508	885,162	-	885,162
Other Debtors - Related Parties (7.2)	3,096,043	-	3,096,043	4,497,118	-	4,497,118
- Other	123,656,657	-	123,656,657	36,730,802	-	36,730,802
Loans to company employees	3,538,079	4,485,722	8,023,801	3,596,286	6,395,030	9,991,316
Prepaid staff cost	-	1,425,369	1,425,369	-	3,226,380	3,226,380
	<u>692,131,111</u>	<u>5,911,091</u>	<u>698,042,202</u>	<u>443,618,942</u>	<u>9,621,410</u>	<u>453,240,351</u>

7.1 Trade Debtors - Related Parties

	Relationship	2017 Rs.	2016 Rs.
Browns & Company PLC	Significant Investor	416,518,555	313,196,763
Klevenberg (Pvt) Limited	Other Related Party	83,487,387	71,152,187
Exide Industries Ltd	Parent Company	-	7,334,508
Chloride Batteries S.E. Asia Pte Ltd	Other Related Party	31,433,882	6,226,114
		<u>531,439,824</u>	<u>397,909,573</u>

7.2 Other Debtors - Related Parties

	Relationship	2017 Rs.	2016 Rs.
Browns & Company PLC	Significant Investor	512,204	1,320,980
Browns Thermal Engineering (Pvt) Ltd	Other Related Party	2,583,839	3,176,138
		<u>3,096,043</u>	<u>4,497,118</u>

8. STATED CAPITAL

	2017		2016	
	Number	Rs.	Number	Rs.
Fully Paid Ordinary Shares	6,336,000	63,360,000	6,336,000	63,360,000
	<u>6,336,000</u>	<u>63,360,000</u>	<u>6,336,000</u>	<u>63,360,000</u>

9. RESERVES

	2017 Rs.	2016 Rs.
Revenue Reserves	82,799,732	82,799,732
	<u>82,799,732</u>	<u>82,799,732</u>

	2017 Rs.	2016 Rs.
9.1 At the Beginning of Year	82,799,732	82,799,732
Transfers During the Year	-	-
Transfers from Earnings	-	-
At the End of the Year	<u>82,799,732</u>	<u>82,799,732</u>



10. INTEREST BEARING LOANS AND BORROWINGS

	Current 2017 Rs.	Non Current 2017 Rs.	Total 2017 Rs.	Current 2016 Rs.	Non Current 2016 Rs.	Total 2016 Rs.
Loans	157,369,963	-	157,369,963	61,919,151	27,210,516	89,129,667
Bank Overdrafts	104,111,923	-	104,111,923	3,044,146	-	3,044,146
	<u>261,481,886</u>	<u>-</u>	<u>261,481,886</u>	<u>64,963,297</u>	<u>27,210,516</u>	<u>92,173,813</u>

Bank Loans		As At 01.04.2016 Rs.	Loans Obtained Rs.	Repayment Rs.	As At 31.03.2017 Rs.
Term Loans	HSBC	89,129,667	-	(61,919,151)	27,210,516
TR Loans	DFCC Bank PLC	-	550,101,222	(419,941,775)	130,159,447
		<u>89,129,667</u>	<u>550,101,222</u>	<u>(481,860,926)</u>	<u>157,369,963</u>

Term Loans

Security

Plant and Machinery

Repayment terms

Payable within 36 months

11. INCOME TAX

The major components of income tax expense for the years ended 31 March are as follows :

Income Statement	2017 Rs.	2016 Rs.
Current Income Tax		
Current Income Tax charge	47,601,906	39,649,415
Under/(Over) Provision of current taxes in respect of prior years	3,311,821	(228,456)
Deferred Income Tax		
Deferred Taxation Charge/(Reversal)	19,555,746	18,262,056
Income tax expense reported in the Income Statement	<u>70,469,473</u>	<u>57,683,015</u>

11.1 A reconciliation between tax expense and the product of accounting profit multiplied by the statutory tax rate is as follows :

	2017 Rs.	2016 Rs.
Accounting Profit before Income Tax	241,657,682	205,855,961
Aggregate Disallowable items	69,729,013	53,722,110
Aggregate Allowable items	(136,567,607)	(118,273,548)
Taxable profit	<u>174,819,088</u>	<u>141,304,523</u>

Income tax rate of 28% & 12%

Income tax expense reported in the income statement	47,601,906	39,649,415
	<u>47,601,906</u>	<u>39,649,415</u>



NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2017

11. INCOME TAX (Contd..)

11.2 Deferred Tax Assets , Liabilities and Income Tax relates to the followings :

	Balance Sheet		Income Statement	
	2017	2016	2017	2016
	Rs.	Rs.	Rs.	Rs.
Deferred Tax Liability				
Capital allowances for tax purposes	69,298,432	53,150,468	16,147,964	15,749,266
Effect of re-estimation of useful lives of fully depreciated assets				
	609,174	609,174	-	-
	<u>69,907,606</u>	<u>53,759,642</u>	<u>16,147,964</u>	<u>15,749,266</u>
Deferred Tax Assets				
Defined Benefit Plans	(9,264,413)	(13,698,140)	4,433,727	2,512,790
Warranty Provision	(6,233,027)	(5,207,082)	(1,025,945)	-
	<u>(15,497,440)</u>	<u>(18,905,222)</u>	<u>3,407,782</u>	<u>2,512,790</u>
Deferred income tax (income) / expense			<u>19,555,746</u>	<u>18,262,056</u>
Net Deferred Tax Liability	<u>54,410,166</u>	<u>34,854,420</u>		

12. RETIREMENT BENEFIT LIABILITY

	2017	2016
	Rs.	Rs.
Gratuity opening balance	48,921,930	57,896,179
(+) Provision made during the year	8,482,970	4,800,997
(-) Impact of change in gratuity measurement method	(17,890,809)	-
(-) Payments during the year	(6,426,902)	(13,775,246)
Gratuity Closing balance	<u>33,087,189</u>	<u>48,921,930</u>

13. TRADE AND OTHER PAYABLES

	2017	2016
	Rs.	Rs.
Trade Creditors - Related Parties (13.1)	18,606,104	26,065,241
Trade Creditors - Other	532,655,011	289,382,540
Other Creditor - Related Party	9,494,607	-
Other Creditors & Payables	70,079,692	63,838,651
	<u>630,835,414</u>	<u>379,286,432</u>

13.1 Trade Creditors - Related Parties

	Relationship	2017	2016
		Rs.	Rs.
Browns & Company PLC	Significant Investor	993,525	1,800,960
Klevenberg (Pvt) Ltd	Significant Investor	154,720	399,600
Browns Thermal Engineering (Pvt) Ltd	Other Related Party	17,457,859	23,864,681
		<u>18,606,104</u>	<u>26,065,241</u>

13.2 Other Creditors - Related Parties

	Relationship	2017	2016
		Rs.	Rs.
Exide Industries Ltd	Parent Company	9,494,607	-
		<u>9,494,607</u>	<u>-</u>

14. PROVISIONS

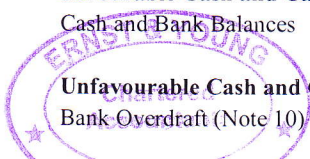
	2017	2016
	Rs.	Rs.
Warranty provision		
Opening balance	18,596,722	18,596,722
(+) Charge for the year	34,926,887	25,485,844
(-) Payments/ Payables during the year	(31,267,797)	(25,485,844)

Associated Battery Manufacturers (Ceylon) Limited

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2017

15. OTHER INCOME AND GAINS	2017 Rs.	2016 Rs.
Interest income	113,410	946,012
Sundry income	16,811,674	7,747,891
Sale of Property, Plant & Equipment	3,077,579	4,788,453
Rental Income	352,385	1,426,073
Fair value adjustment on staff loans	1,942,006	1,855,856
	<u>22,297,054</u>	<u>16,764,285</u>
16. FINANCE COST	2017 Rs.	2016 Rs.
Interest Expense on Overdrafts	12,475,594	2,566,220
Interest Expense on Interest Bearing Loans & Borrowings	19,871,006	9,027,443
	<u>32,346,600</u>	<u>11,593,663</u>
17. PROFIT/(LOSS) FROM CONTINUING OPERATIONS	2017 Rs.	2016 Rs.
Stated after Charging /(Crediting)		
Included in Cost of Sales		
Employees Benefits	220,773,731	216,603,847
Depreciation	<u>58,595,737</u>	<u>41,717,727</u>
Included in Administrative Expenses		
Employees Benefits including the following	30,413,851	47,795,087
- Defined Benefit Plan Costs - Gratuity	8,482,970	1,873,300
- Defined Contribution Plan Costs - EPF & ETF	2,285,565	1,993,446
Exchange Differences	-	1,560,033
Auditor's Fees and Expenses	696,000	720,000
Legal and Professional Fees	<u>769,616</u>	<u>825,933</u>
18. EARNINGS PER SHARE	2017 Rs.	2016 Rs.
Net Profit / (Loss) Attributable to Ordinary Shareholders	171,188,209	148,172,946
	<u>171,188,209</u>	<u>148,172,946</u>
	2017 Number	2016 Number
Number of ordinary shares	6,336,000	6,336,000
	<u>6,336,000</u>	<u>6,336,000</u>
Earnings per share	<u>27.02</u>	<u>23.39</u>
19. CASH AND CASH EQUIVALENTS IN THE CASH FLOW STATEMENT		
Components of Cash and Cash Equivalents	2017 Rs.	2016 Rs.
Favourable Cash and Cash Equivalents balance		
Cash and Bank Balances	3,682,148	19,529,981
	<u>3,682,148</u>	<u>19,529,981</u>
Unfavourable Cash and Cash Equivalent Balances		
Bank Overdraft (Note 10)	(104,111,923)	(3,044,146)
	<u>(104,111,923)</u>	<u>(3,044,146)</u>



Associated Battery Manufacturers (Ceylon) Limited

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2017

20. RELATED PARTY DISCLOSURES

Details of significant Related Party disclosures are as follows:

20.1 Transactions with the Parent Entity and Other Related Companies

Nature of Transaction	Parent Company		Other Related Companies	
	2017 Rs.	2016 Rs.	2017 Rs.	2016 Rs.
Balance as at Beginning of the Year	7,334,509	-	369,006,941	342,300,575
Sale of Goods	-	14,252,178	2,881,803,932	2,629,998,102
Purchase of Goods and Cost of Services / Machinery	-	(18,193,920)	(137,655,135)	(140,787,163)
Dividends Paid (Net of Taxes)	(64,294,560)	(28,055,808)	(40,249,440)	(17,563,392)
Royalty Fees (Paid and Accrued)	(9,494,607)	(10,224,360)	-	-
Net Payments	56,960,051	49,556,419	(2,556,976,536)	(2,444,941,181)
Balance as at End of the Year	<u>(9,494,607)</u>	<u>7,334,509</u>	<u>515,929,762</u>	<u>369,006,941</u>

Related companies include:

Name	Relationship
Exide Industries Limited - India	Parent Company
S.F.L Services (Pvt) Ltd	Significant Investor
Brown and Company PLC	Significant Investor
Chloride Batteries S E Asia Pte Limited	Other Related Party
Klevenberg (Pvt) Limited	Other Related Party
Browns Thermal Engineering Pvt Ltd	Other Related Party

20.2 Transactions with Key Management Personnel of the Company or its Parent

The Key Management Personnel of the Company are the members of its Board of Directors and that of its Parent.

a) Key Management Personnel Compensation

	2017 Rs.	2016 Rs.
Short-term Employee Benefits	9,612,827	8,758,524
	<u>9,612,827</u>	<u>8,758,524</u>

21. EVENTS OCCURRING AFTER THE REPORTING DATE

There have been no material events occurring after the reporting date that require adjustments to or disclosure in the financial statements.

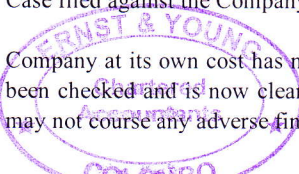
22. COMMITMENTS AND CONTINGENCIES

22.1 The company has received the tax assessments on 04/03/2014 and 04/04/2014 for additional tax liability amounting to Rs. 59.2 Mn and for Income Tax, Value Added Tax. Based on the initial appeal company has received a revised assessment on 15.06.2015 and the liability has reduced to Rs. 28.6 Mn. The company has taken necessary actions to further appeal against this liability and out come of which can not be ascertained as at the reporting date.

22.2 A Case has been filed against the Company with respect of the Public Nuisance and the Case is based on the Public Nuisance caused by the impact to the environment as a result of dumping of wastes of the Company at a remote area in Kalutara.

Case filed against the Company is still pending at the Horana Magistrate Court.

Company at its own cost has now taken steps to rectify the environment impact and subsequent the water of the affected area has been checked and is now clear according to the recent reports. The management is of the view that the outcome of the litigation may not cause any adverse financial impact on the company.



23. ASSETS PLEDGED

The following assets have been pledged as security for liabilities.

Nature of Assets	Nature of Liability	2017 Rs.	2016 Rs.
Immovable Properties			
- Land & Building at Rathmalana	Mortgaged to DFCC Bank PLC in connection with the bank Loans	134,861,741	98,314,947
- Plant & Machinery	Mortgaged to DFCC Bank PLC and HSBC Bank in connection with the bank Loans	339,516,708	319,484,749
Inventories	Concurrent mortgaged to DFCC Bank PLC, Commercial Bank of Ceylon PLC and HSBC	591,646,334	390,704,631
Trade Debtors	for TR Loan and Overdraft facilities	561,840,332	398,794,735

