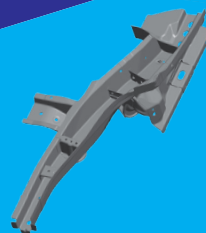
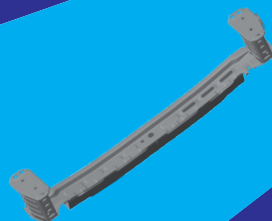
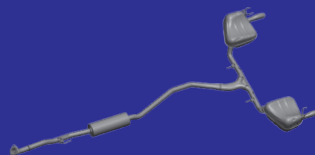


QUARTERLY REPORT 2020

Report to the Shareholders for
nine months period ended March
31, 2020



Moving towards
the future



Loads Limited

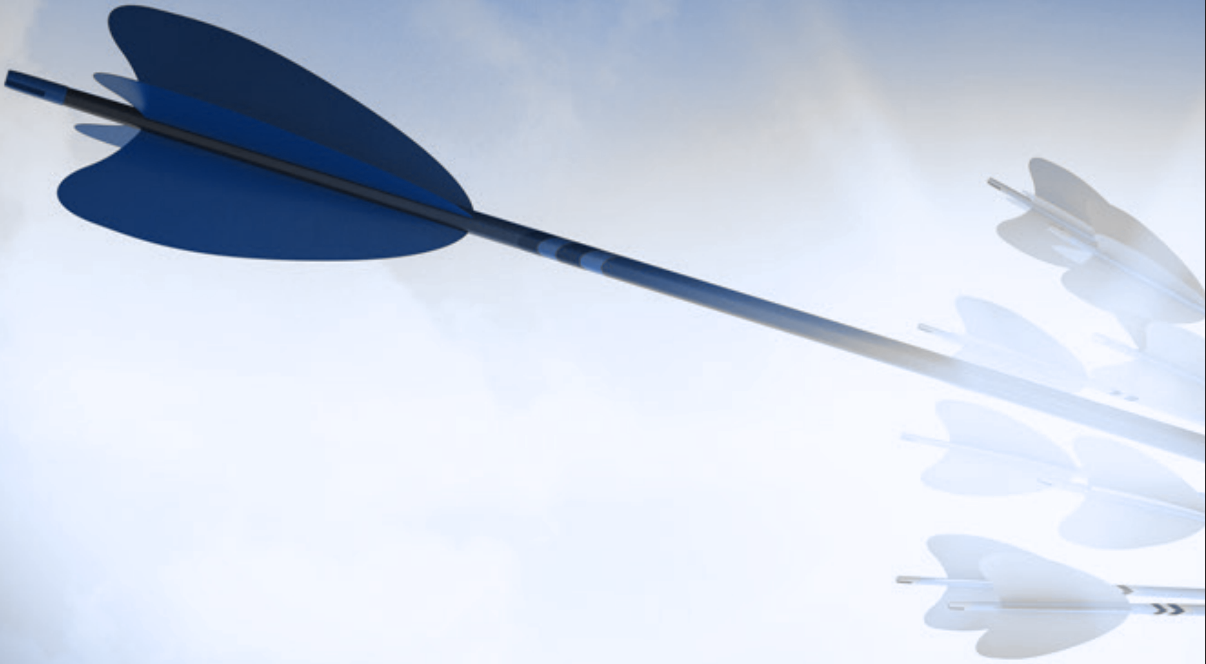
Manufacturers of
Exhaust Systems, Radiators &
Sheet Metal Components

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Vision

“Seek innovation in quality, productivity & technology to ensure sustainable growth of the group and all the stakeholders.”



Mission

**“Satisfy customers with timely
supplies of products
confirming to quality standards
at competitive prices.”**

Company Information

Board of Directors

Syed Shahid Ali	– Chairman*
Mr. Saulat Said	– Vice Chairman*
Mr. Munir K. Bana	– Chief Executive
Dr. Muzaffar Mahmood	– Independent Director
Mr. M. Z. Moin Mohajir	– Independent Director
Mrs. Rozina Muzammil	– Independent Director
Syed Sheharyar Ali	– Non-Executive Director
Mr. Muhammad Mohtashim Aftab	– Non-Executive Director
Mr. Shamim A. Siddiqui	– Executive Director

* Chairman and Vice Chairman are Non – Executive Directors

Audit Committee

Mr. M. Z. Moin Mohajir	– Chairman
Mr. Saulat Said	– Member
Syed Sheharyar Ali	– Member
Mr. Muhammad Mohtashim Aftab	– Member

Human Resources & Remuneration Committee

Mrs. Rozina Muzammil	– Chairperson
Mr. Saulat Said	– Member
Mr. Munir K. Bana	– Member
Syed Sheharyar Ali	– Member
Mr. Muhammad Mohtashim Aftab	– Member
Mr. Shamim A. Siddiqui	– Member

Chief Financial Officer

Mr. Shamim A. Siddiqui

Company Secretary

Mr. Babar Saleem

Head of Internal Audit

Mr. Khawaja M. Akber

Auditors

KPMG Taseer Hadi & Co., Chartered Accountants

Legal Advisors

Altaf K. Allana & Co., Advocates

Corporate Advisor

Cornelius, Lane & Mufti, Advocates & Solicitors

Symbol

Loads

Credit Rating

A1 – Short term
A – Long term

Exchange

Pakistan Stock Exchange

Bankers

Al Baraka Bank (Pakistan) Limited
Bank Al Habib Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
JS Bank Limited
MCB Bank Limited
Meezan Bank Limited
National Bank of Pakistan Limited
Soneri Bank Limited
United Bank Limited

Subsidiaries and Associates

– Specialized Autoparts Industries (Private) Limited
– Multiple Autoparts Industries (Private) Limited
– Specialized Motorcycles (Private) Limited
– Hi-Tech Alloy Wheels Limited

Registered Office

Plot No. 23, Sector 19
Korangi Industrial Area, Karachi
Tel: +92-21-35065001-5, +92-302-8674683-9
Fax: +92-21-35057453-54
E-mail: inquiry@loads-group.pk

Shares Registrar

Central Depository Company of Pakistan Limited
CDC House, 99-B, Block-B, S.M.C.H.S, Main
Shahra-e-Faisal, Karachi
Tel: Customer Support Services: 0800-23275
Fax: +92-21-34326053
E-mail: info@cdcpak.com

Registration with Authorities

Company Registration Number: 0006620
National Tax Number: 0944311-8
Sales Tax Number: 0205870801264

Website

www.loads-group.pk

DIRECTOR'S REVIEW

The Directors are pleased to present their report together with the consolidated unaudited accounts of the Loads Limited and its subsidiaries for the nine months period ended March 31, 2020.

SUMMARY OF COMPARATIVE FINANCIAL RESULTS

	Rs in millions					
	2020		2019		% Change	
	Loads	Consolidated	Loads	Consolidated	Loads	Consolidated
Sales	2,627	2,627	4,536	4,536	-42%	-42%
Gross Profit	303	300	407	547	-26%	-45%
Operating Profit (OP)	293	342	331	391	-11%	-13%
Share of loss in associates	-	-92	-	-71	-	29%
Profit before Taxation (PBT)	46	2	155	131	-70%	-98%
(Loss) / Profit after Taxation (PAT)	-1	-58	96	27	-101%	-315%
(Loss) / Earnings per share (EPS) – basic & diluted	-0.01	-0.39	0.63	0.20	-101%	-315%

BUSINESS REVIEW

Your group has recorded sales of Rs. 2,627 million for the nine months period ended March 31, 2020, registering a decline of Rs. 1,909 million (-42%) over the corresponding period. The decrease reflects downturn of automotive industry due to slowdown of the economy on account of PKR devaluation, stern taxation measures, interest rate hikes, inflation and lock down of one week during this reporting period due to Corona Virus (COVID-19) outbreak.

Company Results

Operating Profit (OP), Profit before Taxation (PBT) and Profit after Taxation (PAT) of Loads Limited reflects the above impact and registered a decrease of 11%, 70% & 101% respectively over the same period of previous year. Therefore, EPS reflects a decline from a profit of 63 paise per share to a loss of 1 paise per share.

Group Results

Consolidated Operating Profit (OP), Profit before Taxation (PBT) and Profit after Taxation (PAT) also declined by 13%, 98% & 315% respectively, due to the factors stated above.

Share of loss of associated undertaking Treet Corporation Limited has increased from Rs. 71 million to Rs. 92 million as compared with corresponding period.

AUTOMOTIVE INDUSTRY

(a) Passenger Cars / Light Commercial Vehicles (LCVs)/Jeeps (SUVs)

Sales of Cars, LCVs & SUVs for the nine months ended March 31, 2020 decreased from 185,757 units to 98,429 units (-47%) over corresponding period.

(b) Heavy Commercial Vehicles

Heavy vehicle volumes declined from corresponding period's 5,428 units to 3,265 units, registering a decrease of 40%.

(c) Tractors

The tractor industry's sales decreased by 38% from corresponding period's 37,742 units to 23,506 units.

SALES PERFORMANCE

The overall sales of the group for the nine months period decreased by 42%, over corresponding period. A product-wise analysis is given below:

Products	Rs in millions		
	Sales		
	9 months period ended 31 March 2020	9 months period ended 31 March 2019	+/- %
Exhaust Systems	1,623	3,362	-52
Radiators	262	523	-50
Sheet Metal Components	742	651	14
Total	2,627	4,536	

Comments on performance of various product groups are given below:

(a) Exhaust Systems

Sales of exhaust systems declined by 52% mainly on account of downturn in sales of Honda and Toyota Corolla by 61% and 49% respectively.

(b) Radiators

Decline of 50% reflects loss of radiator sales due to decline in sales of tractors & heavy vehicles and discontinuation of Suzuki Mehran cars.

(c) Sheet Metal Components

The group has registered a growth of 14%, as compared to corresponding period, mainly due to addition of parts from Suzuki's new vehicle, Alto 660cc.

PROSPECTS

Outbreak of pandemic COVID-19 in the country followed by lock down of businesses will have negative effect on the production and sales volume of the Company. We are hopeful that the Government will control this situation and provide effective environment to the industries for their survival. Recently, reduction in borrowing rate to single digit is a welcome step.

The company is committed to face these challenges by cost cutting measures and economy.

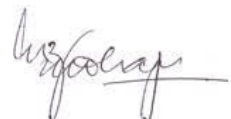
ACKNOWLEDGEMENTS

The Board wishes to thank all the employees and our customers for their continued support.

By Order of the Board



Munir K. Bana
Chief Executive



M. Z. Moin Mohajir
Director

Karachi: April 30, 2020

روپے بلین میں			مصنوعات
فروخت			
+/- (فیصد)	9 ماہی مدت تختہ 31 مارچ 2019	9 ماہی مدت تختہ 31 مارچ 2020	
-52	3,362	1,623	ایگزاسٹ سٹم
-50	523	262	ریڈی ایٹرز
14	651	742	شیٹ میل اجزاء
	4,536	2,627	کل

گروپ کی مختلف مصنوعات کی کارکردگی پر آراء درج ذیل ہیں:

(a) ایگزاسٹ سٹم
ایگزاسٹ سٹم کی فروخت میں 52 فیصد کمی ہوئی جس کی بنیادی وجہ ہوٹل اور ٹیولنا کرولا کی فروخت میں بالترتیب 61 فیصد اور 49 فیصد کمی تھی۔

(b) ریڈی ایٹرز
ریڈی ایٹرز کی فروخت میں 50 فیصد کمی کی وجہ سے ریڈی ایٹرز اور بھاری گاڑیوں کی فروخت میں کمی اور سوزوکی مہران کار کی پیداوار کا منقطع ہونا تھا۔

(c) شیٹ میل کے اجزاء
گزشتہ ششماہی کی بنسبت گروپ کی فروخت میں 14 فیصد اضافہ ہوا جس کی بنیادی وجہ سوزوکی کی نئی گاڑی آلٹو 660cc میں پروں میں اضافہ تھی۔

امکانات

ملک میں COVID-19 وباء کے پھیلاؤ کے نتیجے میں کاروباری لاک ڈاؤن کی وجہ سے کمپنی کی پیداوار اور فروخت کے حجم پر منفی اثرات پڑیں گے۔ ہم امید کرتے ہیں حکومت حالات پر قابو پالے گی اور صنعت کے احیاء کے لئے موثر ماحول فراہم کرے گی۔ قرضوں پر شرح سود میں حالیہ کمی ایک خوش آئند قدم ہے۔

لاگت اور معاشی کنٹری کے ذریعے کمپنی ان چیلنجز کا مقابلہ کرے گی۔


اعتراف

بورڈ اپنے تمام ملازمین اور گاہکوں کے مسلسل تعاون پر ان کا مشکور ہے۔

بحکم بورڈ



ایم زیٹ عین مہاجر
ڈائریکٹر



منیر کے مانا
چیف ایگزیکٹو

کراچی: 30 اپریل 2020

حصص یافتگان کے لئے ڈائریکٹران کی رپورٹ

ڈائریکٹران اپنی رپورٹ کے ساتھ لوڈ زلمینڈ اور اس کی ذیلی کمپنیوں کے مجموعی غیر آڈٹ شدہ مالیاتی گوشوارے برائے تھنتہ مدت 31 مارچ 2020 پیش کرتے ہوئے اظہار مسرت کرتے ہیں۔

مقابلہ مالیاتی نتائج کا اختصار یہ

تبدیلی (فیصد)	2019		2020		روپے ملین میں
	لوڈز	مجموعی	لوڈز	مجموعی	
					فروخت
-42%	-42%	4,536	4,536	2,627	2,627
					نام منافع
-45%	-26%	547	407	300	303
					کاروباری منافع (OP)
-13%	-11%	391	331	342	293
					خسارہ میں بلاتقہ کمپنیوں کا حصہ
29%	-	-71	-	-92	-
					منافع قبل از ٹیکس (PBT)
-98%	-70%	131	155	2	46
					منافع بعد از ٹیکس (PAT)
-315%	-101%	27	96	-58	-1
					ذیلی حصص خسارہ / آمدن - بنیادی اور تین
-315%	-101%	0.20	0.63	-0.39	-0.01

کاروباری جائزہ

نومانی مدت تھنتہ 31 مارچ 2020 میں آپ کے گروپ کی فروخت 2,627 ملین روپے رہی جو گزشتہ سال اسی مدت سے 1,909 ملین روپے کم (42- فیصد) ہے۔ روپے کی قدر میں کمی، سخت ٹیکس اقدامات، بڑھتی ہوئی شرح سود، افراط زر اور کورونا وائرس (COVID-19) کی وبا کے پھیلاؤ کی وجہ سے ایک ہفتے کی بندش کے نتیجے میں ہونے والی معاشی سمت رومی اس کی عکاسی کرتی ہے۔

کمپنی کے نتائج

لوڈ زلمینڈ کے کاروباری منافع (OP)، منافع قبل از ٹیکس (PBT) اور منافع بعد از ٹیکس (PAT) میں مندرجہ بالا اثرات کی عکاسی ہوتی ہے اور لمبڈ آگزٹہ سال اسی مدت کی بنسبت ان میں بالترتیب 11 فیصد، 70 فیصد اور 101 فیصد کمی ہوئی۔ لمبڈ 63 پیسے فی حصص منافع سے کم ہو کر 1 پیسے فی حصص خسارہ ہو گیا۔

گروپ کے نتائج

مجموعی کاروباری منافع (OP)، منافع قبل از ٹیکس (PBT) اور منافع بعد از ٹیکس (PAT) میں مندرجہ بالا عوامل کی وجہ سے بالترتیب 13 فیصد، 98 فیصد اور 315 فیصد کمی ہوئی۔

ماحقہ کمپنی ٹریٹ کارپوریشن لمینڈ کا خسارہ میں حصہ گزشتہ سال کے 71 ملین روپے سے بڑھ کر 92 ملین روپے ہو گیا۔

آٹوموٹو صنعت

(a) مسافر کاروں / ہلکی تجارتی گاڑیاں (LCVs) / بھینیں (SUVs)

نومانی مدت تھنتہ 31 مارچ 2020 میں کاروں، LCVs اور SUVs کی فروخت گزشتہ مدت کی 185,757 یونٹوں سے کم ہو کر 98,429 یونٹس (47- فیصد) رہ گئی۔

(b) ہماری تجارتی گاڑیاں

ہماری تجارتی گاڑیوں کی فروخت کا حجم گزشتہ مدت سے کم ہو کر 5,428 یونٹوں سے کم ہو کر 3,265 یونٹ رہ گیا جس سے 40 فیصد کمی کی عکاسی ہوتی ہے۔

(c) ٹریکٹرز

ٹریکٹری صنعت کی فروخت میں 38 فیصد کمی ہوئی جو گزشتہ 37,742 یونٹس سے کم ہو کر 23,506 یونٹ رہ گئی۔

فروخت کی کارکردگی

نومانی مدت میں گروپ کی مجموعی فروخت کی کارکردگی میں گزشتہ مدت کی بنسبت 42 فیصد کمی ہوئی۔ ایک مصنوعات وار تجزیہ درج ذیل میں دیا گیا ہے:

CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2020

	Note	31 March 2020 (Un-audited)	30 June 2019 (Audited)
(Rupees)			
ASSETS			
Non-current assets			
Property, plant and equipment	4	584,092,153	615,333,893
Intangible assets		410,401	1,138,159
Investments	5.1	1,272,748,187	1,293,354,344
Loans and receivables		7,349,834	6,897,737
		<u>1,864,600,575</u>	<u>1,916,724,133</u>
Current assets			
Stores and spares		57,769,236	51,696,875
Stock-in-trade	6	1,294,856,007	1,404,712,679
Trade debts - net		405,647,480	601,589,094
Loans and advances		102,937,609	62,401,011
Deposits, prepayments and other receivables	7	162,399,132	307,683,953
Current maturity of long term receivables		-	13,995,364
Due from related parties		1,541,986,090	976,856,001
Taxation - net		66,768,163	73,093,061
Short term investments	5.2	422,176	27,009,259
Cash and bank balances		4,796,112	3,079,537
		<u>3,637,582,005</u>	<u>3,522,116,834</u>
Total assets		<u>5,502,182,580</u>	<u>5,438,840,967</u>
EQUITY AND LIABILITIES			
Share capital and reserves			
Issued, subscribed and paid-up capital	10	1,512,500,000	1,512,500,000
Share premium		1,095,352,578	1,095,352,578
Reserve		(229,494,268)	(217,988,192)
Unappropriated profit		460,161,327	476,845,898
		<u>2,838,519,637</u>	<u>2,866,710,284</u>
LIABILITIES			
Non-current liabilities			
Obligation under finance lease		29,000,000	1,665,777
Deferred tax liabilities		43,802,239	43,678,920
Long term loan		300,000,000	-
Employee benefits - gratuity		11,488,475	10,467,240
		<u>384,290,714</u>	<u>55,811,937</u>
Current liabilities			
Current maturity of obligation under finance lease		15,655,982	4,104,846
Short term financing	8	1,899,192,458	2,082,088,834
Trade and other payables	9	264,462,012	381,874,542
Loan from director		40,000,000	-
Unclaimed dividend		3,525,637	3,535,500
Accrued mark-up on short term financing		56,536,140	44,715,024
		<u>2,279,372,229</u>	<u>2,516,318,746</u>
Total equity and liabilities		<u>5,502,182,580</u>	<u>5,438,840,967</u>
CONTINGENCIES AND COMMITMENTS			
	11		

The annexed notes 1 to 16 form an integral part of this condensed interim unconsolidated financial information.



Chief Financial
Officer



Chief Executive



Director

CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS ACCOUNT (UN-AUDITED)

For the nine and three months period ended 31 March 2020

	Note	For the nine months period ended		For the three months period ended	
		31 March 2020	31 March 2019	31 March 2020	31 March 2019
------(Rupees)-----					
Revenue		2,627,193,549	4,535,848,948	871,131,906	1,445,903,333
Cost of sales	12	(2,324,380,692)	(4,128,239,764)	(767,668,872)	(1,293,772,824)
Gross profit		302,812,857	407,609,184	103,463,034	152,130,509
Administrative and selling expenses		(122,905,848)	(116,993,504)	(42,363,266)	(37,976,661)
		179,907,009	290,615,680	61,099,768	114,153,848
Other expenses		(8,267,006)	(11,694,455)	(3,228,295)	(4,704,286)
Other income		121,712,896	52,254,024	45,931,176	15,385,549
		113,445,890	40,559,569	42,702,881	10,681,263
Operating profit		293,352,899	331,175,249	103,802,649	124,835,111
Finance costs		(247,262,573)	(160,750,311)	(72,216,289)	(53,370,880)
Equity investments at FVTPL - net change in fair value	5.2.1	(186,683)	(15,055,745)	(193,967)	(1,609,953)
Profit before taxation		45,903,643	155,369,193	31,392,393	69,854,278
Taxation		(47,242,473)	(59,737,140)	(14,589,356)	(25,215,895)
(Loss) / Profit after taxation		(1,338,830)	95,632,053	16,803,037	44,638,383
(Loss) / Earnings per share					
- basic and diluted	13	(0.01)	0.63	0.11	0.30

The annexed notes 1 to 16 form an integral part of this condensed interim unconsolidated financial information.



**Chief Financial
Officer**



Chief Executive



Director

CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

For the nine and three months period ended 31 March 2020

Note	For the nine months period ended		For the three months period ended	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
----- (Rupees) -----				
(Loss) / Profit after taxation	(1,338,830)	95,632,053	16,803,037	44,638,383
Other comprehensive income				
<i>Items that will never be reclassified subsequently to profit or loss</i>				
Equity investments at FVOCI - net change in fair value	5.1.3&5.2.2.1 (28,133,956)	(6,645,036)	(74,660,408)	400,390
Total comprehensive (loss) / income for the period	<u>(29,472,786)</u>	<u>88,987,017</u>	<u>(57,857,371)</u>	<u>45,038,773</u>

The annexed notes 1 to 16 form an integral part of this condensed interim unconsolidated financial information.



Chief Financial Officer



Chief Executive



Director

CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF CASH FLOWS (UN-AUDITED)

For the nine months period ended 31 March 2020

	31 March 2020	31 March 2019
	----- (Rupees) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	45,903,643	155,369,193
Adjustments for		
Depreciation	61,260,968	67,336,663
Amortisation	727,758	833,086
Mark-up expense	226,103,282	136,877,546
Gain on disposal of property, plant and equipment	(1,317,073)	(3,396,027)
Loss on disposal of investment	2,985,337	-
Gain on disposal of investment	(1,282,139)	-
Provision for gratuity	1,021,235	1,432,987
Finance lease charges	28,342	352,800
Mark-up income	(112,843,611)	(41,228,677)
Dividend income	(7,552,212)	(7,629,320)
Equity investments at FVTPL - net change in fair value	186,683	15,055,745
	215,222,213	325,003,996
Working capital changes		
Decrease / (increase) in current assets		
Stores and spares	(6,072,361)	(12,613,580)
Stock-in-trade	109,856,672	96,996,720
Trade debts - net	195,941,614	(33,008,850)
Due from related parties	(565,130,089)	(258,821,113)
Loans and advances	(40,536,598)	83,159,236
Deposits, prepayments and other receivables	183,557,075	(123,376,687)
	(122,383,687)	(247,664,274)
Decrease in current liabilities		
Trade and other payables	(116,888,100)	42,218,860
Cash (used in) / generated from operations	(24,049,574)	119,558,582
Mark-up paid	(133,606,088)	(104,635,592)
Gratuity paid	(204,000)	(10,000)
Tax paid	(34,021,085)	(29,535,130)
Net cash used in operating activities	(191,880,747)	(14,622,140)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(28,417,385)	(48,543,887)
Dividend received	7,552,212	7,629,320
Mark-up received	1,239,991	3,885,342
Proceeds from disposal of property, plant and equipment	3,949,623	5,976,484
Proceeds from sale of investments - net	17,543,103	275,092
Net cash generated from / (used in) investing activities	1,867,544	(30,777,649)
CASH FLOWS FROM FINANCING ACTIVITIES		
Lease rentals paid	(11,009,983)	(20,046,050)
Proceeds from Sales & Lease back transaction	45,646,000	-
Dividend paid	(9,863)	(35,819)
Long term loan	300,000,000	-
Repayment of loan from subsidiaries - unsecured	-	(357,700,344)
Loan from director	40,000,000	-
Net cash generated from / (used in) financing activities	374,626,154	(377,782,213)
Net increase / (decrease) in cash and cash equivalents during the period	184,612,951	(423,182,002)
Cash and cash equivalents at beginning of the period	(2,079,009,297)	(1,430,672,166)
Cash and cash equivalents at end of the period	(1,894,396,346)	(1,853,854,168)
Cash and cash equivalents at end of the period comprises		
Cash and bank balances	4,796,112	3,163,262
Short term financing	(1,899,192,458)	(1,857,017,430)
	(1,894,396,346)	(1,853,854,168)

The annexed notes 1 to 16 form an integral part of this condensed interim unconsolidated financial information.


Chief Financial
Officer


Chief Executive


Director

CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)

For the nine months period ended 31 March 2020

	Share capital	Capital reserve		Revenue reserve	Total equity
	Issued, subscribed and paid up Capital	Share premium	Fair value reserve of equity securities - FVOCI	Unappropriated profit	
	(Rupees)				
Balance as at 30 June 2018	1,512,500,000	1,095,352,578	15,068,260	434,398,893	3,057,319,731
Adjustment on initial application of IFRS 9 mainly on account of remeasurement of investment to FVOCI	-	-	(47,748,629)	-	(47,748,629)
Adjustment on initial application of IFRS 15	-	-	-	11,265,520	11,265,520
Balance as at 1 July 2018 - restated	1,512,500,000	1,095,352,578	(32,680,369)	445,664,413	3,020,836,622
Total comprehensive income for the nine months period ended 31 March 2019					
Profit after taxation	-	-	-	95,632,053	95,632,053
Other comprehensive income	-	-	(6,645,036)	-	(6,645,036)
	-	-	(6,645,036)	95,632,053	88,987,017
Balance as at 31 March 2019	<u>1,512,500,000</u>	<u>1,095,352,578</u>	<u>(39,325,405)</u>	<u>541,296,466</u>	<u>3,109,823,639</u>
Balance as at 1 July 2019	1,512,500,000	1,095,352,578	(217,988,192)	476,845,898	2,866,710,284
Total comprehensive income for the nine months period ended 31 March 2020					
Loss after taxation	-	-	-	(1,338,830)	(1,338,830)
Reclassification of unrealised gain on sale of investment carried at FVOCI	-	-	16,627,880	(16,627,880)	-
Gain on sale of investment carried at FVOCI	-	-	-	1,282,139	1,282,139
Other comprehensive loss	-	-	(28,133,956)	-	(28,133,956)
	-	-	(11,506,076)	(16,684,571)	(28,190,647)
Balance as at 31 March 2020	<u>1,512,500,000</u>	<u>1,095,352,578</u>	<u>(229,494,268)</u>	<u>460,161,327</u>	<u>2,838,519,637</u>

The annexed notes 1 to 16 form an integral part of this condensed interim unconsolidated financial information.



Chief Financial Officer



Chief Executive



Director

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED)

For the nine months period ended 31 March 2020

1. STATUS AND NATURE OF BUSINESS

1.1 Legal status and operations

Loads Limited (the Company) is a public listed company, which was incorporated in Pakistan on 1 January 1979, as a private limited company under Companies Act, 1913 (Repealed with the enactment of the Companies Ordinance, 1984 (repealed with the enactment of the Companies Act, 2017) on May 30, 2017).

On 19 December 1993, the status of the Company was converted from private limited company to public unlisted company. On 1 November 2016, the shares of the Company were listed on Pakistan Stock Exchange Limited (PSX).

The principal activity of the Company is to manufacture and sale of radiators, exhaust systems and other components for automotive industry.

The Company's registered office and plant is situated at Plot No. 23, Sector 19, Korangi Industrial Area, Karachi.

There are four subsidiaries and one associate (Treet Corporation Limited) of the Company, subsidiaries are carried at cost. The details are as follows:

Name of the Company	Incorporation date	Effective holding %		Principle line of business
		31 March 2020	30 June 2019	
Subsidiaries				
Specialized Autoparts Industries (Private) Limited (SAIL)	2 June 2004	91%	91%	Manufacture and sell components for the automotive industry.
Multiple Autoparts Industries (Private) Limited (MAIL)	14 May 2004	92%	92%	Manufacture and sell components for the automotive industry.
Specialized Motorcycles (Private) Limited (SMPL)	28 September 2004	100%	100%	Acquire, deal in, purchase, import, sales, supply and export motorcycles and auto parts. The operations have been ceased from 1 July 2015.
Hi-Tech Alloy Wheels Limited (HAWL)	13 January 2017	80%	80%	It will manufacture alloy wheels of various specifications and sell them to local car assemblers.
Associate				
Treet Corporation Limited	22 January 1977	5.37%	5.32%	Manufacture and sale of razors, razor blades and other trading activities

Plants of SAIL and MAIL are situated at DSU-19 and DSU-38 respectively in Downstream Industrial Estate Pakistan Steel Mills Bin Qasim Town, Karachi. HAWL has acquired land for establishing industrial unit which is located at National Industrial Park, Bin Qasim, the Special Economic Zone declared by Government of Sindh.

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED)

For the nine months period ended 31 March 2020

1.2 As at 31 March 2020, the financial position of the subsidiaries are as follows:

		Assets	Liabilities	Equity	Breakup value
	Note	(Rupees)			(Rs. / share)
31 March 2020					
SAIL	1.2.1	915,598,392	290,764,040	624,834,352	19.23
HAWL	1.2.1	5,015,397,607	3,648,463,524	1,366,934,083	10.39
MAIL	1.2.1	344,380,864	93,479,221	250,901,643	20.07
SMPL	1.2.1	77,854,490	739,895	77,114,595	10.28
30 June 2019					
SAIL		868,180,306	258,673,400	609,506,906	18.75
HAWL		4,402,872,120	3,050,845,403	1,352,026,717	10.28
MAIL		347,819,420	108,317,240	239,502,180	19.16
SMPL		72,589,665	894,733	71,694,932	9.56

1.2.1 The financial information of SAIL, HAWL, MAIL and SMPL is based on the un-audited management accounts for the period ended 31 March 2020.

1.3 As at 31 December 2019, the assets, liabilities and equity of Treet Corporation Limited amounted to Rs. 25.647 million, Rs. 16.304 million and Rs. 9.344 million respectively (un-audited).

2. BASIS OF PREPARATION

2.1 Statement of compliance

The condensed interim financial information has been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

This condensed interim financial information does not include all the information and disclosures required in the annual financial statements and should therefore be read in conjunction with the annual financial statements of the Company as at and for the year ended 30 June 2019. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the last financial statements.

2.2 Basis of measurement

This condensed interim unconsolidated financial information has been prepared on the historical cost convention, except for certain investments which are stated at fair value and provision for staff gratuity which is stated at present value.

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED)

For the nine months period ended 31 March 2020

2.3 Functional and presentation currency

The condensed interim unconsolidated financial information is presented in Pak Rupee which is also the functional currency of the Company and rounded off to the nearest rupee.

2.4 Key estimates and judgments

The preparation of the condensed interim unconsolidated financial information in conformity with accounting and reporting standards as applicable in Pakistan requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.

In preparing the condensed interim unconsolidated financial information, the significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that applied to the unconsolidated financial statements as at and for the year ended 30 June 2019 except for new significant judgments and key sources of estimation uncertainty related to application of IFRS 16 which are discussed in note 3. The Company's financial risk management objectives and policies are consistent with those disclosed in the unconsolidated financial statements as at and for the year ended 30 June 2019.

3. CHANGES IN ACCOUNTING POLICIES

Except as described below, the accounting policies applied in these interim financial statements are the same as those applied in the last annual financial statements.

The Company has adopted IFRS 16 Leases from 1 July 2019. A number of other new standards are effective from 1 January 2020 but they do not have a material effect on the Company's financial statements.

IFRS 16 introduced a single, on-balance sheet accounting model for lessees. As a result, the Company, as a lessee, has recognised right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments. Lessor accounting remains similar to previous accounting policies.

The Company has applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 July 2019. Accordingly, the comparative information presented for 2018 has not been restated – i.e. it is presented, as previously reported, under IAS 17 and related interpretations. The details of the changes in accounting policies are disclosed below.

A. Definition of a lease

Previously, the Company determined at contract inception whether an arrangement was or contained a lease under IFRIC 4 Determining Whether an Arrangement contains a Lease. The Company now assesses whether a contract is or contains a lease based on the new definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which it is a lessee, the Company has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED)

For the nine months period ended 31 March 2020

B. As a lessee

The Company leases properties. As a lessee, the Company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under IFRS 16, the Company recognises right-of-use assets and lease liabilities for most leases – i.e. these leases are on-balance sheet.

The Company presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment', the same line item as it presents underlying assets of the same nature that it owns. The carrying amounts of right-of-use assets are as below:

	Property, plant and equipment (Rupees in '000)
Balance at 1 July 2019	76,039
Balance at 31 March 2020	121,418

The Company presents lease liabilities in the statement of financial position.

i) Significant accounting policies

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liability. When a right-of-use asset meets the definition of investment property, it is presented in investment property. The right-of-use asset is initially measured at cost, and subsequently measured at fair value, in accordance with the Company's accounting policies.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The Company has applied judgement to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Company is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

ii) Transition

Previously, the Company classified property leases as operating leases under IAS 17. These include property where offices of the Company are situated. The leases typically run for a period of 3 years. Some leases include an option to renew the lease for an additional years.

At transition, for leases classified as operating leases under IAS 17, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Company's incremental borrowing rate as at 1 July 2019. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED)

For the nine months period ended 31 March 2020

C. As a lessor

The accounting policies applicable to the Company as a lessor are not different from those under IAS 17. However, when the Company is an intermediate lessor the sub-leases are classified with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. The Company is not required to make any adjustments on transition to IFRS 16 for leases in which it acts as a lessor.

However, the Company has applied IFRS 15 Revenue from Contracts with Customers to allocate consideration in the contract to each lease and non-lease component.

D. Impacts on financial statements

i. Impacts on transition

On transition to IFRS 16, the Company recognised additional right-of-use assets and additional lease liabilities, recognising the difference in retained earnings. The impact on transition is summarised below.

	1 July 2019 (Rupees in '000)
Right-of-use assets presented in property and equipment	<u>76,039</u>
Lease liabilities	<u>5,771</u>
When measuring lease liabilities for leases that were classified as finance leases, the Parent Company discounted lease payments using its incremental borrowing rate at 1 July 2019. The rate applied is 18.25%	
Lease liabilities recognised at 1 July 2019	<u>5,771</u>

ii. Impacts for the period

As a result of initially applying IFRS 16, in relation to the leases that were previously classified as finance leases, the Company recognised Rs. 76.04 million of right-of-use assets.

Also in relation to those leases under IFRS 16, the Company has recognised depreciation and interest costs, instead of operating lease expense. During the nine months period ended 31 March 2020, the Company recognised Rs. 4.5 million of depreciation charges and Rs. 1.4 million of interest costs from these leases.

4. PROPERTY, PLANT AND EQUIPMENT

	Note	31 March 2020 (Un-audited) (Rupees)	30 June 2019 (Audited)
Operating property, plant and equipment	4.1	<u>550,911,104</u>	590,671,546
Capital work-in-progress		<u>33,181,049</u>	24,662,347
		<u>584,092,153</u>	<u>615,333,893</u>

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED)

For the nine months period ended 31 March 2020

4.1 The following acquisitions and disposals have been made during nine months period ended 31 March 2020.

	For the nine months period ended			
	31 March 2020		31 March 2019	
	Acquisitions at cost	Disposals at book value	Acquisitions at cost	Disposals at book value
	------(Rupees)-----			
Building on leasehold land	72,746	-	3,438,352	-
Plant and machinery	9,504,291	-	28,389,202	2,009,028
Tools and equipment	5,774,182	-	10,834,636	-
Furniture, fittings and office equipment	1,915,323	-	918,239	-
Vehicles	4,308,485	2,632,550	11,289,425	571,429
	<u>21,575,027</u>	<u>2,632,550</u>	<u>54,869,854</u>	<u>2,580,457</u>

4.2 **Leases**

As a Lessee

'Property and equipment' comprise owned and leased assets that do not meet the definition of investment property.

	31 March 2020 (Rupees in '000)
Property and equipment owned	429,493
Right-of-use assets	121,418
	<u>550,911</u>

Information about leases for which the Company is a lessee is presented below.

Right-of-use assets

Balance at 1 July 2019	76,039
Addition during the period	49,867
Depreciation charge for the period	(4,488)
Balance at 31 March 2020	<u>121,418</u>

Lease liabilities

Maturity analysis - contractual undiscounted cash flows:

Less than one year	17,110
One to five years	23,066
More than five years	-
Total undiscounted lease liabilities at 31 March	<u>40,176</u>

Lease liabilities included in the statement of financial position at 31 March 2020 44,656

Current	15,656
Non-current	<u>29,000</u>

Amounts recognised in statement of profit or loss account

Interest on lease liabilities (1,399)

Amounts recognised in the statement of cash flows

Total cash outflow for leases 11,010

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED)

For the nine months period ended 31 March 2020

5. INVESTMENT

5.1 Long term investments

	Note	31 March 2020 (Un-audited) (Rupees)	30 June 2019 (Audited)
At cost			
<i>Investments in subsidiary companies - unlisted</i>			
Hi-Tech Alloy Wheels Limited		859,960,000	859,960,000
Specialized Autoparts Industries (Private) Limited		175,000,000	175,000,000
Multiple Autoparts Industries (Private) Limited		75,000,000	75,000,000
Specialized Motorcycles (Private) Limited		75,000,000	75,000,000
	5.1.1	<u>1,184,960,000</u>	1,184,960,000
Less: Provision for impairment against SMPL	5.1.2	<u>(25,000,000)</u>	(25,000,000)
Net investment in subsidiary companies		<u>1,159,960,000</u>	1,159,960,000
Investment in associate at FVOCI - listed	5.1.3	<u>112,788,187</u>	133,394,344
		<u><u>1,272,748,187</u></u>	<u>1,293,354,344</u>

5.1.1 This represents investment in subsidiaries namely Specialized Autoparts Industries (Private) Limited (SAIL), Multiple Autoparts Industries (Private) Limited (MAIL), Specialized Motorcycles (Private) Limited (SMPL) and Hi-Tech Alloy Wheels Limited (HAWL). Company's shareholding in subsidiaries and their financial position as at 31 March 2020 is disclosed in note 1.1 and 1.2 to this condensed interim unconsolidated financial information.

5.1.2 The Company has maintained provision for impairment amounting to Rs. 25 million in respect of SMPL as the operations of SMPL have ceased from 1 July 2015. The key financial information of SMPL is disclosed in note 1.1.

5.1.3 This represents 8,887,958 shares (30 June 2019: 8,741,438 shares) of Treet Corporation Limited having market value of Rs. 112.788 million (30 June 2019: 133.394 million). The Company's holding in Treet Corporation Limited is considered associate by virtue of common directorship. The financial position of the associate as at 31 December 2019 (un-audited) is disclosed in note 1.3 to this condensed interim unconsolidated financial information.

5.2 Short term investments

	Note	31 March 2020 (Un-audited) (Rupees)	30 June 2019 (Audited)
Equity securities - mandatorily at FVTPL	5.2.1	406,409	11,380,627
Equity securities - at FVOCI	5.2.2	15,767	15,628,632
		<u>422,176</u>	<u>27,009,259</u>

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED)

For the nine months period ended 31 March 2020

5.2.1 Equity securities - mandatorily at FVTPL

31 March 2020 (Un-audited) (Number of shares / certificates)	30 June 2019 (Audited)	Name of investee company	31 March 2020			30 June 2019
			Carrying value	Market value	Net change in fair value	Market value
Ordinary shares - Quoted			(Rupees)			
1	1	Agriaautos Industries Limited*	200	160	(40)	200
1	1	Al-Ghazi Tractors Limited *	317	233	(84)	317
1	1	Atlas Battery Limited	96	102	6	96
1	1	Atlas Honda Limited	322	370	48	322
1	1	The General Tyre & Rubber Company of Pakistan Limited	52	34	(18)	52
1	1	Honda Atlas Cars (Pakistan) Limited	148	133	(15)	148
1	1	Thal Limited *	364	294	(70)	364
230	230	Baluchistan Wheels Limited	14,065	12,779	(1,286)	14,065
315	315	Ghandhara Nissan Limited	16,515	12,537	(3,978)	16,515
150	150	Hinopak Motors Limited	48,300	45,750	(2,550)	48,300
200	200	Indus Motor Company Limited	240,784	145,906	(94,878)	240,784
306	272	Millat Tractors Limited	234,567	166,238	(68,329)	234,567
63	63	Oil & Gas Development Company Limited	8,284	4,850	(3,434)	8,284
127	127	Pak Suzuki Motor Company Limited	29,078	17,023	(12,055)	29,078
Participation term certificate (PTC) - Quoted						
-	1,831,500	Treet Corporation Limited *(note 5.2.1.1)	-	-	-	10,787,535
			593,092	406,409	(186,683)	11,380,627

* All shares have a nominal value of Rs. 10 each, except for the shares of Al-Ghazi Tractors Limited, Agriaautos Industries Limited and Thal Limited which have a face value of Rs. 5 each. PTC of Treet Corporation Limited has a face value of Rs. 30 per certificate.

5.2.1.1 These were mandatorily convertible into ordinary shares of Treet Corporation Limited in the ratio of 2 PTCs into 1 ordinary share in a period of 7 years. During the period, final redemption of Principal amount of PTC has been received (in cash and through share conversion) . Therefore, it has been fully paid off and ceased to exist. The principal redemption through cash is Re. 0.15 per PTC per annum from year 2013 to year 2019 and principal redemption through share conversion is 0.07 share per PTC per annum from year 2013 to year 2018 and 0.08 per share for the year 2019. During the period, principal redeemed through share conversion and cash redemption amounted to Rs. 7.58 million and Rs. 0.27 million respectively.

5.2.2 Equity securities - at FVOCI

The Company holds investment in ordinary shares of Rs. 10 each, in the following listed investee companies:

31 March 2020 (Number of shares)	30 June 2019 (Audited)	Name of investee company	31 March 2020			30 June 2019
			Cost	Market value	Net change in fair value	Market value
Ordinary shares - Quoted			(Rupees)			
-	235,386	Tri-Pack Films Limited	-	-	-	15,617,861
152	152	ZIL Limited	5,330	15,767	10,437	10,771
			5,330	15,767	10,437	15,628,632

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED)

For the nine months period ended 31 March 2020

5.2.2.1 Equity investments at FVOCI - net change in fair value

	Note	31 March 2020 (Un-audited)	30 June 2019 (Audited)
(Rupees)			
Market value of investments		15,767	15,628,632
Less: Cost of investments		(5,330)	(17,193,693)
		<u>10,437</u>	<u>(1,565,061)</u>
Less: Equity investments at FVOCI - net change in fair value at beginning of the period / year		(10,771)	(15,068,260)
Net change in fair value for the period / year		<u>(334)</u>	<u>(16,633,321)</u>

5.2.2.2 During the period, all shares of Tri-Pack Films Limited have been released from pledge and the same have been disposed off.

6. STOCK-IN-TRADE

	Note	31 March 2020 (Un-audited)	30 June 2019 (Audited)
(Rupees)			
Raw material and components	6.1 & 6.2	1,222,512,326	1,342,036,391
Work-in-process		90,362,669	80,695,276
Finished goods		-	-
		<u>1,312,874,995</u>	<u>1,422,731,667</u>
Provision for slow-moving and obsolescence		(18,018,988)	(18,018,988)
		<u>1,294,856,007</u>	<u>1,404,712,679</u>

6.1 This includes raw material in-transit and in possession of Company's subsidiaries amounting to Rs. 198 million (30 June 2019: Rs. 314.670 million) and Rs. 579 million (30 June 2019: Rs. 726 million) respectively.

6.2 Raw material held with toll manufacturers as at 31 March 2020 amounted to Rs. 25 million (30 June 2019: Rs. 40.2 million).

7. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

This includes margin paid to various banks against letter of credit amounting to Rs. 30.176 million (30 June 2019: 152.470). Further, it includes unclaimed input sales tax amounting to Rs. 105.951 million (30 June 2019: Rs. 137.640 million) which is not claimed due to restriction of input tax to be adjusted up to ninety percent of output tax as per section. 8B of Sales Tax Act, 1990.

8. SHORT TERM FINANCING

	Note	31 March 2020 (Un-audited)	30 June 2019 (Audited)
(Rupees)			
Secured			
Running finances under mark-up arrangements	8.1	1,466,486,807	1,733,088,834
Islamic financing	8.2	432,705,651	349,000,000
		<u>1,899,192,458</u>	<u>2,082,088,834</u>

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED)

For the nine months period ended 31 March 2020

8.1 These facilities have been obtained from various banks for working capital requirements and are secured by charge over current and future assets of the Company, lien over import documents and title of ownership of goods imported under letters of credit. These facilities are expiring on various dates latest by 31 August 2021. The banks have imposed a condition that no objection certificate (NOC) should be obtained or bank dues should be cleared before declaring any dividend.

These facilities carry mark-up at the rates ranging from 3 month KIBOR plus 0.5% to 6 month KIBOR plus 1.75% (30 June 2019: 1 month KIBOR plus 0.5% to 6 month KIBOR plus 0.55%) per annum. Average mark-up rates during the period were in the range of 13.66% to 15.12%.

The aggregate available short term funded facilities amounted to Rs. 2,550 million (30 June 2019: Rs. 2,320 million) out of which Rs. 54.453 million (30 June 2019: 586.91 million) remained unavailed as at the reporting date.

8.2 Islamic financing

This includes Islamic finance facility available from Al Baraks Bank, Meezan Bank and Bank Islami Pakistan having limits of Rs. 480 million, for manufacturing of mufflers and exhaust system, spare parts, tools and equipment from local market and for working capital requirement. As at 31 March 2020, amount of Rs. 30.3 million (30 June 2019: Rs. 400 million) remained unutilised. This facility is secured by charge over current and future assets of the Company. These facilities carry mark-up at 1 month KIBOR plus 0.5% per annum to 3 months KIBOR plus 2.75% (30 June 2019: 1 month KIBOR plus 0.5% to 3 months KIBOR plus 1%) and is repayable maximum within 120 to 180 days of the disbursement date. Average mark-up rates during the period were in the range of 13.45% to 15.62%.

Further, it includes Karobar financing facility obtained from Bank Islami Pakistan Limited for working capital requirements and are secured by charge over current and future assets of the Company, and title of ownership of karobar finance goods. These facility are expiring on various dates latest by 31 October 2020. The aggregate available short term funded facilities amounted to Rs. 200 million (30 June 2019:Rs. 200 million) out of which Rs. 16 million (30 June 2019: 51 million) remained unavailed as at the reporting date. This facility carry mark-up at the rate relevant KIBOR plus 0.5%. Average mark-up rates during the period were in the range of 13.45% to 13.62%.

9. TRADE AND OTHER PAYABLES

	Note	31 March 2020 (Un-audited)	30 June 2019 (Audited)
(Rupees)			
Creditors		92,850,659	239,143,365
Accrued liabilities		16,074,766	26,916,239
Other liabilities			
Advance from customer	9.1	88,247,814	83,699,401
Mobilization advances		38,272,254	524,430
Workers' profit participation fund	9.2	5,908,921	9,168,893
Provision for compensated absences		2,122,179	3,389,345
Workers' welfare fund	9.3	1,562,184	2,931,372
Withholding tax payable		4,006,538	2,363,704
Security deposit from contractors		129,000	129,000
Other payables		15,287,697	13,608,793
		264,462,012	381,874,542

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED)

For the nine months period ended 31 March 2020

9.1 This includes advance from scrap dealers amounting to Rs. 48.284 million.

9.2	Workers' profit participation fund	Note	31 March	30 June
			2020 (Un-audited)	2019 (Audited)
			(Rupees)	
	Opening balance		9,168,893	9,418,998
	Charge for the period / year		3,719,485	6,979,457
	Interest charged during the period / year		407,135	241,496
			<u>13,295,513</u>	<u>16,639,951</u>
	Less: Payments during the period / year		<u>(7,386,592)</u>	<u>(7,471,058)</u>
	Closing balance		<u>5,908,921</u>	<u>9,168,893</u>

9.3 Workers' welfare fund

Opening balance	2,931,372	9,141,985
Charge for the period / year	1,562,184	2,931,372
Less: Payments during the period / year	<u>(2,931,372)</u>	<u>(9,141,985)</u>
Closing balance	<u>1,562,184</u>	<u>2,931,372</u>

10. Share Capital

10.1 Authorised share capital

Authorised share capital comprises of 400,000,000 (30 June 2019: 200,000,000) Ordinary shares of Rs. 10.

10.2 Issued, subscribed and paid up capital

31 March 2020 (Number of shares)	30 June 2019		31 March 2020 (Rupees)	30 June 2019
53,770,000	53,770,000	Ordinary shares of Rs.10 each fully paid in cash	537,700,000	537,700,000
97,480,000	97,480,000	Ordinary shares of Rs.10 each issued as fully paid bonus shares	974,800,000	974,800,000
<u>151,250,000</u>	<u>151,250,000</u>		<u>1,512,500,000</u>	<u>1,512,500,000</u>

11. CONTINGENCIES AND COMMITMENTS

11.1 Contingencies

There is no change in the status of contingencies as disclosed under note 16 of the annual unconsolidated financial statements of the Company for the year ended 30 June 2019.

11.2 Commitments

Commitments in respect of letters of credit amounted to Rs. 447.424 million (30 June 2019: Rs. 343.870 million).

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED)

For the nine months period ended 31 March 2020

12. COST OF SALES	Note	For the nine months period ended		For the three months period ended	
		31 March 2020	31 March 2019	31 March 2020	31 March 2019
------(Rupees)-----					
Raw materials and components consumed		1,760,376,923	3,339,650,736	585,656,987	977,200,806
Ancillary materials consumed		31,750,767	28,226,474	12,073,699	8,197,894
Manufacturing expenses					
Salaries, wages and other employee benefits		160,041,339	193,633,468	53,501,329	63,374,520
Toll manufacturing	12.1	287,343,294	529,505,034	85,715,446	157,324,711
Depreciation		55,306,970	60,813,392	18,595,837	20,667,771
Gas, power and water		12,632,548	13,479,456	3,999,765	3,500,211
Others		32,267,416	50,722,795	9,535,758	19,658,949
Transferred to capital work-in-progress		(5,671,172)	(7,478,236)	(1,185,937)	(3,572,794)
Manufacturing cost		541,920,395	840,675,909	170,162,198	260,953,368
Opening stock of work-in-process	6	80,695,276	150,978,815	90,138,657	177,240,188
Closing stock of work-in-process	6	(90,362,669)	(149,355,087)	(90,362,669)	(149,355,087)
		(9,667,393)	1,623,728	(224,012)	27,885,101
Opening stock of finished goods	6	-	49,683,031	-	151,155,769
Closing stock of finished goods	6	-	(131,620,114)	-	(131,620,114)
		-	(81,937,083)	-	19,535,655
		2,324,380,692	4,128,239,764	767,668,872	1,293,772,824

12.1 This includes toll manufacturing expense from SAIL and MAIL amounting to Rs. 236.804 million (31 March 2019: 447.532 million).

13. (LOSS) / EARNINGS PER SHARE - basic and diluted		For the nine months period ended	
		31 March 2020	31 March 2019
(Loss) / Profit after taxation	Rupees	<u>(1,338,830)</u>	<u>95,632,053</u>
Weighted average number of ordinary shares outstanding during the period	Numbers	<u>151,250,000</u>	<u>151,250,000</u>
(Loss) / Earnings per share - basic and diluted	Rupees	<u>(0.01)</u>	<u>0.63</u>

14. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of subsidiaries, associated company and other companies with significant influence, employees retirement benefit funds and key management personnel. Transactions with related parties are at terms determined in accordance with the agreed rates. Transactions and balances with related parties, other than those disclosed elsewhere in these financial statements, are disclosed below:

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED)

For the nine months period ended 31 March 2020

Balance as at				
Name of the related party	Relationship and Effective shareholding	Transactions during the period / year and year end balances	31 March 2020 (Un-audited) (Rupees)	30 June 2019 (Audited)
Specialized Autoparts Industries (Private) Limited	Subsidiary company - 91% holding (30 June 2019: 91%)	Loan due from at the period / year end Accrued mark-up on loan at the period / year end Trade payable at the period / year end	246,329,000 14,368,637 (17,486,872)	- - 188,969,099
Multiple Autoparts Industries (Private) Limited	Subsidiary company - 92% holding (30 June 2019: 92%)	Loan due from at the period / year end Accrued mark-up on loan at the period / year end Trade receivable at the period / year end	73,019,500 3,599,625 22,202,546	- - 85,212,200
Hi-Tech Alloy Wheels Limited	Subsidiary company - 80% holding (30 June 2019: 80%)	Loan due from at the period / year end Mark-up Receivable on loan at the period / year end	1,018,500,900 154,165,280	698,967,914 53,386,502
Specialized Motorcycle (Private) Limited	Subsidiary company - 100% holding (30 June 2019: 100%)	Due from at the period / year end Loan due from at the period / year end Accrued mark-up on loan at the period / year end	3,706,788 2,714,000 114,079	3,706,788 - -
Provident fund	Defined benefit scheme	Receivable from provident fund	498,419	9,004,535
Employee benefits - gratuity	Defined contribution plan	Balance at the year period / year	(11,488,475)	(10,467,240)
Treet Corporation Limited	Associated company by virtue of significant influence	Participation Term Certificates (PTCs)	-	10,787,535
Transactions for the period				
Name of the related party	Relationship and Effective shareholding	Transactions during the period / year and year end balances	For the nine months period ended	
			31 March 2020	31 March 2019
			(Rupees)	
Specialized Autoparts Industries (Private) Limited	Subsidiary company - 91% holding (31 March 2019: 91%)	Toll manufacturing Payments made during the period Loan provided Mark-up income on loan	181,363,476 - 246,329,000 14,368,637	349,735,119 (799,673,827) - -
Multiple Autoparts Industries (Private) Limited	Subsidiary company - 92% holding (31 March 2019: 92%)	Toll manufacturing Payments made during the period Loan provided Mark-up income on loan	55,440,651 - 73,019,500 3,599,625	97,797,435 (279,586,905) - -
Hi-Tech Alloy Wheels Limited	Subsidiary company - 80% holding (31 March 2019: 80%)	Loan provided / (Repayment of loan) Mark-up income on loan	385,970,900 93,521,279	(3,470,000) 22,991,044
Specialized Motorcycle (Private) Limited	Subsidiary company - 100% holding (31 March)	Loan provided Mark-up income on loan	2,814,000 114,079	- -
Provident fund	Defined benefit scheme	Received during the period	8,587,828	-
Employee benefits - gratuity	Defined contribution plan	Expense for the period Contribution paid during the period	1,225,235 -	1,432,987 -
Treet Corporation Limited	Associated company by virtue of significant influence	Mark-up income on PTCs	7,527,465	7,574,410
Remuneration of chief executive, directors and executives (Key management personnel)				
Salaries and benefits			51,077,106	29,149,764
Post retirement benefits			-	212,419

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED)

For the nine months period ended 31 March 2020

15. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in orderly transaction between market participants at the measurement date.

The Company classifies fair value measurements of its investments using a hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Inputs for the asset or liability that are not based on observable market data (i.e., unobservable inputs).

15.1 Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

31 March 2020	Carrying amount				Fair value			
	Mandatorily at FVTPL	FVOCI - equity instrument	Amortised cost	Total carrying amount	Level 1	Level 2	Level 3	Total
	(Rupees)							
Financial assets - measured at fair value								
Equity securities	406,409	15,767	-	422,176	422,176	-	-	422,176
Equity securities - associate	-	112,788,187	-	112,788,187	112,788,187	-	-	112,788,187
Participation Term Certificates	-	-	-	-	-	-	-	-
	406,409	112,803,954	-	113,210,363				
Financial assets - not measured at fair value								
Subsidiaries - unlisted shares	-	-	1,159,960,000	1,159,960,000				
Trade debts	-	-	405,647,480	405,647,480				
Loans	-	-	10,147,988	10,147,988				
Deposits and other receivables	-	-	149,293,368	149,293,368				
Due from related parties	-	-	1,541,986,090	1,541,986,090				
Cash and bank balances	-	-	4,796,112	4,796,112				
	-	-	3,271,831,038	3,271,831,038				
Financial liabilities - not measured at fair value								
Short term financing	-	-	1,899,192,458	1,899,192,458				
Trade and other payables	-	-	126,335,301	126,335,301				
Liabilities against assets subject to finance lease	-	-	44,655,982	44,655,982				
Accrued mark-up on short term financing	-	-	56,536,140	56,536,140				
Unclaimed dividend	-	-	3,525,637	3,525,637				
	-	-	2,130,245,518	2,130,245,518				

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED)

For the nine months period ended 31 March 2020

30 June 2019	Carrying amount				Fair value			
	Fair value through profit or loss	FVOCI - equity Instruments	Amortised cost	Total	Level 1	Level 2	Level 3	Total
	(Rupees)							
Financial assets - measured at fair value								
Equity securities	593,092	15,628,632	-	16,221,724	16,221,724	-	-	16,221,724
Equity securities - associate	-	133,394,344	-	133,394,344	133,394,344	-	-	133,394,344
Participation Term Certificates	10,787,535	-	-	10,787,535	10,787,535	-	-	10,787,535
Financial assets - not measured at fair value								
Subsidiaries - unlisted shares	-	-	1,159,960,000	1,159,960,000				
Trade debts	-	-	601,589,094	601,589,094				
Loans	-	-	16,170,507	16,170,507				
Deposits and other receivables	-	-	172,604,853	172,604,853				
Due from related parties	-	-	976,856,001	976,856,001				
Cash and bank balances	-	-	3,079,537	3,079,537				
	<u>11,380,627</u>	<u>149,022,976</u>	<u>2,930,259,992</u>	<u>3,090,663,595</u>				
Financial liabilities - not measured at fair value								
Short term financing	-	-	2,082,088,834	2,082,088,834				
Trade and other payables	-	-	283,186,742	283,186,742				
Liabilities against assets subject to finance lease	-	-	5,770,623	5,770,623				
Accrued mark-up on short term financing	-	-	44,715,024	44,715,024				
Unclaimed dividend	-	-	3,535,500	3,535,500				
	-	-	<u>2,419,296,723</u>	<u>2,419,296,723</u>				

The Company has not disclosed fair values for these financial assets and financial liabilities because their carrying amounts are reasonable approximation of fair value.

16. GENERAL

16.1 Segment reporting

The financial information has been prepared on the basis of a single reportable segment. Geographically, all the sales were carried out in Pakistan. All non-current assets of the Company as at 31 March 2020 are located in Pakistan. Sales to four major customers of the Company aggregates to 88% during the nine months period ended 31 March 2020 (31 March 2019: 90%).

16.2 This condensed interim unconsolidated financial information was authorized for issue by the Board of Directors on 30 April 2020.



Chief Financial Officer



Chief Executive



Director

CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2020

ASSETS	Note	31 March 2020 (Un-audited)	30 June 2019 (Audited)
----- (Rupees) -----			
Non-current assets			
Property, plant and equipment	4	5,227,219,964	4,597,075,115
Intangible assets		410,401	1,138,159
Long term investments		194,288,483	278,706,019
Long term loan and receivable		7,349,834	6,897,737
		<u>5,429,268,682</u>	<u>4,883,817,030</u>
Current assets			
Stores and spares		86,613,422	61,971,605
Stock-in-trade		1,294,856,007	1,404,712,679
Trade debts - net		405,647,480	601,589,094
Loans and advances		146,898,309	69,088,671
Deposits, prepayments and other receivables		329,862,874	496,866,412
Current maturity of long term receivables		-	13,995,364
Taxation - net		114,132,098	123,339,561
Short term investments		8,148,117	34,735,199
Cash and bank balances		10,389,902	32,771,396
		<u>2,396,548,209</u>	<u>2,839,069,981</u>
Total assets		<u>7,825,816,891</u>	<u>7,722,887,011</u>
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised capital			
400,000,000 (30 June 2019: 200,000,000) ordinary shares of Rs.10/- each		<u>4,000,000,000</u>	<u>2,000,000,000</u>
Issued, subscribed and paid up capital		1,512,500,000	1,512,500,000
Share premium		1,095,352,578	1,095,352,578
Fair value reserve		13,234,603	(3,392,943)
Unappropriated profit		570,695,710	641,560,112
		<u>3,191,782,891</u>	<u>3,246,019,747</u>
Non-Controlling Interest		<u>327,285,265</u>	<u>330,115,497</u>
		<u>3,519,068,156</u>	<u>3,576,135,244</u>
LIABILITIES			
Non-current liabilities			
Liabilities against assets subject to finance lease		29,000,000	1,665,777
Deferred tax liabilities		70,110,097	69,986,776
Loans and borrowings		466,666,667	166,666,667
Employee benefits - gratuity		11,488,475	10,467,240
		<u>577,265,239</u>	<u>248,786,460</u>
Current liabilities			
Current maturity of liabilities against assets subject to finance lease		15,655,982	4,104,846
Short term financing		3,097,645,885	3,274,028,285
Trade and other payables		324,029,712	501,533,063
Due to related parties		149,023,901	33,818,656
Unclaimed Dividend		3,525,637	3,535,500
Accrued mark-up on short term financing		139,602,379	80,944,957
		<u>3,729,483,496</u>	<u>3,897,965,307</u>
Total equity and liabilities		<u>7,825,816,891</u>	<u>7,722,887,011</u>
CONTINGENCIES AND COMMITMENTS			

5

The annexed notes 1 to 9 form an integral part of the condensed interim consolidated financial information.


Chief Financial
Officer


Chief Executive


Director

CONDENSED INTERIM CONSOLIDATED PROFIT OR LOSS (UN-AUDITED)

For the nine months and three months period ended 31 March 2020

Note	For the nine months period ended		For the three months period ended	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
	------(Rupees)-----			
Turnover	2,627,193,549	4,535,848,948	871,131,906	1,445,903,333
Cost of sales	(2,327,673,676)	(3,988,702,046)	(758,091,099)	(1,256,503,663)
Gross profit	299,519,873	547,146,902	113,040,807	189,399,670
Administrative and selling expenses	(137,354,407)	(160,265,633)	(46,102,961)	(54,768,630)
	162,165,466	386,881,269	66,937,846	134,631,040
Other expenses	(8,115,053)	(22,570,361)	(4,419,195)	(7,969,023)
Other income	187,989,980	26,362,081	61,227,749	2,115,386
	179,874,927	3,791,720	56,808,554	(5,853,637)
Operating profit	342,040,393	390,672,989	123,746,400	128,777,403
Financial charges	(247,841,444)	(173,948,615)	(72,677,861)	(53,275,124)
Equity investments at FVTPL - net change in fair value	(186,683)	(15,055,745)	(193,960)	(1,609,953)
Share of profit in associates-net	(91,945,001)	(71,073,192)	(65,664,201)	(49,025,824)
Profit before taxation	2,067,265	130,595,437	(14,789,622)	24,866,502
Taxation	(60,416,158)	(103,125,261)	(20,209,204)	(40,507,406)
(Loss) / profit after taxation	(58,348,893)	27,470,176	(34,998,826)	(15,640,904)
(Loss) / profit attributable To:				
Owners of the Company	(55,518,661)	30,051,397		
Non-controlling interest	(2,830,232)	(2,581,221)		
	(58,348,893)	27,470,176		
(Loss) / earnings per share				
- basic and diluted	(0.39)	0.20	(0.23)	(0.10)

The annexed notes 1 to 9 form an integral part of the condensed interim consolidated financial information.


Chief Financial
Officer


Chief Executive


Director

CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

For the nine months period ended 31 March 2020

	For the nine months period ended		For the three months period ended	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
	------(Rupees)-----			
(Loss) / profit after taxation	(58,348,893)	27,470,176	(34,998,826)	(15,640,904)
Other comprehensive income:				
<i>Items that are or may be reclassified subsequently to profit and loss</i>				
Equity investments at FVOCI - net change in fair value	(334)	(6,645,036)	(46,526,792)	723,411
Total comprehensive (loss) / income for the period	<u>(58,349,227)</u>	<u>20,825,140</u>	<u>(81,525,618)</u>	<u>(14,917,493)</u>

The annexed notes 1 to 9 form an integral part of the condensed interim consolidated financial information.



Chief Financial
Officer



Chief Executive



Director

CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT (UN-AUDITED)

For the nine months period ended 31 March 2020

	31 March 2020	31 March 2019
	----- (Rupees) -----	
Profit before taxation	2,067,265	130,595,437
Adjustment for		
Depreciation	72,484,986	78,683,271
Amortization	727,758	833,086
Mark-up expense	226,515,728	123,164,218
Finance lease charges	28,342	352,800
Mark-up income	(1,239,991)	(14,760,905)
Interest income on PTC	(7,552,212)	(7,629,320)
Gain on disposal of item of property, plant and equipment	(1,317,073)	(3,396,027)
Provision for gratuity	1,225,235	1,432,987
Gain on disposal of investment	(1,282,139)	-
Loss on redemption of PTC	2,985,337	-
Share of profit in associates - net	91,945,001	71,073,192
Equity investments at FVTPL - net change in fair value	186,683	15,055,745
	386,774,920	395,404,484
Working capital changes		
Decrease / (increase) in current assets		
Stores and spares	(24,641,817)	(21,172,742)
Stock-in-trade	109,856,672	96,996,720
Trade debts	195,941,614	(33,008,850)
Loans and advances	(77,809,638)	50,071,860
Deposits, prepayments and other receivables	180,546,805	(239,363,230)
	383,893,636	(146,476,242)
(Decrease) / increase in current liabilities		
Trade and other payables	(162,735,000)	50,374,196
Cash generated from operations	607,933,556	299,302,438
Mark-up paid	(167,858,300)	(72,755,410)
Gratuity Paid	(204,000)	(10,000)
Tax paid	(51,085,374)	(87,399,446)
Net cash generated from operating activities	388,785,882	139,137,582
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(701,326,161)	(1,634,656,051)
Mark-up received	1,239,991	14,760,905
Dividend received	7,552,212	7,629,320
Proceeds from disposal of item of property, plant and equipment	3,949,623	5,976,484
Redemption/(Purchase) of investments - net	18,451,541	(834,381)
Net cash used in investing activities	(670,132,794)	(1,607,123,723)
CASH FLOWS FROM FINANCING ACTIVITIES		
Lease rentals paid	(10,725,213)	(20,046,050)
Proceeds from loans and borrowings	-	554,919,719
Loan from director	100,436,894	-
Long term loan	300,000,000	-
Proceeds from Sales & Lease back transaction	45,646,000	-
Dividend Paid	(9,863)	(35,819)
Net cash generated from financing activities	435,347,818	534,837,850
Net increase / (decrease) in cash and cash equivalents	154,000,906	(933,148,291)
Cash and cash equivalents at beginning of the period	(3,241,256,889)	(903,734,756)
Cash and cash equivalents at end of the period	(3,087,255,983)	(1,836,883,047)

The annexed notes 1 to 9 form an integral part of the condensed interim consolidated financial information.


Chief Financial Officer


Chief Executive


Director

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)

For the nine months period ended 31 March 2020

	Share capital	Capital reserve		Revenue reserve	Total equity
	Issued, subscribed and paid up Capital	Share premium	Fair value reserve of equity securities - FVOCI	Unappropriated profit	
	(Rupees)				
Balance as at 30 June 2018	1,512,500,000	1,095,352,578	13,240,378	696,944,970	3,318,037,926
Adjustment on initial application of IFRS 15	-	-	-	11,265,520	-
Adjusted balance as at 1 July 2018 - restated	1,512,500,000	1,095,352,578	13,240,378	708,210,490	3,318,037,926
Total comprehensive income for the period ended 31 March 2019					
Profit after taxation	-	-	-	30,051,397	30,051,397
Other comprehensive income	-	-	(6,645,036)	-	(6,645,036)
	-	-	(6,645,036)	30,051,397	23,406,361
Transactions with owners	-	-	-	-	-
Balance as at 31 March 2019	<u>1,512,500,000</u>	<u>1,095,352,578</u>	<u>6,595,342</u>	<u>738,261,887</u>	<u>3,341,444,287</u>
Balance as at 01 July 2019	1,512,500,000	1,095,352,578	(3,392,943)	641,560,112	3,246,019,747
Total comprehensive income for the period ended 31 March 2020					
Loss after taxation	-	-	-	(55,518,661)	(55,518,661)
Reclassification of unrealised gain on sale of investment carried at FVOCI	-	-	16,627,880	(16,627,880)	-
Gain on sale of investment carried at FVOCI	-	-	-	1,282,139	1,282,139
Other comprehensive income	-	-	(334)	-	(334)
	-	-	16,627,546	(70,864,402)	(54,236,856)
Transactions with owners	-	-	-	-	-
Balance as at 31 March 2020	<u>1,512,500,000</u>	<u>1,095,352,578</u>	<u>13,234,603</u>	<u>570,695,710</u>	<u>3,191,782,891</u>

The annexed notes 1 to 9 form an integral part of the condensed interim consolidated financial information.



Chief Financial
Officer



Chief Executive



Director

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED)
For the nine months period ended 31 March 2020

1. STATUS AND NATURE OF BUSINESS

1.1 Legal status and operations

Loads Limited (“the Parent Company”) was incorporated in Pakistan on January 01, 1979 as a private limited company under the Companies Act, 1913 {repealed with the enactment of the Companies Ordinance, 1984 (repealed with the enactment of Companies Act, 2017 on May 30, 2017)}.

On December 19, 1993, the Parent Company was converted from private limited company to public unlisted company and subsequently on November 01, 2016, the shares of the Parent Company were listed on Pakistan Stock Exchange Limited (PSX). The registered address of the of the Parent Company is situated at Plot No. 23, Sector 19, Korangi Industrial Area, Karachi.

The principal activity of the Parent Company is to manufacture and sale of radiators, exhaust systems and other components for automotive industry.

The Parent Company’s registered office and plant is situated at Plot No. 23, Sector 19, Korangi Industrial Area, Karachi.

There are four subsidiaries and one associate (Treet Corporation Limited) of the Parent Company. Subsidiaries are carried at cost. The details are as follows:

Name of the Company	Incorporation date	Effective holding %		Principle line of business
		31 March 2020	30 June 2019	
Subsidiaries				
Specialized Autoparts Industries (Private) Limited (SAIL)	2 June 2004	91%	91%	Manufacture and sell components for the automotive industry.
Multiple Autoparts Industries (Private) Limited (MAIL)	14 May 2004	92%	92%	Manufacture and sell components for the automotive industry.
Specialized Motorcycles (Private) Limited (SMPL)	28 September 2004	100%	100%	Acquire, deal in, purchase, import, sales, supply and export motorcycles and auto parts. The operations have been ceased from 1 July 2015.
Hi-Tech Alloy Wheels Limited (HAWL)	13 January 2017	80%	80%	It will manufacture alloy wheels of various specifications and sell them to local car assemblers.
Associate				
Treet Corporation Limited	22 January 1977	5.37%	5.32%	Manufacture and sale of razors, razor blades and other trading activities

Plants of SAIL and MAIL are situated at DSU-19 and DSU-38 respectively in Downstream Industrial Estate Pakistan Steel Mills Bin Qasim Town, Karachi. HAWL has acquired land for establishing industrial unit which is located at National Industrial Park, Bin Qasim, the Special Economic Zone declared by Government of Sindh.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED)

For the nine months period ended 31 March 2020

2. BASIS OF PREPARATION

2.1 Statement of compliance

The condensed interim consolidated financial information has been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

This condensed interim consolidated financial information does not include all the information and disclosures required in the annual financial statements and should therefore be read in conjunction with the annual audited consolidated financial statements of the Parent Company as at and for the year ended 30 June 2019. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the last financial statements.

2.2 Basis of measurement

This condensed interim consolidated financial information has been prepared on the historical cost convention, except for certain investments which are stated at fair value and provision for staff gratuity which is stated at present value.

2.3 Functional and presentation currency

The condensed interim consolidated financial information is presented in Pak Rupee which is also the functional currency of the Parent Company and rounded off to the nearest rupee.

2.4 Key estimates and judgments

The preparation of the condensed interim consolidated financial information in conformity with accounting and reporting standards as applicable in Pakistan requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.

In preparing the condensed interim consolidated financial information, the significant judgments made by the management in applying the Parent Company's accounting policies and the key sources of estimation and uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 30 June 2019 except for new significant judgments and key sources of estimation uncertainty related to application of IFRS 16 which are discussed in note 3. The Parent Company's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as at and for the year ended 30 June 2019.

3. CHANGES IN ACCOUNTING POLICIES

Except as described below, the accounting policies applied in these interim consolidated financial statements are the same as those applied in the last annual consolidated financial statements.

The Parent Company has adopted IFRS 16 Leases from 1 July 2019. A number of other new standards are effective from 1 January 2020 but they do not have a material effect on the Company's financial statements.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED)
For the nine months period ended 31 March 2020

IFRS 16 introduced a single, on-balance sheet accounting model for lessees. As a result, the Parent Company, as a lessee, has recognised right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments. Lessor accounting remains similar to previous accounting policies.

The Parent Company has applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 July 2019. Accordingly, the comparative information presented for 2018 has not been restated – i.e. it is presented, as previously reported, under IAS 17 and related interpretations. The details of the changes in accounting policies are disclosed below.

A. Definition of a lease

Previously, the Parent Company determined at contract inception whether an arrangement was or contained a lease under IFRIC 4 Determining Whether an Arrangement contains a Lease. The Parent Company now assesses whether a contract is or contains a lease based on the new definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

At inception or on reassessment of a contract that contains a lease component, the Parent Company allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which it is a lessee, the Parent Company has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

B. As a lessee

The Parent Company leases properties. As a lessee, the Parent Company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under IFRS 16, the Parent Company recognises right-of-use assets and lease liabilities for most leases – i.e. these leases are on-balance sheet.

The Parent Company presents right-of-use assets that do not meet the definition of investment property in ‘property, plant and equipment’, the same line item as it presents underlying assets of the same nature that it owns. The carrying amounts of right-of-use assets are as below:

	Property, plant and equipment (Rupees in '000)
Balance at 1 July 2019	76,039
Balance at 31 March 2020	121,418

The Parent Company presents lease liabilities in the statement of financial position.

i) Significant accounting policies

The Parent Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liability. When a right-of-use asset meets the definition of investment property, it is presented in investment property. The right-of-use asset is initially measured at cost, and subsequently measured at fair value, in accordance with the Parent Company’s accounting policies.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Parent Company’s incremental borrowing rate. Generally, the Parent Company uses its incremental borrowing rate as the discount rate.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED)

For the nine months period ended 31 March 2020

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The Parent Company has applied judgement to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Company is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

ii) Transition

Previously, the Parent Company classified property leases as operating leases under IAS 17. These include property where offices of the Company are situated. The leases typically run for a period of 3 years. Some leases include an option to renew the lease for an additional years.

At transition, for leases classified as operating leases under IAS 17, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Company's incremental borrowing rate as at 1 July 2019. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

C. As a lessor

The accounting policies applicable to the Parent Company as a lessor are not different from those under IAS 17. However, when the Parent Company is an intermediate lessor the sub-leases are classified with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. The Parent Company is not required to make any adjustments on transition to IFRS 16 for leases in which it acts as a lessor. However, the Parent Company has applied IFRS 15 Revenue from Contracts with Customers to allocate consideration in the contract to each lease and non-lease component.

D. Impacts on financial statements

i. Impacts on transition

On transition to IFRS 16, the Parent Company recognised additional right-of-use assets and additional lease liabilities, recognising the difference in retained earnings. The impact on transition is summarised below.

	1 July 2019 (Rupees in '000)
Right-of-use assets presented in property and equipment	76,039
Lease liabilities	<u>5,771</u>
When measuring lease liabilities for leases that were classified as finance leases, the Parent Company discounted lease payments using its incremental borrowing rate at 1 July 2019. The rate applied is 18.25%	
Lease liabilities recognised at 1 July 2019	<u>5,771</u>

ii. Impacts for the period

As a result of initially applying IFRS 16, in relation to the leases that were previously classified as finance leases, the Parent Company recognised Rs. 76.04 million of right-of-use assets.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED)

For the nine months period ended 31 March 2020

Also in relation to those leases under IFRS 16, the Parent Company has recognised depreciation and interest costs, instead of operating lease expense. During the nine months period ended 31 March 2020, the Company recognised Rs. 4.5 million of depreciation charges and Rs. 1.4 million of interest costs from these leases.

4. PROPERTY, PLANT AND EQUIPMENT

	Note	31 March 2020 (Un-audited) (Rupees)	30 June 2019 (Audited)
Operating property, plant and equipment	4.1	803,678,326	859,206,477
Capital work-in-progress		4,423,541,638	3,737,868,638
		<u>5,227,219,964</u>	<u>4,597,075,115</u>

4.1 The following acquisitions and disposals have been made during nine months period ended 31 March 2020.

	For the nine months period ended			
	31 March 2020		31 March 2019	
	Acquisitions at cost	Disposals at book value	Acquisitions at cost	Disposals at book value
	------(Rupees)-----			
Building on leasehold land	1,490,083	-	9,749,960	-
Plant and machinery	16,916,473	-	39,504,634	7,141,785
Tools and equipment	449,782	-	2,668,495	-
Furniture, fittings and office equipment	2,669,248	-	1,491,595	-
Vehicles	4,308,485	2,632,550	12,956,425	2,315,137
	<u>25,834,071</u>	<u>2,632,550</u>	<u>66,371,109</u>	<u>9,456,922</u>

4.2 Leases

As a Lessee

'Property and equipment' comprise owned and leased assets that do not meet the definition of investment property.

	31 March 2020 (Rupees in '000)
Property and equipment owned	682,260
Right-of-use assets	121,418
	<u>803,678</u>

Information about leases for which the Company is a lessee is presented below.

Right-of-use assets

Balance at 1 July 2019	76,039
Addition during the period	49,867
Depreciation charge for the period	(4,488)
Balance at 31 March 2020	<u>121,418</u>

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED)

For the nine months period ended 31 March 2020

31 March
2020
(Rupees in '000)

Lease liabilities

Maturity analysis - contractual undiscounted cash flows:

Less than one year	17,110
One to five years	23,066
More than five years	-
Total undiscounted lease liabilities at 31 March	40,176

Lease liabilities included in the statement of financial position at 31 March 2020 **44,656**

Current	<u>15,656</u>
Non-current	<u>29,000</u>

Amounts recognised in statement of profit or loss account

Interest on lease liabilities (1,399)

Amounts recognised in the statement of cash flows

Total cash outflow for leases 11,010

5. CONTINGENCIES AND COMMITMENTS

5.1 Contingencies

There is no change in the status of contingencies as disclosed under note 16 of the annual consolidated financial statements of the Company for the year ended 30 June 2019.

5.2 Commitments

Commitments in respect of letters of credit amounted to Rs. 447.424 million (30 June 2019: Rs. 343.869 million).

6. COST OF SALES	For the nine months period ended		For the three months period ended	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
	----- (Rupees) -----			
Raw materials and components consumed	1,752,615,135	3,332,172,500	578,896,696	973,628,012
Ancillary materials consumed	59,102,479	70,761,622	19,045,245	14,624,990
Manufacturing Expenses				
Salaries, wages and other employee benefits	315,383,867	385,097,953	90,443,525	129,896,899
Toll manufacturing	52,840,507	86,865,747	17,946,670	24,173,302
Depreciation	66,193,748	71,021,778	22,124,241	24,216,202
Gas, power and water	28,996,689	30,505,581	11,405,412	8,232,207
Others	62,208,644	92,590,220	18,453,322	34,311,295
Manufacturing cost	<u>2,337,341,069</u>	<u>4,069,015,401</u>	<u>758,315,111</u>	<u>1,209,082,907</u>
Opening stock of work-in-process	80,695,276	150,978,815	90,138,657	177,240,188
Closing stock of work-in-process	(90,362,669)	(149,355,087)	(90,362,669)	(149,355,087)
	<u>(9,667,393)</u>	<u>1,623,728</u>	<u>(224,012)</u>	<u>27,885,101</u>
Opening stock of finished goods	-	49,683,031	-	151,155,769
Closing stock of finished goods	-	(131,620,114)	-	(131,620,114)
	-	(81,937,083)	-	19,535,655
	<u>2,327,673,676</u>	<u>3,988,702,046</u>	<u>758,091,099</u>	<u>1,256,503,663</u>

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED)
For the nine months period ended 31 March 2020

7. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of subsidiaries, associated company and other companies with common directorship and significant influence, employees retirement benefit funds and key management personnel. Transactions with related parties are at terms determined in accordance with the agreed rates.

Transactions and balances with related parties are disclosed below:

	31 March 2020	30 June 2019
	(Rupees)	
Investment in Treet Corporation		
Ordinary shares: 8,887,958 shares (30 June 2019: 8,613,233 shares)	<u>112,843,150</u>	<u>133,394,344</u>
Participation Term Certificates (PTCs): Nil PTCs (30 June 2019: 1,831,500 PTCs)	<u>-</u>	<u>32,948,685</u>
Receivable from provident fund	<u>498,419</u>	<u>9,004,535</u>
Employee benefits - gratuity	<u>(11,488,475)</u>	<u>(10,467,240)</u>
Treet Corporation Limited		
Interest income from PTCs	<u>7,545,988</u>	<u>12,655,665</u>

The Company enters into transactions with related parties on an arm's length basis. Prices for transactions with related parties are determined using admissible valuation methods.

8. DATE OF AUTHORIZATION

This un-audited condensed interim financial information was authorized for issue by the Board Of Directors on 30 April 2020.

9. GENERAL

9.1 All figures, except for the 30th June 2019, appearing in this condensed interim consolidated financial statements are unaudited.

9.2 The amounts have been rounded off to nearest rupee.



Chief Financial Officer



Chief Executive










Director






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