

**ASSOCIATED BATTERY MANUFACTURERS (CEYLON)
LIMITED**

FINANCIAL STATEMENTS

31 MARCH 2019

BW/MJA/JJ

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

Report on the Financial Statements

Opinion

We have audited the financial statements of Associated Battery Manufacturers (Ceylon) Limited, ("the Company"), which comprise the statement of financial position as at 31 March 2019, and the statement of comprehensive income, statement of changes in equity and, statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2019, and of their 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).

Basis for opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by CA Sri Lanka (Code of Ethics) and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SLAuSs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

(Contd...2/)



As part of an audit in accordance with SLAuSs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

As required by section 163 (2) of the Companies Act No. 07 of 2007, 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.

12 April 2019
Colombo

STATEMENT OF FINANCIAL POSITION

As at 31 March 2019

	Note	2019 Rs.	2018 Rs.
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	4	622,070,625	560,040,258
Intangible Assets	5	12,286,684	7,433,031
Loans to company employees	7	5,538,666	5,832,212
		<u>639,895,975</u>	<u>573,305,501</u>
Current Assets			
Inventories	6	1,270,180,922	992,249,246
Trade and Other Receivables	7	1,003,941,488	920,812,670
Cash and Cash Equivalents	19	300,680	35,903,200
		<u>2,274,423,090</u>	<u>1,948,965,116</u>
Total Assets		<u>2,914,319,065</u>	<u>2,522,270,617</u>
EQUITY AND LIABILITIES			
Equity			
Stated Capital	8	63,360,000	63,360,000
Reserves	9	82,799,732	82,799,732
Retained Earnings		938,670,520	807,676,738
		<u>1,084,830,252</u>	<u>953,836,470</u>
Non-Current Liabilities			
Differed Tax Liability	11	71,627,623	71,195,826
Retirement Benefit Liability	12	32,453,504	33,935,672
Interest Bearing Loans and Borrowings	10	86,570,976	40,344,094
		<u>190,652,103</u>	<u>145,475,592</u>
Current Liabilities			
Trade and Other Payables	13	867,400,707	940,946,364
Interest Bearing Loans and Borrowings	10	699,673,080	429,937,435
Income Tax Payable		26,512,577	22,511,470
Warranty Provisions	14	45,250,346	29,563,286
		<u>1,638,836,710</u>	<u>1,422,958,555</u>
Total Equity and Liabilities		<u>2,914,319,065</u>	<u>2,522,270,617</u>

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

Head - Finance

Director

Director

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



STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 March 2019

	Note	2019 Rs.	2018 Rs.
Revenue	3	3,453,678,182	3,357,563,976
Cost of Sales		(3,065,291,613)	(2,955,099,399)
Gross Profit		<u>388,386,569</u>	<u>402,464,577</u>
Other Income and Gains	15	17,783,106	12,613,644
Administrative Expenses		(81,387,639)	(94,134,187)
Finance Cost	16	(81,975,554)	(49,061,883)
Profit/ (Loss) Before tax	17	<u>242,806,482</u>	<u>271,882,151</u>
Income Tax Expense	11	(67,460,700)	(77,695,571)
Profit/ (Loss) for the year		<u>175,345,782</u>	<u>194,186,580</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>175,345,782</u>	<u>194,186,580</u>
Earnings Per Share	18	27.67	30.65
Dividends Per Share		7.00	8.00

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



STATEMENTS OF CHANGES IN EQUITY

Year ended 31 March 2019

	Stated Capital Rs.	Revenue Reserve Rs.	Retained Earnings Rs.	Total Rs.
Balance as at 1 April 2017	63,360,000	82,799,732	664,178,158	810,337,890
Net profit for the Period	-	-	194,186,580	194,186,580
Dividends - 2017/2018	-	-	(50,688,000)	(50,688,000)
Balance as at 31 March 2018	63,360,000	82,799,732	807,676,738	953,836,470
Net profit for the Period	-	-	175,345,782	175,345,782
Dividends - 2018/2019	-	-	(44,352,000)	(44,352,000)
Balance as at 31 Mar 2019	63,360,000	82,799,732	938,670,520	1,084,830,252

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



STATEMENT OF CASH FLOWS

Year ended 31 March 2019

	2019 Rs.	2018 Rs.
Cash Flows From / (Used in) Operating Activities		
Profit/(loss) before tax from continuing operations	242,806,482	271,882,151
Adjustments for		
Depreciation	66,654,344	57,673,125
Amortization	2,025,187	811,483
Income from Investments	(106,782)	(93,158)
(Profit)/Loss on sales of Property, Plant and Equipment	(3,110,000)	-
Finance Costs	81,975,554	49,061,883
Warranty Provision	56,158,475	37,430,479
Provision for Defined Benefit Plans	4,587,026	6,502,174
Amortisation of pre paid cost on staff loan	2,214,930	2,787,849
Fair value adjustment on staff loans	(2,214,930)	(2,787,849)
Operating Profit/(Loss) before Working Capital Changes	450,990,286	423,268,137
(Increase)/ Decrease in Inventories	(277,931,676)	(400,602,912)
(Increase)/ Decrease in Trade and Other Receivables	(82,835,276)	(228,602,676)
Increase/ (Decrease) in Trade and Other Payables	(73,545,657)	310,110,950
Cash Generated from Operations	16,677,677	104,173,499
Defined Benefit Plan Costs paid	(6,069,194)	(5,653,691)
Income Tax Paid	(63,027,795)	(56,329,593)
Warranty Payments	(40,471,415)	(30,128,006)
Net Cash From/(Used in) Operating Activities	(92,890,726)	12,062,208
Cash Flows from / (Used in) Investing Activities		
Acquisition of Property, Plant and Equipment	(128,684,710)	(88,172,590)
Acquisition of Intangible Assets	(6,878,840)	(811,483)
Proceeds from Sale of Property, Plant and Equipment	3,110,000	-
Interest Received	106,782	93,158
Net Cash Flows from/(Used in) Investing Activities	(132,346,768)	(88,890,915)
Cash Flows from/(Used in) Financing Activities		
Proceeds From Interest Bearing Loans and Borrowings	1,752,358,624	1,299,286,020
Repayment of Interest Bearing Loans and Borrowings	(1,501,091,807)	(1,152,192,771)
Dividends Paid	(44,352,000)	(50,688,000)
Finance Cost paid	(81,975,554)	(49,061,883)
Net Cash Flows from/(Used in) Financing Activities	124,939,263	47,343,366
Effect of Exchange Rate Changes on Cash and Cash Equivalents		
Net Increase/(Decrease) in Cash and Cash Equivalents	(100,298,231)	(29,485,341)
Cash and Cash Equivalents at the beginning of the year	(129,915,116)	(100,429,775)
Cash and Cash Equivalents at the end of the year	(230,213,347)	(129,915,116)

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 automobiles 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 2019 were authorized for issue in accordance with a resolution of the Board of Directors on 12 April 2019.



2. GENERAL POLICIES

2.1 Basis of Preparation

The Financial Statements which comprise the Statement of Financial Position as at 31 March 2019, 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 2019 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 recognized directly in equity is recognized 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 recognized 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 recognized 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 utilized 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 utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized 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 recognized directly in equity is recognized in equity and not in the statement comprehensive income.

Sales Tax

Revenues, expenses and assets are recognized 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 recognized 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 recognized 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 realizable value, after making due allowances for obsolete and slow moving items. Net realizable 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 realize net of provisions for doubtful receivables.

Other receivables and dues from Related Parties are recognized 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 derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognizing 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 derecognized.

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 recognized 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 recognized 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 recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company makes an estimate of recoverable amount. A previously recognized 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 recognized. 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 recognized for the asset in prior years. Such reversal is recognized 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 recognized 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 recognized 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 recognized 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 recognized as the interest accrues unless collectability is in doubt.



c) Dividends

Dividend Income is recognized 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 recognized on an accrual basis.



NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2019

3. REVENUE		2019 Rs.	2018 Rs.			
Sales of Goods - Local		3,373,285,633	3,144,724,737			
- Export		80,392,549	212,839,239			
		<u>3,453,678,182</u>	<u>3,357,563,976</u>			
4. PROPERTY, PLANT AND EQUIPMENT						
4.1 Gross Carrying Amounts	Balance As at 01.04.2018 Rs.	Transfers Rs.	Additions/ Transfers Rs.	Disposals/ Transfers Rs.	Balance As at 31.03.2019 Rs.	
At Cost						
Land	59,475,299	-	-	-	59,475,299	
Buildings	124,722,615	-	216,128	-	124,938,743	
Plant and Machinery	823,680,012	-	123,029,028	-	946,709,040	
Motor Vehicles	3,915,990	-	-	(3,714,000)	201,990	
Tools & Mould	53,813,782	-	14,044,991	(14,162,878)	53,695,894	
Computer & Electronic Appliance	1,637,775	-	1,818,400	-	3,456,175	
Furniture and Fittings	41,810,449	-	999,156	-	42,809,605	
Total Value of Depreciable Assets	<u>1,109,055,922</u>	<u>-</u>	<u>140,107,703</u>	<u>(17,876,878)</u>	<u>1,231,286,746</u>	
In the Course of Construction						
Capital Work in Progress	45,800,944	-	39,864,260	(51,287,252)	34,377,952	
Total Gross Carrying Amount	<u>1,154,856,866</u>	<u>-</u>	<u>179,971,962</u>	<u>(69,164,130)</u>	<u>1,265,664,698</u>	
4.2 Depreciation and Impairment	Balance As at 01.04.2018 Rs.	Transfers Rs.	Reinstate Rs.	Charge for the year/ Transfers Rs.	Disposals/ Transfers Rs.	Balance As at 31.03.2019 Rs.
At Cost						
Buildings	24,066,684	-	-	4,411,703	-	28,478,387
Plant and Machinery	499,712,188	-	-	54,859,268	-	554,571,456
Motor Vehicles	3,882,325	-	-	33,665	(3,714,000)	201,990
Tools & Mould	37,951,029	-	-	2,982,572	(14,162,878)	26,770,722
Computer & Electronic Appliance	269,284	-	-	682,154	-	951,438
Furniture and Fittings	28,935,098	-	-	3,684,982	-	32,620,080
Total Depreciation	<u>594,816,608</u>	<u>-</u>	<u>-</u>	<u>66,654,343</u>	<u>(17,876,878)</u>	<u>643,594,073</u>
4.3 Net Book Values				2019 Rs.	2018 Rs.	
At Cost						
Land				59,475,299	59,475,299	
Buildings				96,460,356	100,655,931	
Plant and Machinery				392,137,584	323,967,824	
Motor Vehicles				-	33,665	
Tools & Mould				26,925,172	15,862,753	
Computer & Electronic Appliance				2,504,737	1,368,491	
Furniture and Fittings				10,189,525	12,875,351	
				<u>587,692,673</u>	<u>514,239,314</u>	
In the Course of Construction						
Capital Work in Progress				34,377,952	45,800,944	
Total Carrying Amount of Property, Plant and Equipment				<u>622,070,625</u>	<u>560,040,258</u>	

4.4 During the financial year, the Company acquired Property, Plant and Equipment to the aggregate value of Rs. 128,684,710/- (2018 - Rs. 88,172,590/-). Cash payments amounting to Rs.128,684,710/- (2018 - Rs. 88,172,590/-) were made during the year for purchase of Property, Plant and Equipment.



NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2019

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

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

	2019	2018
Buildings on Freehold Land	30 Years	30 Years
Plant & Machinery	10 Years	10 Years
Motor Vehicles	4 Years	4 Years
Tools & Mould	10 Years	10 Years
Computer & Electronic Appliance	4 Years	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. 389,878,694/- (2018 - Rs. 399,751,550/-).

5. INTANGIBLE ASSETS

5.1 Gross Carrying Amounts

	Balance As at 01.04.2018 Rs.	Additions/ Transfers Rs.	Disposals/ Transfers Rs.	Balance As at 31.03.2019 Rs.
At Cost				
Computer Software	9,797,227	429,400	-	10,226,627
Development Cost	-	6,449,440	-	6,449,440
	<u>9,797,227</u>	<u>6,878,840</u>	<u>-</u>	<u>16,676,067</u>

5.2 Amortization and Impairment

	Balance As at 01.04.2018 Rs.	Additions/ Transfers Rs.	Disposals/ Transfers Rs.	Balance As at 31.03.2019 Rs.
At Cost				
Computer Software	2,364,196	2,025,187	-	4,389,383
Development Cost	-	-	-	-
	<u>2,364,196</u>	<u>2,025,187</u>	<u>-</u>	<u>4,389,383</u>

5.3 Net Book Values

	2019 Rs.	2018 Rs.
Computer Software	5,837,244	7,433,031
Development Cost	6,449,440	-
	<u>12,286,684</u>	<u>7,433,031</u>

6. INVENTORIES

	2019 Rs.	2018 Rs.
Raw Materials	233,170,022	294,714,541
Work in Progress	917,985,901	545,005,779
Finished Goods	84,279,625	115,742,515
Consumables and Spares	34,745,374	36,786,411
	<u>1,270,180,922</u>	<u>992,249,246</u>



NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2019

7. TRADE AND OTHER RECEIVABLES

	Current 2019 Rs.	Non-Current 2019 Rs.	Total 2019 Rs.	Current 2018 Rs.	Non-Current 2018 Rs.	Total 2018 Rs.
Trade Debtors -	838,941,627	-	838,941,627	733,194,573	-	733,194,573
Related Parties (7.1)						
- Other	15,463,817	-	15,463,817	16,927,212	-	16,927,212
Other Debtors -	10,389,420	-	10,389,420	7,859,075	-	7,859,075
Related Parties (7.2)						
- Other	138,882,617	-	138,882,617	160,710,086	-	160,710,086
Loans to company employees	264,007	-	264,007	2,121,724	-	2,121,724
Prepaid staff cost	-	5,538,666	5,538,666	-	5,832,212	5,832,212
	<u>1,003,941,488</u>	<u>5,538,666</u>	<u>1,009,480,154</u>	<u>920,812,670</u>	<u>5,832,212</u>	<u>926,644,882</u>

7.1 Trade Debtors - Related Parties

	Relationship	2019 Rs.	2018 Rs.
Browns & Company PLC	Significant Investor	695,686,384	564,310,206
Klevenberg (Pvt) Limited	Other Related Party	143,255,243	140,584,928
Chloride Batteries S.E. Asia Pte Ltd	Other Related Party	-	28,299,439
		<u>838,941,627</u>	<u>733,194,573</u>

7.2 Other Debtors - Related Parties

	Relationship	2019 Rs.	2018 Rs.
Browns & Company PLC	Significant Investor	3,277,367	1,557,057
Browns Thermal Engineering (Pvt) Ltd	Other Related Party	7,112,053	6,302,019
		<u>10,389,420</u>	<u>7,859,075</u>

8. STATED CAPITAL

	2019 Number	Rs.	2018 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

	2019 Rs.	2018 Rs.
Revenue Reserves	82,799,732	82,799,732
	<u>82,799,732</u>	<u>82,799,732</u>

	2019 Rs.	2018 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>



NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2019

10. INTEREST BEARING LOANS AND BORROWINGS

	Current 2019 Rs.	Non Current 2019 Rs.	Total 2019 Rs.	Current 2018 Rs.	Non Current 2018 Rs.	Total 2018 Rs.
Loans	469,159,053	86,570,976	555,730,029	264,119,119	40,344,094	304,463,213
Bank Overdrafts	230,514,027	-	230,514,027	165,818,316	-	165,818,316
	<u>699,673,080</u>	<u>86,570,976</u>	<u>786,244,056</u>	<u>429,937,435</u>	<u>40,344,094</u>	<u>470,281,529</u>

Bank Loans		As At 1-Jan-2000 Rs.	Loans Obtained Rs.	Repayment Rs.	As At 31.03.2019 Rs.
Term Loans	SCB	40,344,094	-	(40,344,094)	-
TR Loans	HSBC	22,279,404	500,075,788	(328,196,732)	194,158,460
TR Loans	DFCC Bank PLC	241,839,714	1,252,282,836	(1,132,550,981)	361,571,569
		<u>304,463,212</u>	<u>1,752,358,624</u>	<u>(1,501,091,807)</u>	<u>555,730,029</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 Period ended 30 September are as follows :

Income Statement	2019 Rs.	2018 Rs.
Current Income Tax		
Current Income Tax charge	67,028,902	59,368,110
Under/(Over) Provision of current taxes in respect of prior years	-	1,541,801
Deferred Income Tax		
Deferred Taxation Charge/(Reversal)	431,797	16,785,660
Income tax expense reported in the Income Statement	<u>67,460,700</u>	<u>77,695,571</u>

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

	2019 Rs.	2018 Rs.
Accounting Profit before Income Tax	242,806,482	271,882,151
Aggregate Disallowable items	129,554,532	111,849,403
Aggregate Allowable items	(132,972,077)	(163,931,411)
Taxable profit	<u>239,388,937</u>	<u>219,800,143</u>
Income tax rate of 28% & 12%		
Income tax expense reported in the income statement	67,028,902	59,368,110
	<u>67,028,902</u>	<u>59,368,110</u>



NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2019

11. INCOME TAX (Contd..)

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

	Balance Sheet		Income Statement	
	2019 Rs.	2018 Rs.	2019 Rs.	2018 Rs.
Deferred Tax Liability				
Capital allowances for tax purposes	92,793,536	88,366,360	4,427,177	19,067,928
Effect of re-estimation of useful lives of fully depreciated assets	609,174	609,174	-	-
	<u>93,402,710</u>	<u>88,975,534</u>	<u>4,427,177</u>	<u>19,067,928</u>
Deferred Tax Assets				
Defined Benefit Plans	(9,104,991)	(9,501,988)	396,997	(237,575)
Warranty Provision	(12,670,097)	(8,277,720)	(4,392,377)	(2,044,693)
	<u>(21,775,088)</u>	<u>(17,779,708)</u>	<u>(3,995,379)</u>	<u>(2,282,268)</u>
Deferred income tax (income) / expense			<u>431,797</u>	<u>16,785,660</u>
Net Deferred Tax Liability	<u>71,627,623</u>	<u>71,195,826</u>		

12. RETIREMENT BENEFIT LIABILITY

	2019 Rs.	2018 Rs.
Gratuity opening balance	33,935,672	33,087,189
(+) Provision made during the year	5,406,805	6,029,630
(-) Reversal due to Gratuity Liability based on the Actuarial Valuation method	(819,779)	472,544
(-) Payments during the year	(6,069,194)	(5,653,691)
Gratuity Closing balance	<u>32,453,504</u>	<u>33,935,672</u>

13. TRADE AND OTHER PAYABLES

	2019 Rs.	2018 Rs.
Trade Creditors - Related Parties (13.1)	41,325,811	21,433,567
Trade Creditors - Other	730,433,151	814,788,059
Other Creditors - Related Parties (13.2)	16,395,919	10,430,052
Other Creditors & Payables	79,245,827	94,294,687
	<u>867,400,707</u>	<u>940,946,364</u>

13.1 Trade Creditors - Related Parties

	Relationship	2019 Rs.	2018 Rs.
Browns & Company PLC	Significate Investor	6,348,226	4,182,415
Klevenberg (Pvt) Ltd	Significate Investor	5,018,280	2,704,455
Browns Thermal Engineering (Pvt) Ltd	Other Related Party	18,837,355	14,546,697
Chloride Metals Ltd	Other Related Party	11,121,950	-
		<u>41,325,811</u>	<u>21,433,567</u>

13.2 Other Creditors - Related Parties

	Relationship	2019 Rs.	2018 Rs.
Exide Industries Ltd	Parent Company	15,706,818	10,430,052
Chloride Batteries S.E. Asia Pte Ltd	Other Related Party	689,101	-
		<u>16,395,919</u>	<u>10,430,052</u>

14. PROVISIONS

	2019 Rs.	2018 Rs.
Warranty provision		
Opening balance	29,563,285	22,260,812
(+) Charge for the year	56,158,475	37,430,479
(-) Payments / Payables during the year	(40,471,415)	(30,128,006)
Closing balance	<u>45,250,346</u>	<u>29,563,286</u>



NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2019

15. OTHER INCOME AND GAINS	2019	2018
	Rs.	Rs.
Interest income	106,782	93,158
Sundry income	12,351,394	9,732,637
Sale of Property, Plant & Equipment	3,110,000	-
Fair value adjustment on staff loans	2,214,930	2,787,849
	<u>17,783,106</u>	<u>12,613,644</u>
16. FINANCE COST	2019	2018
	Rs.	Rs.
Interest Expense on Overdrafts	19,829,899	14,957,800
Interest Expense on Interest Bearing Loans & Borrowings	62,145,655	34,104,083
	<u>81,975,554</u>	<u>49,061,883</u>
17. PROFIT/(LOSS) FROM CONTINUING OPERATIONS	2019	2018
Stated after Charging /(Crediting)	Rs.	Rs.
Included in Cost of Sales		
Employees Benefits	286,555,414	259,179,264
Depreciation	<u>68,679,531</u>	<u>58,484,608</u>
Included in Administrative Expenses		
Employees Benefits including the following	42,053,303	37,277,293
- Defined Contribution Plan Costs - EPF & ETF	4,211,715	3,585,549
Auditor's Fees and Expenses	1,043,776	1,169,316
Legal and Professional Fees	<u>1,293,051</u>	<u>849,051</u>
18. EARNINGS PER SHARE	2019	2018
	Rs.	Rs.
Net Profit / (Loss) Attributable to Ordinary Shareholders	175,345,782	194,186,580
	<u>175,345,782</u>	<u>194,186,580</u>
	2019	2018
	Number	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>27.67</u>	<u>30.65</u>
19. CASH AND CASH EQUIVALENTS IN THE CASH FLOW STATEMENT		
Components of Cash and Cash Equivalents	2019	2018
	Rs.	Rs.
Favourable Cash and Cash Equivalents balance		
Cash and Bank Balances	300,680	35,903,200
	<u>300,680</u>	<u>35,903,200</u>
Unfavourable Cash and Cash Equivalent Balances		
Bank Overdraft (Note 10)	(230,514,027)	(165,818,316)
Total Cash and Cash Equivalents For the Purpose of Cash Flow Statement	<u>(230,213,347)</u>	<u>(129,915,116)</u>



NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2019

20. RELATED PARTY DISCLOSURES

Details of significant Related Party disclosures are as follows:

20.1 Transactions with the Parent Entity

Nature of Transaction	Parent Company		Other Related Companies	
	2019 Rs.	2018 Rs.	2019 Rs.	2018 Rs.
Balance as at Beginning of the Year	(10,430,052)	(9,494,607)	719,620,082	515,929,763
Sale of Goods	-	-	3,971,175,969	3,794,621,573
Purchase of Goods and Cost of Services / Machinery	(41,205,078)	-	(216,448,726)	(156,325,579)
Dividends Paid (Net of Taxes)	(25,230,744)	(28,055,808)	(14,684,947)	(17,563,392)
Royalty Fees (Paid and Accrued)	(10,732,522)	10,430,052	-	-
Net Payments	71,891,578	37,550,415	(3,652,346,243)	(3,417,042,283)
Balance as at End of the Year	<u>(15,706,818)</u>	<u>10,430,052</u>	<u>807,316,135</u>	<u>719,620,082</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

	2019 Rs.	2018 Rs.
Short-term Employee Benefits	15,266,811	11,440,935
	<u>15,266,811</u>	<u>11,440,935</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.

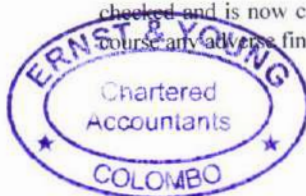
22. COMMITMENTS AND CONTINGENCIES

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.



NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2019

23. ASSETS PLEDGED

The following assets have been pledged as security for liabilities.

Nature of Assets	Nature of Liability	2019 Rs.	2018 Rs.
Immovable Properties - Land & Building at Rathmalana	Mortgaged to DFCC Bank PLC & Standard Chartered Bank in connection with the bank Loans	155,935,655	162,653,294
- Plant & Machinery	Mortgaged to DFCC Bank PLC, Standard Chartered Bank and HSBC Bank in connection with the bank Loans	392,137,584	323,967,825
Inventories	Concurrent mortgaged to DFCC Bank PLC, Commercial Bank of Ceylon PLC, Standard Chartered Bank and HSBC for TR Loan and Overdraft facilities	739,673,155	696,640,986
Trade Debtors		854,405,444	750,121,786



ASSOCIATED BATTERY MANUFACTURERS (CEYLON) LIMITED

**DETAILED INCOME STATEMENT
YEAR ENDED 31 MARCH 2019**

Associated Battery Manufacturers (Ceylon) Limited

DETAILED INCOME STATEMENT

Year ended 31 March 2019

	2019 Rs.	2018 Rs.
Manufacturing Activity		
Sales	3,453,678,182	3,357,563,976
Less : Cost of Sales		
Direct Material Cost	2,383,561,247	2,336,182,531
Direct Labour	221,141,974	203,126,905
Indirect Wages	65,413,440	56,052,359
Management Staff Cost	32,585,941	28,829,794
Power, Water	153,033,577	140,720,864
Maintenance Plant and Machinery	46,597,406	51,779,621
Welfare	37,876,301	41,587,798
Process Materials, Consumable Stores and Tools	15,019,980	3,502,194
Royalty Expenses	12,000,000	11,128,945
Depreciation	68,679,531	58,484,608
Overhead	29,382,216	23,703,779
	<u>3,065,291,613</u>	<u>2,955,099,399</u>
Gross Profit	<u>388,386,569</u>	<u>402,464,577</u>
Distribution Costs		
Less : Administrative Expenses		
Management Staff Cost	42,053,303	37,277,293
Postage and Telephone	2,175,110	3,613,828
Printing and Stationery	3,147,093	4,376,069
Auditors' Fees and Expenses	1,043,776	1,169,316
Bank Charges	5,372,712	4,909,229
Legal and Professional Fees	1,293,051	849,051
Expenses on Foreign Visitors	627,297	982,451
Other Overhead	7,476,193	21,827,467
Interest Expense on IFRS Adjustment	2,214,930	2,787,849
CSR Expenses	129,500	483,320
SAP Subscription	6,474,555	7,009,319
Loss from Scrapping Assets	-	-
Overseas Travelling Expenses	2,792,267	3,769,189
Rent Expense	3,220,800	3,820,960
Slag Clearing Expense	3,367,052	1,258,847
	<u>81,387,639</u>	<u>94,134,187</u>
Profit from Operating Activities	<u><u>306,998,930</u></u>	<u><u>308,330,390</u></u>

