

# ANNUAL REPORT 2019







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# Vision

The vision of Hinopak Motors Limited is to provide the society with safe, economical, comfortable and environment friendly means of transportation by manufacturing and supplying commercial vehicles and services.



# Mission Statement / Corporate Strategy

TO PURSUE OUR VISION, WE COMMIT OURSELVES:

- **To our individual, institutional and international customers:** to deliver high quality, safe, durable, reliable, comfortable, environment friendly and economical products and services to their total satisfaction.
- **To our employees:** to foster corporate culture of mutual trust, respect for fundamental human rights at work, opportunities for professional growth and personal welfare so that they are proud of being a member of the "Hinopak Family".
- **To the community and our nation:** to contribute to economic and social development by providing means of transportation and by progressive localization of the vehicles.
- **To the shareholders:** to act in compliance with the norms expected of a subsidiary of the Toyota Group of Companies and make a meaningful financial return to the shareholders.

# BASIC PRINCIPLES OF HINOPAK CODE OF CONDUCT

1. We develop and provide outstanding products and services that fulfill the demands of customers with sufficient attention given to safety and the environment and we aim to be an enterprise which has a significant presence in the commercial vehicle market.
2. We undertake open and fair corporate activities in conformity with the spirit and letter of laws. We maintain sound and transparent relationships with governmental and administrative entities.
3. We build and maintain good communications with society as well as our stakeholders, and we are committed to accurate and timely disclosure of information.
4. We recognize that an environmental preservation activity is an integral part of our business, and we voluntarily and actively promote and engage in environmental preservation activities as an indispensable condition for Hinopak's corporate existence and activities.
5. We recognize the inherent dignity and fundamental human rights of all members of the Hino family and therefore respect and support the practice of human rights.
6. We actively promote and engage in philanthropic activities as a member of Hino Motors Ltd. and the Toyota Group, and as a good corporate citizen.
7. We respect the right of workers at the workplace and their right of freedom of association and the right to organize and bargain collectively. We believe in transparency, mutual trust and respect for each others' rights and obligations and need for bilateral dialogue and cooperation between employees and management for achieving decent work with safe and healthy work environment, growth and excellence in business performance.
8. We take a resolute stand against antisocial power and organizations, and we act in compliance with ethical standards and sound social values.
9. We respect and abide the law of the land and applicable rules and the diversity of customs and culture and we contribute to development in the communities through our business activities.
10. We support the principles of Global Compact and expect our employees to embrace them in the work culture of our enterprise for sustainable growth and development.
11. We pledge to comply and enforce the basic principles of Hinopak's Code of Conduct and prevent its violation through the mechanism already in place from enforcing discipline, Company wide. Any member of Hinopak family observing any violation or abuse of this code of conduct may bring the same to the notice of the Management Committee or the Audit Committee in writing directly or through the suggestion boxes for necessary consideration and action.



# COMPANY INFORMATION

## **BANKERS**

Allied Bank Limited  
Bank Alfalah Limited  
Bank Al-Habib  
Citibank, N.A.  
Habib Metropolitan Bank Ltd.  
Habib Bank Ltd.  
MCB Bank Limited  
MUFG Bank Ltd.  
National Bank of Pakistan  
Standard Chartered Bank (Pakistan) Limited  
United Bank Ltd.

## **AUDITORS**

A. F. Ferguson & Co. Chartered Accountants

## **LEGAL ADVISOR**

Sayeed & Sayeed

## **REGISTERED OFFICE**

D-2, S.I.T.E., Manghopir Road  
P.O.Box No. 10714  
Karachi-75700, Pakistan  
Tel: 111-25-25-25  
Website: [www.hinopak.com](http://www.hinopak.com)  
Email: [info@hinopak.com](mailto:info@hinopak.com)

## **SHARE REGISTRAR**

M/s FAMCO Associates (Pvt.) Ltd.,  
8-F, Near Hotel Faran, Nursery, Block 6,  
P.E.C.H.S., Shakra-e-Faisal, Karachi  
Tel: 021-34380101-05  
Fax: 021-34380106  
Email: [info.shares@famco.com.pk](mailto:info.shares@famco.com.pk)

## **AREA OFFICES**

### **Lahore**

19 KM, Multan Road, Lahore  
Tel: 042-37512003-6  
Fax: 042-37512005  
Email: [hino-lahore@hinopak.com](mailto:hino-lahore@hinopak.com)

### **Islamabad**

1- D, Unit 14,  
Rehmat Plaza, 2nd Floor  
Blue Area, Islamabad  
Tel: 051-2276234  
Fax: 051-2272268  
Email: [hino-islamabad@hinopak.com](mailto:hino-islamabad@hinopak.com)

### **Quetta**

Second Floor Room No. 31  
Al Zain Center, Zarghoon Road  
Quetta  
Tel: 081-2869174  
Fax: 081-2869175  
Email: [hino-quetta@hinopak.com](mailto:hino-quetta@hinopak.com)

### **Peshawar**

Hino Peshawar  
Ring Road, Near Kohat Road Bridge  
Peshawar  
Tel: 091-2322530  
Fax: 091-2322550  
Email: [hino-peshawar@hinopak.com](mailto:hino-peshawar@hinopak.com)



# BOARD OF DIRECTORS





# Board of Directors



**MUHAMMAD  
ASLAM SANJRANI**  
Chairman

Mr. Muhammad Aslam Sanjrani was appointed in November 2013 as non-executive director of the Company and Chairman of the board of directors.

He joined the Civil Service of Pakistan in 1971 and served 35 years in a variety of posts that included Administration assignments like District Magistrate, Commissioner (of Hyderabad and Larkana divisions), Secretary to the Government of Sindh and Balochistan, Autonomous and regulatory Bodies. He has worked in the Ministries of Commerce, Political affairs, Industries and Production and Foreign Affairs besides being the Secretary to the Government of Pakistan for Overseas Pakistanis. He was also the Chief Secretary of Sindh Province. Presently, he is enrolled as an Advocate of the High Court.

During the service, he has represented Pakistan at International Forums including the World International Tourism Conference, World Bank, Asian Development Bank. He has enjoyed a very credible status amongst the international Donor Agencies with whom he successfully negotiated Loan agreement. He has been a sportsman having had the distinction of representing Pakistan cricket at all levels except test cricket. He has very successfully organized World Squash Championship in Karachi. Further, he has played badminton and table tennis at national level.



**YOSHIHIKO NANAMI**  
President &  
Chief Executive Officer

Mr. Yoshihiko Nanami was appointed as President & Chief Executive Officer of the Company and member of Human Resource and Remuneration Committee in March 2019. He has diversified working experience of over 22 years at various positions. Mr. Nanami has completed his studies from Keio University, Japan with major in Economics.



**SHIGERU TSUCHIYA**  
Director &  
Executive Vice President

Mr. Shigeru Tsuchiya was appointed as the Executive Vice President of the Company in July 2018. He worked in the versatile roles in Tomen Corporation Japan from 1988 to 2006. He has diversified working experience in different leadership roles mainly in the Asian Markets.



**TAKEHITO SASAKI**  
Director &  
Vice President

Mr. Takehito Sasaki was appointed as the Director of the Company in March 2015. He has a rich experience in production techniques and production investigation activities.



**MUSHTAQ MALIK**  
Independent  
Non-Executive Director

Mr. Mushtaq Malik is the independent non-executive director, Chairman of the Audit Committee and Human Resource and Remuneration Committee of the Company. Currently he is also the Director of Askari Bank Limited and Chairman of MM Management Consultants.

He has served on the boards of Habib Bank Limited and Eco Bank, Istanbul. He has also Chaired Pakistan Electronic and Media Regulatory Authority (PEMRA) and worked as Federal Secretary to the Board of Investment Pakistan. He holds Master's degree in Economics and Business Administration with specialization in International Business Management and Finance.





**SHUICHI KANEKO**  
Non-Executive Director

Mr. Shuichi Kaneko was appointed in April 2017 as non-executive director of the Company, member of the Audit Committee and Human Resource and Remuneration Committee. He joined Hino Motors Ltd., Japan in 1982.



**KOJI NAGATA**  
Non-Executive Director

Mr. Koji Nagata was appointed in February 2019 as non-executive director of the Company, member of the Audit Committee and Human Resource and Remuneration Committee. He joined Toyota Motor Corporation, Japan in 1985.



**SATOSHI SASE**  
Non-Executive Director

Mr. Satoshi Sase was appointed in April 2018 as non-executive director of the Company, member of the Audit Committee and Human Resource and Remuneration Committee. He joined Toyota Tsusho, Corporation in 1989. Presently, he is also working as General Manager Hino Automotive department of Toyota Tsusho Corporation. He also served the Toyota Group in different countries in numerous roles.



**MASATO NISHIHARA**  
Non-Executive Director

Mr. Masato Nishihara was appointed in February 2019 as non-executive director of the Company, member of the Audit Committee and Human Resource and Remuneration Committee. He joined Hino Motors Limited Japan in 1986.



**SYED JUNAID ALI**  
Company Secretary

Mr. Junaid is a Chartered Accountant from Institute of Chartered Accountants of Pakistan and a certified director from Institute of Business Administration Karachi. He joined Hinopak Motors Limited in 2011. In addition to the role of Company Secretary he is responsible for Financial Reporting, Taxation, Treasury and Legal Affairs of the Company. Before joining Hinopak Motors Limited he has worked with KPMG Taseer Hadi and Co & Dawood Family Takaful Limited.

# Management Team



## FAHIM AIJAZ SABZWARI

Vice President &  
Chief Financial Officer

Mr. Fahim Aijaz Sabzwari is Chief Financial Officer and the Vice President of Finance, IT, HR, Admin and HSE Departments.

Fahim is the fellow member of the Institute of Chartered Accountants of Pakistan and a certified director from Institute of Business Administration Karachi. He joined Hinopak Motors Limited in 2005. Previously, he has worked with A.F.Ferguson & Co., Deloitte Kingdom of Saudi Arabia and Al Ghurair Group, Dubai.



## NAUSHAD RIAZ

Vice President

Mr. Naushad Riaz is the Vice President of Production Operations, Quality Assurance and Material Management Departments.

Naushad is a Mechanical Engineer followed by MBA (Finance) and carrying over 30 years of Experience in Auto Industry, he is associated with Hinopak since 1986. He is a Lead Auditor of Environment Management System (ISO-14000). Mr. Riaz has vast experience in Production, Projects, Progressive Manufacturing and Supply Chain Management. He represents Hinopak at various forums and is an Executive Committee Member of PAMA (Pakistan Automobile Manufacturers Association). Presently, he is also the Director of Automotive Testing & Training Centre (Pvt) Ltd.



## ADIL MOHIUDDIN SHAH

General Manager  
Total Support

Mr. Adil Mohiuddin Shah is the General Manager of Total Support Department.

Adil is an MBA from the Institute of Business Administration. He has been associated with the Company for more than 24 years and has worked in various roles in the National Sales and Total Support departments of Hinopak. He has also worked for Teradata Pakistan leading the solution team for Financial & Government sectors for Pakistan and Bangladesh.



## MAKOTO HOSODA

General Manager  
Material Management

Mr. Makoto Hosoda is the General Manager of Material Management Department. He has been associated with the Hino Motors Ltd. since 1992 and has served Chassis Component & Development and Global Procurement. He joined Hinopak in 2017.



## MEHMOOD AHMED KHAN

General Manager  
National Sales

Mr. Mehmood Ahmed Khan is the General Manager of National Sales Department.

Mehmood has a Masters in Mechanical Engineering as well as an MBA in Industrial Management and Marketing. He has been associated with the Company for more than 25 years and has worked in various roles including Project Management, Product Planning & Development and Sales & Marketing. He has been at the forefront of the introduction of numerous successful Hino products in Pakistan.



## SYED SAMAD SIRAJ

General Manager  
BMD, E&D & QA

Syed Samad Siraj is the General Manager of Body Operation, Engineering & Development and Quality Assurance Departments.

Samad is a Mechanical Engineer followed by Masters in Design Engineering. He has been associated with the company since 1990 and has served Hinopak almost 29 years under different roles. He is a Certified Quality Professional and a lead auditor of QMS and EMS. He has carried over years of experience in Quality Management, Development, Project Management, Production Planning and Production Operations.



## MUHAMMAD ZAHID HASAN

General Manager  
Finance & IT

Mr. Muhammad Zahid Hasan is the General Manager of Finance and IT Departments with over 25 years of professional experience.

Zahid is a fellow member of Institute of Cost and Management Accountants of Pakistan and a certified director from Institute of Business Administration Karachi. He joined Hinopak Motors Limited in the year 2000 and since then he has held various positions of responsibility in the Company including member of the Management Committee. He has proven expertise in financial Management, Budgeting, Costing and Pricing techniques.



## AHSAN WASEEM AKHTAR

General Manager  
HR, Admin & HSE

Mr. Ahsan Waseem Akhtar is the General Manager of HR, Admin & HSE Departments.

Ahsan holds MBA Degree from SZABIST along with Advance Diploma in Management Accountant, Chartered Institute of Management Accountant (CIMA) – UK. He is a Certified Director of Corporate Governance from Institute of Business Administration Karachi. Mr. Ahsan started his career with A. F. Ferguson & Co. and afterwards, got associated with Hinopak in February 2001. He has proven expertise in Strategic HR Planning & Visioning, Organizational Development & Evolution and Financial Management. Prior to his HR assignment, He has served in various roles in Finance Department and also headed the Internal Audit Department of the Company.

# Board Committees

## Audit Committee

- Mushtaq Malik – Chairman  
(Independent Director)
- Masato Nishihara  
(Non - Executive Director)
- Satoshi Sase  
(Non - Executive Director)
- Koji Nagata  
(Non - Executive Director)
- Shuichi Kaneko  
(Non - Executive Director)
- Nasir Manzoor  
(Secretary)

## Terms of Reference

- Determination of appropriate measures to safeguard Company's assets;
- Review of quarterly, half-yearly and annual financial statements of the Company, prior to the approval by the Board of Directors;
- Review of management letter issued by external auditors and management's response thereto and monitor the action plan to improve the control environment;
- Review of the scope and extent of internal audit and ensuring that the internal audit function has adequate resources and is appropriately placed within the Company;
- Ascertaining that the internal control system including financial and operational controls, accounting system and reporting structure are adequate and effective;
- Instituting special projects, other investigations on any matter specified by the Board of Directors, and to refer any matter to the external auditors or to any other external body;
- Monitoring compliance with relevant statutes and best practices of Corporate Governance; and
- Review arrangement for staff and management to report to audit committee in confidence, concerns, if any, about actual or potential improprieties in financial and other matters and recommend instituting remedial and mitigating measures.

## Human Resource & Remuneration Committee

- Mushtaq Malik – Chairman  
(Independent Director)
- Yoshihiko Nanami
- Satoshi Sase  
(Non - Executive Director)
- Shigeru Tsuchiya
- Masato Nishihara  
(Non - Executive Director)
- Shuichi Kaneko  
(Non - Executive Director)
- Koji Nagata  
(Non - Executive Director)
- Fahim Aijaz Sabzwari  
(Secretary)

## Terms of Reference

- Recommending human resource management policies to the board;
- Recommending to the board the selection, evaluation, compensation (including retirement benefits) and succession planning of the CEO;
- Recommending to the board the selection, evaluation, compensation (including retirement benefits) of CFO, Company Secretary and Head of Internal Audit;
- Recommending to the board for consideration and approval a policy framework for determining the remuneration of directors and Senior Management personnel (first layer of management below the Chief Executive Officer level);
- Considering and approving on recommendations of CEO on such matters for key management positions who report directly to CEO;
- Ensure annual evaluation of members of the board and board committees; and
- Recommending to the Chairman the performance evaluation of the board as a whole.



# Functional Committees

## Management Committee

- Yoshihiko Nanami  
Chairman
- Shigeru Tsuchiya
- Takehito Sasaki
- Fahim Aijaz Sabzwari
- Naushad Riaz
- Adil Mohiuddin Shah
- Mahmood Ahmed Khan
- Makoto Hosoda
- Syed Samad Siraj
- Muhammad Zahid Hasan
- Ahsan Waseem Akhtar
- Salman Abdul Wahab
- Misbah Uddin Khan Akozai
- Abdul Basit  
(Secretary)

## Terms of Reference

- Managing the day to day operations of the Company;
- Developing the business and marketing strategy of the Company;
- Reviewing budgetary proposals and the necessary actions to implement the business plan;
- Monitoring profitability and deviations from business plan; and
- Handling the major business issues and other urgent matters on behalf of the Board.

## Whistle Blowing Committee

- Yoshihiko Nanami  
Chairman
- Shigeru Tsuchiya
- Fahim Aijaz Sabzwari
- Abdul Basit
- Ahsan Waseem Akhtar  
(Secretary)

## Terms of Reference

- Establishing, implementing and maintaining the Whistle Blowing Mechanism;
- Monitoring and ensuring the transparency of the Whistle Blowing Process;
- Reviewing and analyzing periodically the feedback and complains obtained through the mechanism;
- Designating and supervising the officer investigating with regards to any matter reported through the Whistle Blowing Mechanism; and
- Initiating steps to ensure compliance with the Hinopak Code of Conduct, transparency in financial reporting and safeguard of Company's assets.



# Chairman's Review

On behalf of the Board of Directors, I welcome you to the 34th Annual General Meeting of Hinopak Motors Limited and hereby share with you the performance for the year ended March 31, 2019.

Following impeccable period of sales growth for past couple of years, the automotive market is facing challenges. It has been an eventful, but tough year for automakers in Pakistan as key developments on the macroeconomic front proved to be hard-hitting for the auto sector. On the macroeconomic front, depreciation of the rupee, the hike in interest rates, approx double-digit inflation and the restriction on non-filers for buying vehicles has led to a market contraction.

## **HINOPAK BUSINESS**

### **Market Share and Sales**

In the period of economic commotion, the commercial vehicle industry of Pakistan showed downward trend, the total market size decreased by 14% approximately. This descending is mainly due to adverse foreign exchange parities along with slow pace of China-Pakistan Economic Corridor (CPEC) development due to curtailment by government spending in the project.

In the truck segment, the Company prevailed the market share with a share of 31%, and in the bus segment, the Company dominated the market with a share of 41%.

### **Gross Profit**

The gross margin stood at Rs. 1,113 million as against Rs. 3,034 million in the prior year.

### **Distribution and Administrative Expenses**

Distribution and administrative expenses stood at Rs. 758 million as compared to Rs. 861 million of previous year.

### **Finance Cost**

Appreciation of US Dollar in the latter half of financial year resulted in substantive Exchange Loss of Rs. 816 million compared to Exchange Loss of Rs. 637 million of last year. Due to weak liquidity position, the Company incurred mark-up on running finance amounting to Rs. 188 million due to higher borrowings and interest rates.

### **Loss / Profit after Tax**

The Company posted a loss after tax of Rs. 873 million as compared to previous year after tax profit of Rs. 1,149 million. Loss per share stood at Rs. 70.42



## Capital Expenditure

Despite critical situation, the Company strives to expand its business operation and thus invested Rs. 275 million in its capital goods to cater needs of the customer and enhance its quality standards.

## Cash Flow and Working Capital Management

The cash flow of the Company received serious blow mainly because of unfavourable exchange rate and drop in sales volume.

## Dividend

Considering the financial position of the Company, the directors of the Company have decided not to pay any dividend, cash or otherwise.

## MANUFACTURING FACILITIES

### Chassis Assembly Department (CAD)

Hinopak always believe in providing supreme products to the customers, CAD plays pivotal role in the progress of the Company. During the year special attention was given to quality and stage wise inspection was implemented resulting in reduced defects and improved quality of the vehicles. The Company assembled 3,201 units (Chassis) compared to 4,495 units (Chassis) in the preceding year. The Company also produced 10,310 IMV (Hilux) frames for Indus Motors Company.

### Body Manufacturing Department (BMD)

Despite low chassis business, BMD produced 802 bodies including Bottle Carriers, Dump Trucks, Water Browsers and Bus Bodies. It is eminent to mention that Hinopak is the only commercial vehicle company to have a contemporary Body Manufacturing Facility.

During the year different facilities were developed including bus body roof spot welding facility, installation of new parts primer shop and inclusion of laser cutting machine are some of worth mentioning addition, these resulted in improvement to safety & quality aspects. During the year more than 770,000 Man-hours were utilized with no fatal & major accidents.

## BUSINESS PROCESS IMPROVEMENT AND PRODUCT DEVELOPMENT

Hinopak priority is improving product innovation and new product development, with the aim of providing customer with more comfortable reliable and better products, increasing revenues, driving down costs, and reducing cycle time, and ultimately of increasing profits. To attain these task management use various methodologies to analyze the procedures to identify areas where they can improve accuracy, effectiveness and / or efficiency and then redesign the processes to materialize the improvements and ultimately benefitting the Company, during the year the Company invested Rs. 94m to enhance the production process.

Considering Company's vision towards the quality, a Vendors' Convention was held at Karachi in December 2018. Company announced its Global Operations and Global Purchasing Policy which consists of Quality, Cost, Delivery, Technology and Reliability. The theme of the event was again set as "Achieving Global Standards" in order to emphasis vendors to attain and maintain quality standards for business continuity.

## AFTER SALES SUPPORT

Customers have shown great confidence in Hinopak after sales support network, during the year the Company recorded highest ever Turnover in parts amounting to Rs. 1.4 billion.

Customer satisfaction is the Company's top priority. Total Support to customers is provided by reaching Hino customers through country-wide Service Camps. During the year, 18 service camps in different cities across the Pakistan were conducted, in total more than 800 vehicles are inspected during the activity. These camps provide opportunity to get free of cost inspection and expert advice to the customers.

To enhance skill level and motivate dealer technical Staff, Hinopak conducted skill contest for their dealers' country wide on regular basis. In December 2018, Company conducted 3S Skill Contests at Karachi in which total 29 staff members of dealership network participated.

Hinopak Motors Limited held Eco-Driving trainings for its customers throughout the country in order to support safe and economical driving. These training activities are a part of our "Total Support" activities. During the year, 18 Eco Drive Seminars were conducted for Hino customers at different parts of the country. Total 304 drivers and technical staffs joined these special training programs.

## CORPORATE SOCIAL RESPONSIBILITY (CSR)

We recognize that socially responsible efforts are important to our customers, employees and stakeholders. Our CSR program is currently focusing on improvement of healthcare, advancement of education and community support in general.

We continued supporting “Dar-ul-Sukun” and “Markaz-e-Umeed” (institutes for mentally and physically challenged people) by providing donations to them. To help and benefit the poor and non-affording patients, a donation amount was handed over to ‘Nigahban Civil Hospital’. We also partner with Pakistan Eye Bank Society to roll out free eye and dental checkup camps in less privileged areas of the city.

Academic high-achievers who need money to continue education were granted scholarships. Other welfare activities include paid internship program and research projects, facility improvement program for government schools, learn and fun summer camp for kids and Road Safety Awareness Programs.

## HUMAN RESOURCE DEVELOPMENT

Our employees are our asset. The Company has wide-range training and development program for them, including initiatives like on-site and industry-specific trainings, foreign training programs, tuition reimbursement and financing for certificate and degree programs.

Customized learning interventions include “Kaizen - Continuous Improvement Program”, Quality Improvement in Lean Production System, Leadership Development, Personal Mastery and IT Security Awareness Sessions. Regular tuition classes were arranged for apprentices to strengthen their conceptual domain. A total of 23,000 training man hours were achieved company-wide.

## OCCUPATIONAL HEALTH & SAFETY

Safety is a core value at Hinopak and the Company is committed to continued advancement of safety culture with strong programs of personal safety, accident and injury prevention, wellness promotion and compliance with applicable environmental and health and safety laws and regulations.

The Company compels efforts to promote occupational and personal safety, health and wellness and to protect the health and safety of the employees. This is attained by providing information, identifying and correcting health and safety hazards and encourage staff to report potential hazards.

At Hinopak various trainings were organized and conducted by HSE team to enhance employees and contractor's awareness on HSE related issues. Further different environment promotional activities were arranged which includes World Water Day, Earth Day, World Health Day, World Safety Day & World Environment Day.

The ISO 14001:2004 Environmental Management System upgraded to new ISO 14001:2015 standard and successful execution of OHSAS 18001:2007 Surveillance Audit are worth mentioning milestones.

## CONTRIBUTION TO NATIONAL EXCHEQUER

The Company paid Rs. 3.9 billion approximately in taxes, duties and cess to the Government as compared to Rs. 3.2 billion in last year.

## CORPORATE GOVERNANCE

### Board Evaluation

In pursuant to the requirements of Listed Companies (Code of Corporate Governance) Regulations, 2017, a formal & effective mechanism is put in place for an annual evaluation of performance of the Board, Members of Board & its Sub-Committees. The mechanism has been duly established, approved & successfully implemented by the Board. The mechanism consists of Self-Evaluation Comprehensive Questionnaires, which were circulated to all the directors of the Board. The said evaluation questionnaires covered the following key areas:

- Board and Strategy Effectiveness
- Board Structure and Committees
- Board Meetings and Procedures
- Board and Management Relations
- Trainings
- Managing relationship and Leadership
- Corporate Governance

## Board Performance & Role in achieving Company's Objectives

On the basis of the each Individual Director's feedback and thereby consolidated evaluated results, average rating of the Board, Individual Directors & Committees performance has been found satisfactory & effective, furthermore, the Board plays an indispensable role in achieving the Company's objectives by providing oversight, guidance, strategic direction, assessing strategy & underlying purpose of actions taken by Management and monitoring of the Company's Performance towards achievement of its objectives. In addition, the Board members also undertake the following key activities, among others, in order to contribute towards Company's objectives;

- Attend Board meetings to actively participate in its proceedings, wherein various strategic discussions are held.
- Ensures that the Company comply with all the regulatory requirements and best practices.
- Proactively monitors & evaluates company's operational & financial performance as against of stated objectives, plans & budgets.
- Ensures Company's commitment to its sustainability strategy based on social, economic and environmental factors.
- Closely monitors and provide guidance over major capital expenditure projects.
- Ensures adequate systems and controls are in place for identification and reprisal of grievances arising from unethical practices.
- Ensures appropriate measures are in place for safeguarding of Company's assets.
- Ensures adequacy of internal control system (including operational & financial controls).

## FUTURE OUTLOOK

The overall economic indicators of Pakistan present a challenging outlook, with escalating current account deficit, rising external liabilities, interest rates and more importantly significant devaluation of the rupee have severely dented the company's progress. The future outlook depends upon the revival of macro-economic indicators, initiation of mega projects under CPEC by the government (including commencement of construction of dams) and stability of exchange rate. Despite all the negatives the company is currently facing, the management is taking all necessary steps to bring the Company on the path of prosperity.

## VOTE OF THANKS

Finally, on behalf of the Board of Directors, I would like to express my gratitude to all shareholders for the continued trust and confidence in the Company. Further on behalf of the board I sincerely thank each member of the Hinopak team for their untiring support and dedication.



Muhammad Aslam Sanjrani  
Chairman

Date: May 23, 2019

## HINOPAK VALUES

**H**

**HONESTY AT ALL COST  
AND IN ALL SPHERES  
OF BUSINESS**

**INTEGRITY WE DO WHAT WE SAY AT  
PERSONAL & CORPORATE LEVEL**

**I**

**N**

**NON BUREAUCRATIC  
PRAGMATIC  
IN SYSTEMS & PROCESSES**

**OPENNESS TO CUSTOMERS,  
MARKETS & CRITICISM**

**O**

**P**

**PURPOSE ORIENTED ALWAYS  
KEEPING THE END IN MIND**

**ALTRUISM FOSTERING  
RELATIONSHIP  
WITH SOCIETY & ENVIRONMENT**

**A**

**K**

**KAIZEN CONTINUOUS  
IMPROVEMENT**

# Directors' Report

The Directors take pleasure in presenting this report, together with the Audited Financial Statements of the Company for the year ended March 31, 2019.

The Board of Directors of the Company as at March 31, 2019 consists of:

Total number of directors:

a)	Male	09
b)	Female	-

The names and composition of the board of directors as at March 31, 2019 are as follows:

a)	Independent Director	Mr. Mushtaq Malik
b)	Other Non-Executive Directors	Mr. Muhammad Aslam Sanjrani
		Mr. Satoshi Sase
		Mr. Koji Nagata
		Mr. Shuichi Kaneko
		Mr. Masato Nishihara
c)	Executive Directors	Mr. Yoshihiko Nanami
		Mr. Shigeru Tsuchiya
		Mr. Takehito Sasaki

## Changes in Board

During the year, following seven casual vacancies occurred in the Board:

Outgoing Director	New Director	Appointment Date of New Director
Mr. Sachio Yotsukura	Mr. Satoshi Sase	April 01, 2018
Mr. Mikio Segawa	Mr. Makoto Sensui	April 17, 2018
Mr. Yoshihiro Kondo	Mr. Shigeru Tsuchiya	July 01, 2018
Mr. Abdul Ghafoor Mirza	Mr. Mushtaq Malik	November 07, 2018
Mr. Makoto Sensui	Mr. Koji Nagata	February 01, 2019
Mr. Hiroshi Semba	Mr. Masato Nishihara	February 01, 2019
Mr. Tatsuhei Muto	Mr. Yoshihiko Nanami	March 23, 2019

## Board Meetings

During the year four meetings of the Board were held in which the attendance by each Director is as follows:

Name of Directors	Number of meetings attended
Mr. Muhammad Aslam Sanjrani	4
Mr. Tatsuhei Muto*	4
Mr. Abdul Ghafoor Mirza**	0
Mr. Yoshihiro Kondo*	1
Mr. Takehito Sasaki	4
Mr. Shuichi Kaneko	3
Mr. Sachio Yotsukura*	0
Mr. Mikio Segawa*	0
Mr. Makoto Sensui*	2
Mr. Hiroshi Semba*	0

\* The above directors resigned during the year and the following directors were appointed in their place.

\*\* Mr. Abdul Ghafoor Mirza sadly demised during the year.

Attendance by each new Director was as follows:

Name of Directors	Number of meetings attended
Mr. Mushtaq Malik	2
Mr. Yoshihiko Nanami	0
Mr. Shigeru Tsuchiya	3
Mr. Koji Nagata	0
Mr. Masato Nishihara	0
Mr. Satoshi Sase	4

#### Committees of the Board

The board has formed two sub committees namely Audit Committee and Human Resource & Remuneration Committee. The composition of both these committees are disclosed on page number 14.

During the year four meetings of Audit Committee were held in which the attendance by each Director is as follows:

Name of Directors	Number of meetings attended
Mr. Mushtaq Malik	2
Mr. Satoshi Sase	4
Mr. Shuichi Kaneko	3
Mr. Makoto Sensui*	2
Mr. Koji Nagata	0
Mr. Masato Nishihara	0
Mr. Hiroshi Semba*	0
Mr. Abdul Ghafoor Mirza**	0

\* The above directors resigned during the year.

\*\* Mr. Abdul Ghafoor Mirza sadly demised during the year.

#### Principal Activities of the Company and Development & Performance of the Company's Business

Hinopak Motors Limited (the Company) is incorporated in Pakistan as a public limited Company and is listed on the Pakistan Stock Exchange. The Company's principal activity is the assembly, progressive manufacturing and sale of Hino buses and trucks.

During the year, the Company faced stiff challenges due to significant rupee depreciation against USD and overall slowdown of economic activities in the Country. The situation became further worsen due to restriction imposed by the Government on purchase of vehicles by non-filers (lately withdrawn by the end of March 2019) which adversely affected the sales volume of overall auto industry.

#### Principal Risks and Uncertainties

The Company is significantly exposed to the exchange rate parity between USD/PKR and USD/JPY. Since majority of the cost of sales comprises of imports, the recent significant devaluation of Pak Rupee against US Dollar resulted in increase of cost of sales. Further, due to new Chinese entrants in the market, the competition in the industry has become more price sensitive. The future progress of the Company is also linked with the revival of the economy of the country.

#### Appropriation of (Loss) / Profit

Following are the details of appropriations:

	Year ended March 31, 2019	Year ended March 31, 2018
	Rupees in '000	
(Loss) / Profit before taxation	(520,174)	1,669,548
Taxation	(353,123)	(520,173)
(Loss) / Profit after taxation	(873,297)	1,149,375
Transferred from surplus on revaluation of fixed assets on account of Incremental depreciation and disposal of fixed assets	47,235	41,997
Other comprehensive loss for the year	(4,855)	(16,610)
Unappropriated profit brought forward	3,028,366	2,693,494
Profit available for appropriation	2,197,449	3,868,256
Final cash dividend paid during the year	(862,087)	(839,890)
<b>Unappropriated profit carried forward</b>	<b>1,335,362</b>	<b>3,028,366</b>
<b>(Loss) / Earnings per Share</b>	<b>Rs. (70.42)</b>	<b>Rs. 92.69</b>

### Reasons for the Loss and Future Prospects of Profit

The main reason for the loss during the year is the devaluation of PKR against USD and decline in the sales volume due to slow down of the overall economic progress of the country. The company is taking various measures to cope up with the situation however, the sales volume of commercial vehicle industry is linked with overall economy of the country. Therefore, once the macro economic factors are improved and the impact of price increase is fully materialized the directors expect the Company to be back on the positive track.

### Appointment of Auditors

The present auditors, Messrs A. F. Ferguson & Co., Chartered Accountants, retire and being eligible, offer themselves for re-appointment. The directors endorse recommendation of the Audit Committee for the re-appointment of Messrs A. F. Ferguson & Co. as the auditors for the financial year ending March 31, 2020 on such terms and conditions and remuneration as to be decided.

### Pattern of Shareholding

The pattern of shareholding as at March 31, 2019 and additional information thereabout required under Code of Corporate Governance are disclosed on page 70 and page 71 respectively.

### Holding Company

Since October 19, 1998, Hino Motors Ltd. Japan, is the Holding Company of Hinopak Motors Limited, by virtue of its 59.33% shareholding in the Company.

### Adequacy of Internal Control

The Board of the Company is responsible for the establishment and maintenance of the Company's system of internal control in order to identify and manage risks faced by the Company.

The Board is confident that the system of internal control is sound in design and has been effectively implemented and monitored.

### Subsequent Events

No material changes or commitments affecting the financial position of the Company have taken place between the end of the financial year and the date of the Report.

### Compliance with The Best Practices of Corporate Governance

The Board is pleased to state that the management of the Company is compliant with the best practices of corporate governance. The Board acknowledges its responsibility in respect of the corporate and financial reporting framework and thus states that:

- The financial statements prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of account of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no significant doubts upon the Company's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- The highlights of operating and financial data for the last six years are given on page 28.
- The value of investments of Company's Provident, Gratuity and Pension Funds as on March 31, 2019 were as follows:

Hinopak Motors Limited Employees' Provident Fund  
Hinopak Motors Limited Employees' Gratuity Fund  
Hinopak Motors Limited Employees' Pension Fund

Rupees  
in thousand  
250,581  
215,368  
388,040



### Trading of Shares of the Company

During the year ended March 31, 2019, the directors, executives and their spouses and minor children have not traded in the shares of the Company except as follows.

Name	Nature of transactions	No. of Shares
Mushtaq Malik (Independent Director)	Purchase of Shares	5
Mr. Naushad Riaz (Executive)	Sale of Shares	20

The threshold set by the Directors, for disclosure of the term "executive", in annual report, constitutes employee whose annual basic salary exceeds Rs. 1.2 million in a year.

### Corporate Social Responsibility and Impact on Environment

The detailed report on corporate social responsibility along with report on the environment management is detailed on page numbers 25 to 27.

### Significant Features of Remuneration Policy of Non-Executive Directors

Chairman of the board of directors is entitled for consultancy fee along with fee for attending the meetings.

Non-executive directors including the independent director are entitled only for fee for attending the meetings (except foreign directors).

### Chairman's Review

The accompanied Chairman's Review covers the performance, significant deviations from last year in operating results, significant plans and decisions and future outlook of the Company. The Board endorses the contents of the review.

By order of the Board

  
Director  
Chief Executive Officer

Dated: May 23, 2019



# LET'S MAKE A DIFFERENCE

**CORPORATE SOCIAL  
RESPONSIBILITY**

# Corporate Social Responsibility (CSR)



## **Service camps**

Customer satisfaction is the company's top priority. Total Support to customers is provided by reaching Hino customers through country-wide Service Camps. During the year, HPML team successfully inspected 822 vehicles by conducting 18 service camps in different cities across the Pakistan. These camps provide opportunity to get free of cost inspection.

## **Eco-Drive Seminar 2018-19**

HPML conducts Eco-Driving trainings for its customers throughout the country in order to support safe and economical driving. During the year, 18 Eco Drive Seminars were conducted for Hino customers at different parts of the country. Total 304 drivers and technical staffs joined these special training programs. Special training sessions conducted during the year for the drivers and technical staff of PEPSI and Pakistan Army.

## **Skill Contest 2018-19**

To enhance skill level and motivate Dealer Technical Staff, HPML conduct Skill Contest for their Dealers country wide on regular basis. In December 2018, HPML conducted 3S Skill Contests at Karachi in which total 29 staff members of dealership network participated.

## **Vendor's Convention 2018-19**

HPML Vendors' Convention was held on December 3, 2018 at PC Hotel, Karachi to appreciate the outstanding vendors on

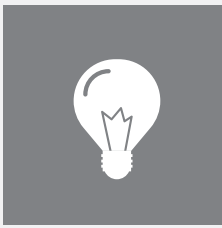
quality, cost, delivery and overall performance through distribution of awards. The chief guest on the occasion was Chairman PAAPAM. The overall theme of the event was also set as "Achieving Global Standards" to stress the importance of subject for continuity and sustainability of both HPML and its vendors' business.

## **Internal and External Audits of QMS ISO 9001:2008**

Second Surveillance Audit of QMS against ISO 9001:2008 standards was conducted in February, 2018 and the registrar Bureau Veritas Certification confirmed their satisfaction in compliance with the requirement of the standards and recommended HPML for the continuation of certification. A comprehensive internal audit against ISO 9001:2008 standards was also conducted prior to the external audit.

## **Internship Programs and scholarships 2018-19**

HPML provides Summer and Winter internship programs every year. This year 173 interns were inducted on various technical and non-technical projects throughout the company. Apart from this, 750 students and teachers belonging to various academic institutions of Pakistan visited Hinopak's assembly and manufacturing facilities. Furthermore, for technical education, need-merit based scholarships have been provided to 10 engineering students of N.E.D. University.



The purpose of such programs is to contribute to the society for the human development through information sharing and to provide the students feel of practical working environment.

#### **Hinopak won 1st Prize in 68th Pakistan Horticulture Competition 2019**

Hinopak participates actively in the horticultural activities and our horticultural team ensures that our gardens are well maintained and ready before spring season. This year Hinopak won 1st prize in the office industrial garden competition which was organized by Horticulture Society of Pakistan in February, 2019.

#### **14th EFP Best Practices Award on Occupational Health and Safety 2019 (OSH)**

In continuation of maintaining standards with zeal and hard work, once again Hinopak received 1st prize for Best Practices in Occupational Health & Safety in Automotive Sector from Federal Minister of Education during 14th EFP awards ceremony.

#### **Merit-based Scholarships to 174 Workers' Children**

Scholarships encourage students to learn more with dedication and hard work. This is consecutive eighth year that Hinopak has awarded merit based scholarships to 174 workers' children. This aims at recognizing academic merit of the workers' children as well

as for their future academic encouragement.

#### **Strengthening Labour Management Relationship**

Literacy is very important for development, personal growth and culture. For the same purpose, Hinopak continued to encourage computer literacy amongst workers and their children by distributing nine laptops amongst permanent workers through lucky draw.

#### **9th Hinopak Inter-Department Hardball Cricket Tournament 2019**

This year HPML arranged 9th HPML Inter-Department Hardball Cricket Tournament. All teams made great efforts to win. The winner was Hino Green Dolphin from Chassis Assembly Plant and runner up team was Finance Eagles.

#### **Monthly donations to "Dar ul Sukun"**

Special and disabled people are also a part of our society who should be taken care of. This year HPML management visited "Dar ul Sukun" (home for mentally & physically disabled people) and supported them in bearing monthly medical expense coverage throughout the year.

# Financial Highlights

	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
<b>Profit &amp; Loss Account (Rs. in Million)</b>						
Sales	9,208.42	12,636.29	18,086.85	22,477.50	26,615.07	19,130.84
Gross Profit	1,331.50	1,973.38	2,762.08	2,466.10	3,034.44	1,113.31
Operating Profit	854.55	1,434.42	2,031.75	1,776.93	2,348.55	501.62
Profit / (Loss) before Tax	935.00	1,552.59	1,727.04	1,696.71	1,669.55	(520.17)
Taxation	311.06	479.37	613.67	576.81	520.17	353.12
Profit / (Loss) after Tax	623.94	1,073.22	1,113.38	1,119.90	1,149.38	(873.30)
Other comprehensive loss	11.57	2.60	20.51	19.07	16.61	4.86
Transfer from surplus on revaluation of fixed assets	26.86	33.43	31.10	32.25	42.00	47.24
Dividend	20.31	468.00	804.92	1,113.32	839.89	862.09
Unappropriated Profit carried forward	1,718.64	2,354.69	2,673.73	2,693.49	3,028.37	1,335.36
<b>Balance Sheet (Rs. in Million)</b>						
Fixed Assets	1,969.74	2,006.19	2,207.72	2,841.70	3,109.37	3,135.51
Other Long Term Assets	23.33	34.01	20.59	32.62	29.29	49.98
Current Assets	5,543.36	6,181.54	7,436.02	7,188.42	11,330.87	11,105.19
Less : Current Liabilities	3,995.94	4,054.27	5,134.31	5,013.91	8,885.62	10,431.95
Total	3,540.49	4,167.47	4,530.02	5,048.83	5,583.91	3,858.73
<b>Financed By:</b>						
Issued, Subscribed & Paid up Capital	124.01	124.01	124.01	124.01	124.01	124.01
Reserves / Accumulated Profit	2,011.09	2,645.92	2,964.73	2,984.49	3,319.37	1,626.36
Surplus on Revaluation of Fixed Assets	1,249.58	1,216.15	1,199.56	1,659.14	1,848.73	1,810.04
Long Term / Deferred tax Liabilities	155.81	181.39	241.72	281.19	291.81	298.31
Total	3,540.49	4,167.47	4,530.02	5,048.83	5,583.91	3,858.73
<b>Cash Flow (Rs. in Million)</b>						
Cash flows from / (used in) operating activities	1,992.60	1,876.13	2,144.21	586.94	2,866.99	(10,259.46)
Cash flows used in investing activities	(80.28)	(163.17)	(343.55)	(269.49)	(239.60)	(258.04)
Cash flows used in financing activities	(20.23)	(466.45)	(801.95)	(1,110.09)	(660.58)	(1,037.77)
<b>Turnover (Rs. in Million)</b>						
Hino Chassis (including exports)	7,683.42	9,555.82	16,179.82	20,382.37	23,831.54	15,185.18
Bus & Other Bodies (including exports)	648.03	1,077.54	960.56	933.31	682.27	981.69
Spare Parts	165.24	248.79	353.90	463.22	783.22	1,360.75
Others	711.73	1,754.14	592.57	698.60	1,318.04	1,603.22
Total	9,208.42	12,636.29	18,086.85	22,477.50	26,615.07	19,130.84
<b>Production (Units)</b>						
Hino Chassis	1417	1714	2999	3750	4198	2880
Bus & Other Bodies	627	1517	470	474	498	802
Hilux Frame	4068	4496	5304	6656	10229	10310

# Financial Highlights

	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
<b>Sales (Units)</b>						
Hino Chassis (including exports)	1,452	1,771	2,962	3,817	4,310	2,850
Bus & Other Bodies (including exports)	607	1,547	461	501	478	822
Hilux Frame	4,160	4,455	5,360	6,451	10,328	10,377
<b>No. of Employees</b>	310	323	318	341	354	376
<b>Investor Information</b>						
<b>Financial Ratios</b>						
Gross profit ratio	14.46%	15.62%	15.27%	10.97%	11.40%	5.82%
Net profit margin / (loss)	6.78%	8.49%	6.16%	4.98%	4.32%	(4.56%)
Return on assets (after tax)	8.28%	13.05%	11.52%	11.13%	7.94%	(6.11%)
Return on equity (after tax)	18.43%	26.92%	25.96%	23.49%	21.72%	(24.53%)
Debt equity ratio*	0.05	0.05	0.06	0.06	0.06	0.08
Current Ratio	1.39	1.52	1.45	1.43	1.28	1.06
Quick Ratio	0.71	1.07	0.91	0.78	0.72	0.29
Interest cover ratio	199.77	-	-	-	-	(1.77)
Dividend payout ratio**	75.01%	75.00%	100.00%	75.00%	75.01%	0.00%
Dividend yield ratio**	8.82%	7.63%	9.16%	4.23%	5.99%	0.00%
Dividend cover ratio**	133%	133%	100%	133%	133%	0%
<b>Other Ratios</b>						
Price earning ratio	8.51	9.83	10.92	17.72	12.52	(5.61)
Earning before interest, taxes, depreciation and amortization (EBITDA)	973.90	1,567.43	2,183.74	1,962.63	2,569.97	739.05
EBITDA Margin to sales	10.58%	12.40%	12.07%	8.73%	9.66%	3.86%
Total assets turnover ratio	1.22	1.54	1.87	2.23	1.84	1.34
Fixed assets turnover ratio	4.67	6.30	8.19	7.91	8.56	6.10
Return on capital employed	17.62%	25.75%	24.58%	22.18%	20.58%	(22.63%)
Inventory turnover ratio	3.27	4.77	6.69	6.64	5.77	2.79
Number of days inventory	112	77	55	55	63	131
Debtors turnover ratio	18.27	12.52	20.20	59.66	55.19	22.85
Number of days debtors	20	29	18	6	7	16
Creditors turnover ratio	2.76	2.65	3.34	3.94	3.39	2.90
Number of days creditors	132	138	109	93	108	126
Operating cycle (days)	-	(32)	(36)	(31)	(38)	21
<b>Per Share Amounts (in Rupees)</b>						
Cash dividend**	37.74	64.91	89.78	67.73	69.52	-
Breakup value with surplus on revaluation of fixed assets	272.94	321.44	345.81	384.47	426.76	287.12
Breakup value without surplus on revaluation of fixed assets	172.18	223.37	249.08	250.67	277.68	141.15
Earning / (Loss) per share	50.32	86.54	89.78	90.31	92.69	(70.42)
Share Price (High)	465.80	999.35	1,265.31	1,852.30	1,708.13	1,221.81
Share Price (Low)	82.00	397.36	836.59	880.21	970.00	394.20
Share Price (Closing)	428.00	850.73	980.00	1,600.00	1,160.31	395.10
One US\$ = Rupee as at period end	97.90	101.70	104.80	104.70	115.40	140.70
One JPY = Rupee as at period end	0.9518	0.8459	0.9331	0.9421	1.0851	1.2702

\* Debt Equity Ratio takes into consideration the surplus on revaluation of land and building.

\*\* Based on final dividend proposed by the Board of Directors subsequent to the year ends.

# Vertical Analysis

	2018-19		2017-18		2016-17	
	(Rs. in million)	%	(Rs. in million)	%	(Rs. in million)	%
<b>Operating Results</b>						
Sales	19,130.84	100.00	26,615.07	100.00	22,477.50	100.00
Cost of sales	18,017.53	94.18	23,580.63	88.60	20,011.40	89.03
Gross profit	1,113.31	5.82	3,034.44	11.40	2,466.10	10.97
Distribution cost	379.13	1.98	440.15	1.65	427.30	1.90
Administrative expenses	378.83	1.98	420.59	1.58	385.65	1.72
Other income	147.64	0.77	300.79	1.13	254.51	1.13
Other expenses	1.37	0.01	125.95	0.46	130.72	0.57
Profit from operations	501.62	2.62	2,348.55	8.82	1,776.93	7.91
Finance cost	1,021.80	5.34	679.00	2.55	80.22	0.36
(Loss) / Profit before taxation	(520.18)	(2.72)	1,669.55	6.27	1,696.71	7.55
Taxation	353.12	1.85	520.17	1.95	576.81	2.57
(Loss) / Profit after taxation	(873.30)	(4.57)	1,149.38	4.32	1,119.90	4.98
<b>Balance Sheet</b>						
Property, plant and equipment	3,127.74	21.89	3,096.03	21.40	2,823.97	28.06
Other non current assets	7.77	0.05	13.34	0.09	17.73	0.18
Long-term investments	-	-	0.07	0.00	0.07	0.00
Long-term deposits	8.11	0.06	7.77	0.05	6.92	0.07
Long-term loans and advances	24.68	0.17	21.45	0.15	23.66	0.24
Employee benefit prepayment	17.19	0.12	-	0.00	1.97	0.01
Current assets (excluding investments)	11,105.19	77.71	11,330.87	78.31	7,188.42	71.44
Total assets	14,290.68	100.00	14,469.53	100.00	10,062.74	100.00
Shareholders' equity	3,560.41	24.91	5,292.10	36.57	4,767.64	47.38
Deferred taxation	116.93	0.82	123.44	0.85	126.27	1.25
Other non-current liabilities	181.39	1.27	168.38	1.16	154.92	1.54
Short term debt	6,766.07	47.35	-	0.00	-	0.00
Other current liabilities (trade, interest and tax)	3,665.88	25.65	8,885.62	61.41	5,013.91	49.83
Total equity and liabilities	14,290.68	100.00	14,469.53	100.00	10,062.74	100.00
<b>Cash Flows</b>						
Cash flows (used in) / from operating activities	(10,259.46)	88.79	2,866.99	145.77	586.94	(74.05)
Cash flows used in investing activities	(258.04)	2.23	(239.60)	(12.18)	(269.49)	34.00
Cash flows used in financing activities	(1,037.77)	8.98	(660.58)	(33.59)	(1,110.09)	140.05
Net (decrease) / increase in cash and cash equivalents	(11,555.27)	100.00	1,966.81	100.00	(792.64)	100.00



# Horizontal Analysis

	2018-19		2017-18		2016-17	
	(Rs. in million)	Variance vs Last Year increase / (Decrease) %	(Rs. in million)	Variance vs Last Year increase / (Decrease) %	(Rs. in million)	Variance vs Last Year increase / (Decrease) %
<b>Operating Results</b>						
Sales	19,130.84	(28.12)	26,615.07	18.41	22,477.50	24.28
Cost of sales	18,017.53	(23.59)	23,580.63	17.84	20,011.40	30.58
Gross profit	1,113.31	(63.31)	3,034.44	23.05	2,466.10	(10.72)
Distribution cost	379.13	(13.86)	440.15	3.01	427.30	7.37
Administrative expenses	378.83	(9.93)	420.59	9.06	385.65	(2.08)
Other income	147.64	(50.92)	300.79	18.19	254.51	32.10
Other expenses	1.37	(98.91)	125.95	(3.65)	130.72	(0.36)
Profit from operations	501.62	(78.64)	2,348.55	32.17	1,776.93	(12.54)
Finance cost	1,021.80	50.49	679.00	746.38	80.22	(73.67)
(Loss) / Profit before taxation	(520.18)	(131.16)	1,669.55	(1.60)	1,696.71	(1.76)
Taxation	353.12	(32.11)	520.17	(9.82)	576.81	(6.01)
(Loss) / Profit after taxation	(873.30)	(175.98)	1,149.38	2.63	1,119.90	0.59
<b>Balance Sheet</b>						
Property, plant and equipment	3,127.74	1.02	3,096.03	9.63	2,823.97	29.10
Other non current assets	7.77	(41.73)	13.34	(24.80)	17.73	(12.96)
Long-term investments	-	(100.00)	0.07	0.00	0.07	0.00
Long-term deposits	8.11	4.38	7.77	12.27	6.92	5.81
Long-term loans and advances	24.68	15.05	21.45	(9.33)	23.66	69.25
Employee benefit prepayment	17.19	-	-	(100.00)	1.97	0.00
Current assets (excluding investments)	11,105.19	(1.99)	11,330.87	57.63	7,188.42	(3.33)
Total assets	14,290.68	(1.24)	14,469.53	43.79	10,062.74	4.12
Shareholders' equity	3,560.41	(32.72)	5,292.10	11.00	4,767.64	11.18
Deferred taxation	116.93	(5.27)	123.44	(2.24)	126.27	31.79
Other non-current liabilities	181.39	7.73	168.38	8.69	154.92	6.17
Short term debt	6,766.07	-	-	-	-	-
Other current liabilities (trade, interest and tax)	3,665.88	(58.74)	8,885.62	77.22	5,013.91	(2.35)
Total equity and liabilities	14,290.68	(1.24)	14,469.53	43.79	10,062.74	4.12
<b>Cash Flows</b>						
Cash flows (used in) / from operating activities	(10,259.46)	(457.85)	2,866.99	388.47	586.94	(72.63)
Cash flows used in investing activities	(258.04)	(7.70)	(239.60)	11.09	(269.49)	(21.56)
Cash flows used in financing activities	(1,037.77)	(57.10)	(660.58)	40.49	(1,110.09)	38.42
Net (decrease) / increase in cash and cash equivalents	(11,555.27)	(687.51)	1,966.81	348.14	(792.64)	(179.37)

# Statement of Compliance with the code of Corporate Governance of Hinopak Motors Limited

## For The Year Ended March 31, 2019

The company has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are nine as per the following:

<b>Male</b>	<b>9</b>
<b>Female</b>	<b>-</b>

2. The composition of board is as follows:

<b>Independent Director</b>	Mr. Mushtaq Malik
<b>Other Non-Executive Directors</b>	Mr. Muhammad Aslam Sanjrani Mr. Satoshi Sase Mr. Koji Nagata Mr. Shuichi Kaneko Mr. Masato Nishihara
<b>Executive Directors</b>	Mr. Yoshihiko Nanami Mr. Shigeru Tsuchiya Mr. Takehito Sasaki

3. The directors have confirmed that none of them is serving as a director on more than five listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).
4. The company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
5. The board has developed a vision / mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by board / shareholders as empowered by the relevant provisions of the Act and these Regulations.
7. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.
8. The board of directors has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. During the year the board did not arrange any training program for its directors.
10. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
11. CFO and CEO duly endorsed the financial statements before approval of the board.

12. The board has formed following committees comprising of members given below:

**Audit Committee**

- Mushtaq Malik – Chairman
- Masato Nishihara
- Koji Nagata
- Shuichi Kaneko
- Satoshi Sase

**HR and Remuneration Committee**

- Mushtaq Malik – Chairman
- Yoshihiko Nanami
- Shigeru Tsuchiya
- Masato Nishihara
- Koji Nagata
- Shuichi Kaneko
- Satoshi Sase

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.

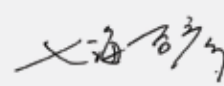
14. The frequency of meetings of the committee were as per following:

Audit Committee	Four quarterly meetings during the financial year ended March 31, 2019
HR and Remuneration Committee	Two meetings during the financial year ended March 31, 2019

15. The board has set up an effective internal audit function who is considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.
16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all other requirements of the Regulations have been complied with.



Director



Chief Executive Officer

May 23, 2019



A.F. FERGUSON & CO.

## REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of Hinopak Motors Limited for the year ended March 31, 2019 to comply with the Listed Companies (Code of Corporate Governance) Regulations, 2017 where the Company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended March 31, 2019.

**Chartered Accountants  
Karachi**

**Dated: June 03, 2019**

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network  
State Life Building No. 1-C, I.I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan  
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■ KARACHI ■ LAHORE ■ ISLAMABAD



# FINANCIAL STATEMENTS



A·F·FERGUSON&Co.

## **INDEPENDENT AUDITOR'S REPORT**

**To the members of Hinopak Motors Limited**

**Report on the Audit of the Financial Statements**

### **Opinion**

We have audited the annexed financial statements of Hinopak Motors Limited (the Company), which comprise the statement of financial position as at March 31, 2019, and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at March 31, 2019 and of the loss and other comprehensive loss, the changes in equity and its cash flows for the year then ended.

### **Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. 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 International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

*A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network  
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Following is the Key audit matter:

S. No.	Key audit matter	How the matter was addressed in our audit
(i)	<b>Revenue</b> (Refer Note No. 23)  The Company primarily generates revenue from sale of vehicles. CKDs are imported and assembled into vehicles with local components that are sold in domestic market. During the year there has been significant devaluation of Pak Rupee against USD resulting in higher landed cost of CKDs, the Company could not pass on the impact of higher cost to the customers due to decline in sales volume which was mainly on account of overall slowdown in commercial vehicle market and restrictions imposed by law for a certain period to sell vehicles only to tax-filers.  Revenue represents key performance indicator and due to developments during the year we considered decline in revenue as a focus area and a key audit matter.	<p>Our audit procedures amongst others included the following:</p> <ul style="list-style-type: none"><li>• Evaluated management controls over revenue and checked their validation including controls to ensure that sales are made to tax filers only.</li><li>• Performed verification of sales with underlying documentation including gate pass, customer acknowledgement and invoice.</li><li>• Obtained confirmations from debtors on sample basis.</li><li>• Recalculated the commission and discounts as per Company's policy and performed verification over special discounts on sample basis.</li><li>• Analysed market by comparing Company's sales volume with published data.</li><li>• Obtained budget for the subsequent year and considered impact of declining sales on financial position of the Company.</li><li>• Recalculated the measurement of closing inventory to Net Realisable Value ('NRV').</li><li>• Ensured that presentation and disclosures related to revenue are being addressed appropriately.</li></ul>

#### Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.





## **Responsibilities of Management and Board of Directors for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of the 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.

The Board of Directors are responsible for overseeing the Company's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

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 ISAs as applicable in Pakistan 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.

As part of an audit in accordance with ISAs as applicable in Pakistan, 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.



A.F. FERGUSON & CO.

We communicate with the board of directors 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.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Report on Other Legal and Regulatory Requirements**

Based on our audit, we further report that in our opinion:

- (a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- (b) the statement of financial position, the statement of profit or loss, and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- (c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- (d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditor's report is Syed Fahim ul Hasan.

**A. F. Ferguson & Co.**  
**Chartered Accountants**  
**Karachi**

**Dated: June 03, 2019**


# Statement of Financial Position

As at March 31, 2019

	Note	2019	2018
Rupees '000			
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	3,127,741	3,096,033
Intangibles	6	7,769	13,335
Long-term investments	7	-	72
Long-term loans and advances	8	24,675	21,452
Long-term deposits		8,112	7,770
Employee benefit prepayment	17	17,190	-
		<b>3,185,487</b>	<b>3,138,662</b>
<b>Current assets</b>			
Inventories	9	8,038,091	4,935,313
Trade debts - net	10	959,682	714,935
Loans and advances	11	22,545	23,274
Trade deposits and prepayments	12	89,789	97,616
Refunds due from the government - sales tax	13	1,112,542	295,743
Other receivables		-	438
Taxation - payments less provision		832,857	418,426
Accrued mark-up		-	6,248
Cash and bank balances	14	49,683	4,838,879
		<b>11,105,189</b>	<b>11,330,872</b>
<b>Total assets</b>		<b>14,290,676</b>	<b>14,469,534</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Share capital	15	124,006	124,006
<b>Capital Reserve</b>			
Revaluation surplus on land and building		1,810,044	1,848,727
<b>Revenue Reserves</b>			
General Reserve		291,000	291,000
Unappropriated profit		1,335,362	3,028,366
		<b>3,560,412</b>	<b>5,292,099</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Deferred taxation	16	116,926	123,436
Employee benefit obligations	17	181,388	168,377
		<b>298,314</b>	<b>291,813</b>
<b>Current liabilities</b>			
Trade and other payables	18	3,343,029	8,393,894
Short-term borrowings - secured	19	6,766,074	-
Unclaimed dividend		13,524	10,997
Unpaid dividend		-	178,214
Provisions	20	309,323	302,517
		<b>10,431,950</b>	<b>8,885,622</b>
<b>Total liabilities</b>		<b>10,730,264</b>	<b>9,177,435</b>
<b>Contingency and commitments</b>	21		
<b>Total equity and liabilities</b>		<b>14,290,676</b>	<b>14,469,534</b>

The annexed notes 1 to 39 form an integral part of these financial statements.

  
Chief Financial Officer

  
Director

  
Chief Executive Officer

# Statement of Profit or Loss and Other Comprehensive Income

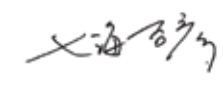
For the year ended March 31, 2019

	Note	2019	2018
		Rupees '000	
Revenue	22	19,130,839	26,615,071
Cost of sales	23	(18,017,525)	(23,580,631)
<b>Gross profit</b>		<b>1,113,314</b>	<b>3,034,440</b>
Distribution cost	23	(379,128)	(440,146)
Administrative expenses	23	(378,831)	(420,586)
Other income	24	147,640	300,789
Other expenses	25	(1,372)	(125,947)
<b>Profit from operations</b>		<b>501,623</b>	<b>2,348,550</b>
Finance cost	26	(1,021,797)	(679,002)
<b>(Loss) / profit before income tax</b>		<b>(520,174)</b>	<b>1,669,548</b>
Income tax expense	27	(353,123)	(520,173)
<b>(Loss) / profit after income tax</b>		<b>(873,297)</b>	<b>1,149,375</b>
<b>Other comprehensive (loss) / income for the year:</b>			
<b>Items that will not be reclassified subsequently to Profit or Loss</b>			
Loss on remeasurements of post employment benefit obligations	17	(6,743)	(23,728)
Impact of deferred tax		1,888	7,118
		<b>(4,855)</b>	<b>(16,610)</b>
Gain on revaluation of land and buildings		-	247,674
Impact of deferred tax		-	(16,088)
		<b>-</b>	<b>231,586</b>
<b>Other comprehensive (loss) / income for the year</b>		<b>(4,855)</b>	<b>214,976</b>
<b>Total comprehensive (loss) / income for the year</b>		<b>(878,152)</b>	<b>1,364,351</b>
<b>(Loss) / earnings per share - basic</b>	28	<b>Rs. (70.42)</b>	<b>Rs. 92.69</b>

The annexed notes 1 to 39 form an integral part of these financial statements.

  
Chief Financial Officer

  
Director


  
Chief Executive Officer

# Statement of Changes in Equity

For the year ended March 31, 2019

	Share Capital	Revenue Reserves		Capital Reserve	Total
		General	Unappropriated profit	Revaluation Surplus	
Rupees '000					
Balance at April 1, 2017 re-stated	124,006	291,000	2,693,494	1,659,138	4,767,638
Final dividend for the year ended March 31, 2017 @ Rs. 67.73 per share	-	-	(839,890)	-	(839,890)
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation - net of deferred tax	-	-	41,997	(41,997)	-
Total comprehensive income for the year ended March 31, 2018					
- Profit for the year ended March 31, 2018	-	-	1,149,375	-	1,149,375
- Other comprehensive income for the year ended March 31, 2018	-	-	(16,610)	231,586	214,976
	-	-	1,132,765	231,586	1,364,351
Balance at March 31, 2018	124,006	291,000	3,028,366	1,848,727	5,292,099
Final dividend for the year ended March 31, 2018 @ Rs. 69.52 per share	-	-	(862,087)	-	(862,087)
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation - net of deferred tax	-	-	47,235	(38,683)	8,552
Total comprehensive loss for the year ended March 31, 2019					
- Loss for the year ended March 31, 2019	-	-	(873,297)	-	(873,297)
- Other comprehensive loss for the year ended March 31, 2019	-	-	(4,855)	-	(4,855)
	-	-	(878,152)	-	(878,152)
Balance at March 31, 2019	124,006	291,000	1,335,362	1,810,044	3,560,412

The annexed notes 1 to 39 form an integral part of these financial statements.

  
Chief Financial Officer

  
Director

  
Chief Executive Officer

# Statement Of Cash Flows

For the year ended March 31, 2019

	Note	2019	2018
Rupees '000			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	29	(9,454,949)	3,360,835
Mark-up paid on short-term borrowings		(74,440)	-
Interest paid on an advance from customer		-	(26,100)
Return on savings accounts and deposits		104,516	175,390
Income taxes paid		(763,624)	(581,359)
Employee benefits paid		(67,397)	(63,130)
Increase in long-term deposits		(342)	(849)
(Increase) / decrease in long-term loans and advances		(3,223)	2,207
<b>Net cash generated from operating activities</b>		<b>(10,259,459)</b>	<b>2,866,994</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Fixed capital expenditure		(271,189)	(253,615)
Purchase of intangible assets		(4,082)	-
Proceeds from sale of property, plant and equipment		17,234	14,010
<b>Net cash used in investing activities</b>		<b>(258,037)</b>	<b>(239,605)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividends paid		(1,037,774)	(660,580)
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>(11,555,270)</b>	<b>1,966,809</b>
Cash and cash equivalents at beginning of the year		4,838,879	2,872,070
<b>Cash and cash equivalents at end of the year</b>	30	<b>(6,716,391)</b>	<b>4,838,879</b>

The annexed notes 1 to 39 form an integral part of these financial statements.

  
Chief Financial Officer

  
Director

  
Chief Executive Officer

# Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2019

1. THE COMPANY AND ITS OPERATIONS

Hinopak Motors Limited (the Company) is incorporated in Pakistan as a public limited Company and is listed on the Pakistan Stock Exchange.

The Company's principal activity is the assembly, progressive manufacturing and sale of Hino buses and trucks. The registered office of the Company is located at D-2, S.I.T.E., Manghopir Road, Karachi.

The Company is a subsidiary of Hino Motors Limited, Japan (HML) and the ultimate parent of the Company is Toyota Motors Corporation, Japan (TMC).

The financial statements are presented in Pak Rupee, which is the Company's functional and presentation currency.

2. SIGNIFICANT TRANSACTIONS AND EVENTS IN THE CURRENT REPORTING PERIOD

- a) During the year, there has been a significant decline in the sales volume of the Company which has arisen mainly on account of overall slowdown in the commercial vehicle market and restrictions imposed by law for a certain period to sell vehicles only to tax-filers.
- b) The landed cost of Completely Knocked Down units (CKD) have significantly increased due to change in Pak Rupee parity against foreign currency.
- c) During the year, the Company has obtained short-term loan and running finance arrangements from various banks, details of which have been disclosed in note 19.
- d) Due to devaluation of Pak Rupee during the year ended March 2019, the Company suffered exchange loss amounting to Rs. 816 million for liabilities denominated in Japanese Yen and US Dollar.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below:

3.1 Basis of preparation

3.1.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS) 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, the provisions of and directives issued under the Companies Act, 2017 have been followed.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

3.1.2 Changes in accounting standards and interpretations

- a) **Standards, interpretations and amendments to published approved accounting standards that are effective but not relevant**  
  
There are certain new standards, amendments to the approved accounting standards and new interpretations that are mandatory for accounting periods beginning on or after July 1, 2018, but are considered not to be relevant or have any significant effect on the Company's reporting and are therefore, not disclosed in these financial statements.
- b) **Standards, interpretations and amendments to published approved accounting standards that are not yet effective but relevant**

The following are the new standards, amendments to existing approved accounting standards and new interpretations that will be effective for the periods beginning on or after July 1, 2018 that may have an impact on the financial statements of the Company.

# Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2019

IFRS 9 'Financial instruments' - This standard replaces the guidance in IAS 39. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model.

IFRS 15 'Revenue from contracts with customers' - IFRS 15 replaces the previous revenue standards: IAS 18 Revenue, IAS 11 Construction Contracts, and the related interpretations on revenue recognition.

IFRS 15 introduces a single five-step model for revenue recognition and establishes a comprehensive framework for recognition of revenue from contracts with customers based on a core principle that an entity should recognise revenue representing the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

IFRS 16 'Leases' - This standard is effective for periods beginning from or after January 01, 2019. IFRS 16 replaces the previous lease standard: IAS 17 Leases. It will result in almost all leases being recognised on the statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short term and low value leases.

The management is in the process of assessing the impact of changes laid down by these standards on its financial statements.

3.2 Overall valuation policy

These financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

3.3 Property, plant and equipment

These are stated at cost less accumulated depreciation / amortisation and impairment loss, if any, except land and buildings which are stated at revalued amount less accumulated depreciation and impairment loss, if any, and capital work-in-progress which is stated at cost.

Depreciation is charged to statement of profit or loss applying the straight line method, whereby the depreciable amount of an asset is written off over its estimated useful life. The revalued amount of leasehold land and building is amortised / depreciated equally over the remaining life from the date of revaluation. Depreciation is charged on additions from the month the asset is available for use and on disposals upto the month preceding the month of disposal.

Increases in the carrying amounts arising on revaluation of land and buildings are recognised, net of tax, in other comprehensive income and accumulated in reserves in shareholders' equity. To the extent that the increase reverses a decrease previously recognised in statement of profit or loss, the increase is first recognised in profit or loss. Decreases that reverse previous increases of the same asset are first recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to profit or loss. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to profit or loss and depreciation based on the asset's original cost, net of tax, is reclassified from the Revaluation surplus on land and building to retained earnings.

Gain or loss on disposal or retirement of property, plant and equipment is included in statement of profit or loss.

3.4 Intangibles - computer softwares

Computer software licenses acquired by the Company are stated at cost less accumulated amortisation. Cost represents the cost incurred to acquire the software licenses and bring them to use. The cost of computer software is amortised over the estimated useful life i.e. 2 to 3 years.

Costs associated with maintaining computer softwares are charged to statement of profit or loss.

3.5 Impairment

The carrying values of non-current assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.



# Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2019

### 3.6 Investments

The investments of the Company are classified into the following categories:

i) **Held to maturity**

These are investments with fixed or determinable payments and fixed maturity with the Company having positive intent and ability to hold to maturity. These are initially recognised at fair value plus transaction cost, and subsequently at amortised cost using the effective interest method.

ii) **At fair value through profit or loss**

These are investments designated at fair value through statement of profit or loss at inception. Investments in this category are classified as current assets if they are expected to be realised within twelve months of the statement of financial position's date.

Investments at fair value through statement of profit or loss initially recognised at fair value, and transaction costs are expensed in the statement of profit or loss. These are subsequently carried at fair value. Gains or losses arising from changes in the fair value are taken to the statement of profit or loss in the period in which they arise.

iii) **Available for sale**

These represent non-derivative investments that are either designated in this category or not classified in any other category. They are included as non-current assets unless the investment matures or management intends to dispose off the investments within twelve months of the statement of financial position's date.

Available for sale investments are initially recognised at fair value plus transaction costs and are subsequently carried at fair value. Changes in the fair value are recognised in other comprehensive income.

The Company assesses at each statement of financial position's date whether there is objective evidence that an investment is impaired. Impairment loss on all investments is recognised in the statement of profit or loss. Whereas, reversal of impairment loss is recognised in other comprehensive income.

### 3.7 Taxation

i. **Current**

Charge for current taxation is based on taxable income at the current rates of taxation after taking into account tax credits and rebates available, if any, and taxes paid under the final tax regime.

ii. **Deferred**

The Company accounts for deferred taxation using the liability method on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements. Deferred tax liability is recognised for taxable temporary differences and deferred tax asset is recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised. Deferred tax is charged or credited to the statement of profit and loss account except for deferred tax arising on surplus on revaluation of fixed assets and on change in fair value of investments categorised as available for sale which is charged to the surplus on revaluation and fair value reserve respectively.

### 3.8 Inventories

These are valued at lower of cost and net realisable value. Cost is determined by first-in first-out method except for materials for fabrication of bus bodies, consumable stores, locally manufactured parts, spares for sale and stock in transit.

Cost of material for fabrication of bus bodies, consumable stores, locally manufactured parts and spares for sale is determined on moving average method. Cost of stock in transit comprises of invoice value plus other charges incurred thereon.

Cost of work in process and finished goods include direct material, labour and appropriate portion of manufacturing expenses.

Net realisable value is determined on the basis of estimated selling price of the product in the ordinary course of business less cost of completion and estimated costs necessarily to be incurred to make the sale.

# Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2019

Stores, spares and loose tools are valued at cost determined on moving average basis less provision for slow moving and obsolete stores and spares. Items in transit are valued at invoice value plus other charges incurred thereon.

### 3.9 Trade debts

Trade and other debts are carried at original invoice amount being the fair value. Provision is made against debts considered doubtful of recovery whereas debts considered irrecoverable are written off.

### 3.10 Cash and cash equivalents

Cash and cash equivalents are carried at cost. For the purposes of cash flow statement, cash and cash equivalents comprise of cash, cheques in hand, balances with banks on current, savings and deposit accounts and short term borrowings under mark-up arrangements.

### 3.11 Employee benefits - retirement benefits

**Defined benefit plans**

Defined benefit plans define an amount of pension or gratuity that an employee will receive on or after retirement, usually dependent on one or more factors such as age, years of service and compensation. The liability recognised in the statement of financial position in respect of defined benefit plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuary using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds or the market rates on government bond. These are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related obligation.

The Company operates approved funded gratuity and pension schemes for all its permanent employees. The schemes define the amounts of benefit that an employee will receive on or after retirement subject to a minimum qualifying period of service under the schemes.

Contribution to pension fund is made by both, the Company based on actuarial recommendation, and by employees at 2% and 3% of the basic monthly salary in case of management and non-management staff respectively.

The amount arising as a result of remeasurements are recognised in the statement of financial position immediately, with a charge or credit to Other Comprehensive Income in the periods in which they occur.

Past service costs are immediately recognised in statement of profit or loss.

**Defined contribution plan**

A defined contribution plan is a plan under which the Company pays fixed contributions into a separate entity. The Company also operates an approved contributory provident fund for all its permanent employees to which equal monthly contributions are made, both by the Company and the employees, to the fund at the rate of 10% of basic salary.

### 3.12 Compensated absences

The Company accounts for compensated absences of its employees on unavailed balance of leave in the period in which the leave is earned.

### 3.13 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

### 3.14 Borrowings and their costs

Borrowings are recognised initially at fair value, net of transaction costs incurred and are subsequently measured at amortised cost using the effective interest method.

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



# Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2019

**3.15 Warranty obligations**

The Company recognises the estimated liability, on an accrual basis, to repair or replace products under warranty at the statement of financial position's date, and recognises the estimated product warranty costs in the statement of profit or loss when the sale is recognised.

**3.16 Financial instruments**

Financial instruments include investments, loans and advances, deposits, trade and other debts, cash and bank balances, borrowings, trade and other payables and accrued mark-up. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

**3.17 Trade and other payables**

Trade and other payables are initially measured at cost which is the fair value of the consideration to be paid for goods and services, whether or not billed to the Company.

**3.18 Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable, and represents amount receivable for goods supplied, stated net of discounts, returns and value added taxes. Revenue from sale of goods is recognised on delivery of goods to customers i.e. when the significant risks and reward of ownership have been transferred to the customer.

Commission on handling Complete Built Up (CBU) vehicles and spare parts is recognised on accrual basis.

Return on bank deposits and short term investments is recognised on accrual basis.

**3.19 Research and development cost**

Research and development cost except to the extent that an intangible asset is recognised, is charged in the year in which it is incurred. Development costs previously charged to income are not recognised as an asset in the subsequent period.

**3.20 Foreign currency transaction and translation**

Foreign currency transactions are recorded in Pak Rupee using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities in foreign currencies are translated into Pak Rupee at the rates of exchange prevailing at the statement of financial position's date. Exchange gains and losses are taken to statement of profit or loss.

**3.21 Dividend distribution**

Dividend distribution to shareholders is recognised as liability in the financial statements in the period in which the dividend is approved.

**4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

**4.1** The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

**4.1.1 Income tax**

In making the estimates for income taxes, the Company takes into account the current income tax law and decisions taken by appellate authorities on certain issues in the past. There may be various matters where the Company's view differs with the view taken by the income tax department at the assessment stage and where the Company considers that its view on items of a material nature is in accordance with the law.

# Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2019

**4.1.2 Defined benefit plans**

The Company has adopted certain actuarial assumptions as disclosed in note 17 to the financial statements for valuation of present value of defined benefit obligations and fair value of plan assets, based on actuarial advice.

**4.1.3 Provisions**

Provisions are considered, among others, for legal matters, disputed indirect taxes, warranty obligations, stock obsolescence and doubtful debts where a legal or constructive obligation exists at the statement of financial position's date and reliable estimate can be made of the likely outcome. The nature of these costs is such that judgement is involved in estimating the timing and amount of cash flows.

**4.1.4 Fair valuation of property, plant and equipment**

Land and buildings are revalued by using the methodology as mentioned in note 5.2.

**4.2** No critical judgement has been used in applying accounting policies.

	Note	2019	2018
Rupees '000			
<b>5. PROPERTY, PLANT AND EQUIPMENT</b>			
Operating assets	5.1	3,069,788	2,997,017
Capital work-in-progress	5.6	57,953	99,016
		<b>3,127,741</b>	<b>3,096,033</b>

**5.1 Operating assets**

	Leasehold Land (Revalued - note 5.2)	Freehold Land	Buildings on leasehold land (Revalued - note 5.2)	Plant and machinery	Furniture and fittings	Vehicles	Electrical Installations	Office and other equipments	Total
Rupees '000									
<b>Year ended March 31, 2019</b>									
Opening net book value (NBV)	1,554,900	-	789,275	348,894	12,571	189,226	21,351	80,800	2,997,017
Additions	-	108,082	4,190	94,067	646	57,027	28,973	19,267	312,252
Disposals - at NBV	-	-	-	(421)	-	(11,205)	-	(75)	(11,701)
Depreciation / amortisation charge for the year	(31,302)	-	(35,195)	(80,300)	(3,958)	(38,086)	(9,634)	(29,305)	(227,780)
Closing net book value	<b>1,523,598</b>	<b>108,082</b>	<b>758,270</b>	<b>362,240</b>	<b>9,259</b>	<b>196,962</b>	<b>40,690</b>	<b>70,687</b>	<b>3,069,788</b>
<b>At March 31, 2019</b>									
Cost or revaluation	1,554,900	108,082	793,465	977,428	29,197	354,725	137,751	231,564	4,187,112
Accumulated impairment	-	-	-	(2,735)	-	-	-	(100)	(2,835)
Accumulated depreciation / amortisation	(31,302)	-	(35,195)	(612,453)	(19,938)	(157,763)	(97,061)	(160,777)	(1,114,489)
Net book value	<b>1,523,598</b>	<b>108,082</b>	<b>758,270</b>	<b>362,240</b>	<b>9,259</b>	<b>196,962</b>	<b>40,690</b>	<b>70,687</b>	<b>3,069,788</b>

# Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2019

	Leasehold Land (Revalued - note 5.2)	Freehold Land	Buildings on leasehold land (Revalued - note 5.2)	Plant and machinery	Furniture and fittings	Vehicles	Electrical Installations	Office and other equipments	Total
	<div> <div></div> <div>Rupees '000</div> <div></div> </div>								
Year ended March 31, 2018									
Opening net book value (NBV)	1,388,800	-	761,216	355,111	15,770	193,997	19,798	86,624	2,821,316
Revaluation	194,048	-	53,626	-	-	-	-	-	247,674
Additions	-	-	7,220	68,025	797	43,814	8,112	23,399	151,367
Disposals - at NBV	-	-	-	(11)	-	(11,111)	* -	(1,080)	(12,202)
Depreciation / amortisation charge for the year	(27,948)	-	(32,787)	(74,231)	(3,996)	(37,474)	(6,559)	(28,143)	(211,138)
Closing net book value	1,554,900	-	789,275	348,894	12,571	189,226	21,351	80,800	2,997,017
At March 31, 2018									
Cost or revaluation	1,554,900	-	789,275	900,164	28,551	326,630	108,778	214,914	3,923,212
Accumulated impairment	-	-	-	(2,735)	-	-	-	(100)	(2,835)
Accumulated depreciation / amortisation	-	-	-	(548,535)	(15,980)	(137,404)	(87,427)	(134,014)	(923,360)
Net book value	1,554,900	-	789,275	348,894	12,571	189,226	21,351	80,800	2,997,017
Useful life (years)	76 to 79	N/A	40	2 to 10	2 to 10	4 to 5	5	3 to 7	

\* Assets disposed off having nil net book value.

5.2 Company's two plots of land located at D-2 and D-136, S.I.T.E. Karachi measuring 10.61 acres and 6 acres respectively and buildings thereon were revalued by an independent valuer - M/s Iqbal A. Nanjee & Co. (Pvt.) Limited on March 21, 2018 on the basis of present market values for similar sized plots in the vicinity for land and replacement values of similar type of buildings based on present cost of construction (level 2).

The different levels have been defined in IFRS 13 as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices) (level 2); and
- Inputs for the assets or liabilities that are not based on observable market data (i.e. unobservable inputs e.g. estimated future cash flows) (level 3).

Had there been no revaluation, the net book values of land and buildings on leasehold land as at March 31, 2019 would have been Rs. 113.2 million (2018: Rs. 5.42 million) and Rs. 353.33 million (2018: Rs. 361.77 million) respectively.

5.3 Force sales value of land and building as estimated by the valuer is Rs. 1,315.24 million (2018: Rs. 1,243.9 million) and Rs. 620.34 million (2018: Rs. 631.42 million) respectively.

# Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2019

5.4 Particulars of immovable property (i.e. land and building) in the name of Company is as follows:

Location	Usage of immovable property	Total Area (in acres)	Covered Area (in sq.ft)
a) D-2, S.I.T.E. Manghopir Road, Karachi.	Chasis assembling facility	10.61	373,678
b) D-136, S.I.T.E. Manghopir Road, Karachi.	Body manufacturing facility	6	336,409
c) Kayan Pur, Tehsil Multan, Union Council No. 73, Near Multan Bypass, Multan.	Upcoming 3S facility	1.77	N/A

5.5 The details of operating assets disposed off, having net book value in excess of Rs. 500,000 have been disclosed in note 38.

5.6 Capital work-in-progress - at cost

	2019				2018			
	Leasehold Land	Building	Plant and Machinery	Total	Leasehold Land	Building	Motor Vehicle	Plant and Machinery
	Rupees '000							
Balance as at April 1, 2018	86,217	-	12,799	99,016	-	-	2,648	-
Additions during the year	21,865	36,588	21,453	79,906	86,217	-	-	16,363
Transfers to operating assets	(108,082)	-	(12,887)	(120,969)	-	-	(2,648)	(3,564)
Total	-	36,588	21,365	57,953	86,217	-	-	12,799

## 6. INTANGIBLES - Computer Softwares

### Opening balance

Cost	69,684	63,804
Accumulated amortisation	(56,349)	(46,071)
Net book value	13,335	17,733

### Year ended March 31

Opening net book value	13,335	17,733
Additions	4,082	5,880
Amortisation	(9,648)	(10,278)
Closing net book value	7,769	13,335

### Closing balance

Cost	73,766	69,684
Accumulated amortisation	(65,997)	(56,349)
Net book value	7,769	13,335

## 7. LONG-TERM INVESTMENTS

### Available for sale

Arabian Sea Country Club Limited - note 7.1	5,000	5,000
Provision for impairment	(5,000)	(5,000)
	-	-
Automotive Testing & Training Centre (Private) Limited - note 7.2	500	500
Provision for impairment	(500)	(428)
	-	72
	-	72

# Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2019

**7.1** This represents cost of 500,000 (2018: 500,000) fully paid-up unquoted ordinary shares of Rs. 10 each. Company holds 6.45% shares of the investee Company.

**7.2** This represents cost of 50,000 (2018: 50,000) fully paid-up unquoted ordinary shares of Rs. 10 each. Company holds 2.77% shares of the investee Company.

## 8. LONG-TERM LOANS AND ADVANCES – considered good

	2019	2018
	Rupees '000	
Loans and advances to employees	37,897	32,074
Less: Recoverable within one year - note 11	(13,222)	(10,622)
	<b>24,675</b>	<b>21,452</b>

**8.1** The loans and advances are extended to employees under their terms of employment on interest free basis.

Loans under the schemes have been extended to facilitate purchase / construction of house and are repayable over a period of eight to nine years. The loan for purchase / construction of house is secured against employees' retirement fund balances.

Advances to employees are for house rent assistance and these are repayable upto a period of seven years. These are secured against employees' retirement fund balances.

## 9. INVENTORIES

	2019	2018
	Rupees '000	
Stores and spares	13,404	15,255
Loose tools	5,835	6,145
	<b>19,239</b>	<b>21,400</b>
Less: Provision for obsolescence	(499)	(682)
	<b>18,740</b>	<b>20,718</b>
Raw Materials and components - note 9.1 [including in transit Rs. 283.7 million (2018: Rs. 1,723.8 million)]	7,077,811	4,459,943
Less: Provision for obsolescence	(26,603)	(28,155)
	<b>7,051,208</b>	<b>4,431,788</b>
Work-in-process	15,532	33,054
Finished goods	723,362	343,457
Less: Provision for obsolescence	(419)	-
	<b>722,943</b>	<b>343,457</b>
Trading stock - Spare parts [including in transit Rs. 13.6 million (2018: Rs. 3.64 million)]	251,597	117,177
Less: Provision for obsolescence	(21,929)	(10,881)
	<b>229,668</b>	<b>106,296</b>
	<b>8,038,091</b>	<b>4,935,313</b>

**9.1** Raw materials include stocks held with suppliers amounting to Rs. 225 million (2018: Rs. 97.2 million).

**9.2** As at March 31, 2019 raw materials and components costing Rs. 99.57 million (2018: Rs. 269.51 million) have been written down by Rs. 8.69 million (2018: Rs. 68.23 million) and finished products costing Rs. 25.38 million (2018: Rs. 58.35 million) by Rs. 4.75 million (2018: Rs. 8.26 million) to arrive at their net realisable values.

# Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2019

## 10. TRADE DEBTS - NET

### Considered good - unsecured

Related party - note 10.2

Indus Motor Company Limited

Others - note 10.3

### Considered doubtful

Others

Less: Provision for doubtful debts - note 10.4

**10.1** As at March 31, 2019, the age analysis of trade debts is as follows:

Not yet due

Past due

- Up to 3 months

- 3 to 6 months

- 6 to 12 months

- More than one year

**10.2** The maximum aggregate amount due from the related party at the end of any month during the year was Rs. 110.08 million (2018: Rs. 111.56 million).

**10.3** These include amount receivable from government institutions amounting to Rs. 668.15 million (2018: Rs. 591.62 million).

**10.4** Balance at beginning of the year  
Charge during the year - net  
Written off against provision  
**Balance at end of the year**

## 11. LOANS AND ADVANCES

Current maturity of long term loans and advances to employees

Advances to:

- employees

- suppliers - note 11.1

Provision for doubtful advances to suppliers

**11.1** Advance to Indus Motor Company Limited - a related party was Nil (2018: Rs. 9.64 million).

	2019	2018
	Rupees '000	
	78,407	60,457
	881,275	654,478
	<b>959,682</b>	<b>714,935</b>
	36,948	21,956
	<b>996,630</b>	<b>736,891</b>
	(36,948)	(21,956)
	<b>959,682</b>	<b>714,935</b>
	901,819	708,941
	2,157	2,135
	72,740	-
	466	7,000
	19,448	18,815
	<b>94,811</b>	<b>27,950</b>
	<b>996,630</b>	<b>736,891</b>

	2019	2018
	Rupees '000	
	21,956	21,265
	14,992	1,740
	-	(1,049)
	<b>36,948</b>	<b>21,956</b>
	13,222	10,622
	687	347
	15,906	19,575
	<b>16,593</b>	<b>19,922</b>
	<b>29,815</b>	<b>30,544</b>
	(7,270)	(7,270)
	<b>22,545</b>	<b>23,274</b>

# Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2019

**11.2** The maximum aggregate amount due from the related party at the end of any month during the year was Rs. 7.46 million (2018: Rs. 10.4 million).

	2019	2018
	Rupees '000	
<b>12. TRADE DEPOSITS AND PREPAYMENTS</b>		
Trade deposits	80,959	85,632
Provision for doubtful deposits - note 12.1	(13,047)	(8,506)
	<b>67,912</b>	<b>77,126</b>
Prepayments	21,877	20,490
	<b>89,789</b>	<b>97,616</b>
<b>12.1</b> Balance at beginning of the year	8,506	7,537
Charge during the year	4,541	969
Balance at end of the year	<b>13,047</b>	<b>8,506</b>

## **13. REFUNDS DUE FROM THE GOVERNMENT - Sales tax**

Sales tax refundable - note 13.1	1,165,461	348,662
Custom duty and excise duty refundable	2,807	2,807
	<b>1,168,268</b>	<b>351,469</b>
Less: Provision for doubtful refundables	(55,726)	(55,726)
	<b>1,112,542</b>	<b>295,743</b>

**13.1** This includes sales tax refundable of Rs. 47.14 million (2018: Rs. 47.14 million), net of provisional refunds of Rs. 519.05 million (2018: Rs. 519.05 million) received against bank guarantees and undertakings, the recovery of which is dependent upon fulfilment of the requirements of standing order no. 1 of 2010 issued by the Federal Board of Revenue and verification of related sales tax records. The Company is in the process of complying with the regulatory requirements.

	2019	2018
	Rupees '000	
<b>14. CASH AND BANK BALANCES</b>		
Balances with banks:		
- on term deposit accounts	-	2,300,000
- on current accounts	13,872	39,276
- on PLS savings accounts - note 14.1	22,966	2,414,162
Cheques in hand	12,793	85,070
Cash in hand	52	371
	<b>49,683</b>	<b>4,838,879</b>

**14.1** At March 31, 2019, the average rate of mark-up on savings accounts was 8.31% per annum (2018: 5% per annum).

	2019	2018
	Rupees '000	
<b>15. SHARE CAPITAL</b>		
<b>15.1 Authorised share capital</b>		
20,000,000 ordinary shares of Rs. 10 each	<b>200,000</b>	<b>200,000</b>

# Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2019

		2019	2018
		Rupees '000	
<b>15.2 Issued, subscribed and paid-up capital</b>			
Ordinary shares of Rs. 10 each			
6,200,280	shares issued for consideration paid in cash	62,003	62,003
4,133,520	shares issued for consideration other than cash - fixed assets	41,335	41,335
2,066,760	shares issued as bonus shares	20,668	20,668
		<b>124,006</b>	<b>124,006</b>

**15.3** At March 31, 2019 and March 31, 2018 Hino Motors Limited, Japan (HML) - the holding company and Toyota Tsusho Corporation, Japan (TTC) - an associated company respectively held 7,357,665 (59.33%) and 3,678,833 (29.67%) ordinary shares of Rs. 10 each.

**15.4** HML is a Company incorporated in Japan having registered address at 1-1 Hinodai 3- chome, Hino-shi, Tokyo. The President of HML is Mr. Yoshio Shimo. As per the latest available financial statements which are prepared on going concern basis, HML's auditors have expressed an unmodified opinion.

**15.5** As per the shareholders agreement between HML and TTC;  
- Each party has first right of refusal in case the other party intends to dis-invest its shares in the Company.  
- HML has right to appoint Chairman of the Board of Directors.

	2019	2018
	Rupees '000	
<b>16. DEFERRED TAXATION</b>		
Credit balances arising in respect of:		
- accelerated tax depreciation allowances	86,026	94,893
- surplus arising on revaluation of fixed assets	113,384	128,251
- others	-	21
	<b>199,410</b>	<b>223,165</b>
Debit balances arising in respect of:		
- provision for stores and stocks obsolescence	(13,569)	(34,164)
- provision for doubtful trade debts, deposits, advances and other receivables	(31,025)	(27,498)
- provision for retirement benefits	(25,484)	(25,281)
- provision for warranty	(12,406)	(12,786)
	<b>(82,484)</b>	<b>(99,729)</b>
	<b>116,926</b>	<b>123,436</b>

## **17. EMPLOYEE BENEFITS - RETIREMENT BENEFITS**

**17.1** As stated in note 3.11, the Company operates approved funded pension and gratuity schemes for all its permanent employees and an unfunded gratuity for its contractual employees. The schemes define the amounts of benefit that an employee will receive on or after retirement subject to a minimum qualifying period of service under the schemes. Actuarial valuation of these plans is carried out every year and latest actuarial valuation was carried out as at March 31, 2019.

**17.2** Plan assets held in trust are governed by local regulations which mainly include Trust Act, 1882, Companies Act, 2017, Income Tax Rules, 2002 and Rules under the Trust deed of the Plans. The responsibility for governance of the Plans, including investment decisions and contribution schedules, rests with the respective Boards of Trustees. The Company appoints the trustees and all trustees are employees of the Company.



# Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2019

**17.3** Details of the Fund as per the actuarial valuation are as follows:

	2019			2018		
	Funded		Unfunded	Funded		Unfunded
	Gratuity Fund	Pension Fund	Gratuity	Gratuity Fund	Pension Fund	Gratuity
	Rupees '000					
<b>17.4 Movement in (asset) / liability</b>						
Opening balance	1,071	12,937	154,369	(1,967)	19,706	135,216
Charge for the year	13,695	16,005	26,775	12,017	16,891	25,916
Remeasurements recognised in Other Comprehensive Income	14,652	(13,256)	5,347	6,983	17,459	(714)
Payments during the year	(18,416)	(32,876)	(16,105)	(15,962)	(41,119)	(6,049)
<b>Closing balance</b>	<b>11,002</b>	<b>(17,190)</b>	<b>170,386</b>	<b>1,071</b>	<b>12,937</b>	<b>154,369</b>
<b>17.5 Balance sheet reconciliation as at March 31</b>						
Fair value of plan assets	(215,368)	(388,040)	-	(196,929)	(348,565)	-
Present value of obligations	226,370	370,850	170,386	198,000	361,502	154,369
<b>Recognised liability / (asset)</b>	<b>11,002</b>	<b>(17,190)</b>	<b>170,386</b>	<b>1,071</b>	<b>12,937</b>	<b>154,369</b>
<b>17.6 Remeasurement recognised in Other Comprehensive Income</b>						
Experience (losses) / gains	(8,795)	26,415	(5,347)	(1,190)	(14,427)	714
Remeasurement losses of fair value of plan assets	(5,857)	(13,159)	-	(5,793)	(3,032)	-
	<b>(14,652)</b>	<b>13,256</b>	<b>(5,347)</b>	<b>(6,983)</b>	<b>(17,459)</b>	<b>714</b>
<b>17.7 Charge for the year</b>						
Current service cost	14,367	20,248	14,704	12,962	15,019	13,502
Interest cost	15,894	29,257	12,071	16,371	29,212	12,414
Employee Contribution	-	(3,794)	-	-	-	-
Expected return on plan assets	(16,566)	(29,706)	-	(17,316)	(27,340)	-
	<b>13,695</b>	<b>16,005</b>	<b>26,775</b>	<b>12,017</b>	<b>16,891</b>	<b>25,916</b>
<b>17.8 Movement in the present value of obligation</b>						
Opening balance	198,000	361,502	154,369	177,182	312,145	135,216
Current service cost	14,367	20,248	14,704	12,962	15,019	13,502
Interest cost	15,894	29,257	12,071	16,371	29,212	12,414
Remeasurement	8,795	(26,415)	5,347	1,190	14,427	(714)
Benefits paid	(10,686)	(13,742)	(16,105)	(9,705)	(9,301)	(6,049)
<b>Closing balance</b>	<b>226,370</b>	<b>370,850</b>	<b>170,386</b>	<b>198,000</b>	<b>361,502</b>	<b>154,369</b>
<b>17.9 Movement in fair value of plan assets</b>						
Opening balance	196,929	348,565	-	179,149	292,439	-
Expected return on plan assets	16,566	29,706	-	17,316	27,340	-
Remeasurement	(5,857)	(13,159)	-	(5,793)	(3,032)	-
Employer contributions	18,416	32,971	-	15,962	41,119	-
Employee contributions	-	3,699	-	-	-	-
Benefits paid	(10,686)	(13,742)	-	(9,705)	(9,301)	-
<b>Closing balance</b>	<b>215,368</b>	<b>388,040</b>	<b>-</b>	<b>196,929</b>	<b>348,565</b>	<b>-</b>

# Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2019

**17.10 Plan assets comprise of:**

	2019			2018		
	Funded		Unfunded	Funded		Unfunded
	Gratuity Fund	Pension Fund	Gratuity	Gratuity Fund	Pension Fund	Gratuity
	Rupees '000					
Government bonds	131,280	205,080	-	86,523	191,046	-
National Savings Certificates	-	-	-	55,506	14,042	-
Other Bonds (TFCs)	-	1,799	-	-	10,222	-
Mutual funds	24,746	40,935	-	24,801	39,600	-
Bank deposits	48,783	120,058	-	28,186	91,318	-
Cash at bank	10,559	20,168	-	1,913	2,337	-
	<b>215,368</b>	<b>388,040</b>	<b>-</b>	<b>196,929</b>	<b>348,565</b>	<b>-</b>

**17.11 Key actuarial assumptions used:**

Expected rate of return on plan assets (%)	13.25	13.25	-	8.25	8.25	-
Future salary increase (%)	12.25	12.25	12.25	7.25	7.25	7.25
Discount rate at March 31 (%)	13.25	13.25	13.25	8.25	8.25	8.25
Retirement age (years)	60	60	60	60	60	60

**17.12** Pre-Retirement mortality was assumed to be SLIC (2001-2005) for males and females, as the case may be, rated down one year.

**17.13** In case of funded plans, the Company ensures that the investment positions are managed within an asset-liability matching (ALM) framework that has been developed to achieve long-term investments that are in line with the obligations under the Retirement benefit plan. Within this framework, the Company's ALM objective is to match assets to the retirement benefit obligations by investing in long-term fixed interest securities with maturities that match the benefit payments as they fall due. The Company actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the Retirement benefit plan obligations. The Company has not changed the processes used to manage its risks from previous periods. The Company does not use derivatives to manage its risk. Investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets. A large portion of assets in 2019 consists of government bonds, term deposits and cash at bank. The Company believes that government bond offer the best returns over the long term with an acceptable level of risk.

**17.14** The expected return on plan assets was determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the statement of financial position's date.

The actuary conducts separate valuations for calculating contribution rates and the Company contributes to the pension and gratuity funds according to the actuary's advice. Expense of the defined benefit plan is calculated by the actuary.

**17.15 Sensitivity analysis for actuarial assumptions**

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	Impact on defined benefit obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
		Rupees '000	
Discount rate at 31 March	1.00%	(56,367)	64,458
Future salary increases	1.00%	57,201	(51,532)

There is no significant change in the obligation if life expectancy increases by 1 year.

The sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the Projected Unit Credit Method at the end of the reporting period) has been applied as when calculating the liability recognised within the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

# Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2019

- 17.16** The expected return on plan assets is based on the market expectations and depends upon the asset portfolio of the plan, at the beginning of the period, for returns over the entire life of the related obligation.
- 17.17** Based on actuary's advice, the amount of expected contribution to gratuity and pension funds in 2019-20 will be Rs. 16.86 million and Rs. 14.96 million respectively.
- 17.18** The weighted average duration of pension fund, funded gratuity and unfunded gratuity is 8 years.
- 17.19 Expected maturity analysis of undiscounted retirement benefit plans.**

	Less than a year	Between 1-2 years	Between 2-5 years	Between 5-10 years	Over 10 years	Total
	Rupees '000					

At March 31, 2019 Retirement benefit plans

105,570	85,592	346,460	919,291	2,476,096	3,933,009
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2019	2018
Rupees '000	

## 18. TRADE AND OTHER PAYABLES

Creditors	176,166	394,307
Bills payable to		
- Toyota Tsusho Corporation, Japan, group company	766,018	4,674,904
- Hino Motors Limited, Japan - holding company	13,778	46,781
- Toyota Tsusho, Asia Pacific PTE Ltd, group company	35,641	19,488
- Hino Motors Middle East FZE	111,662	-
Accrued liabilities	590,593	1,016,135
Workers' Profits Participation Fund - note 18.2	-	2,633
Advances from customers - unsecured	1,394,945	1,756,523
Royalty payable to Hino Motors, Ltd. Japan, holding company	21,675	311,034
Security deposits from dealers - note 18.3	37,000	27,000
Employees related obligation - note 18.4	65,985	59,275
Tax deducted at source and payable to statutory authorities	4,307	13,816
Workers' welfare fund	-	33,423
Sindh sales tax on services	2,818	31,104
Interest payable - note 18.5	113,062	-
Others	9,379	7,471
	<b>3,343,029</b>	<b>8,393,894</b>

- 18.1** During the year, royalty amounting to Rs. 443.3 million (2018: Rs. 64.03 million) has been paid by the Company to Hino Motors, Ltd. Japan- Parent Company, having registered office at 1-1 Hinodai 3-chome, Hino-shi, Tokyo.

2019	2018
Rupees '000	

## 18.2 Workers' Profits Participation Fund

Opening balance	2,633	(914)
Allocation for the year	-	89,633
Amount paid to the Fund	(2,633)	(86,086)
<b>Closing balance</b>	<b>-</b>	<b>2,633</b>

- 18.3** These represent amounts received from dealers of the Company, which are utilised for the purpose of business in accordance with the related agreements.

- 18.4** This represents contributions made by employees towards the sale price of vehicles provided to them by the Company in accordance with the Company's vehicle policy.

# Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2019

- 18.5** This represents interest payable on short-term borrowings.

- 18.6** The investments out of provident fund have been made in accordance with the provisions of Section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

2019	2018
Rupees '000	

## 19. SHORT-TERM BORROWINGS - Secured

Short-term loans - note 19.1	4,600,000	-
Running Finance - note 19.2	2,166,074	-
	<b>6,766,074</b>	<b>-</b>

- 19.1** The short-term loans have been obtained from various banks and carry mark-up at rates ranging from one month KIBOR + 0.2% per annum to one-month KIBOR + 0.3% per annum (2018: Nil). The loans are repayable by April 29, 2019.

- 19.2** The facilities for running finance under mark-up arrangements with various banks amounted to Rs. 11.90 billion (2018: Rs. 2.47 billion) of which the amount remaining unutilised at the year end was Rs. 5.14 billion (2018: Rs. 2.47 billion). The rates of mark-up applicable on running finance are based on KIBOR and range from one month KIBOR + 0.5% to three month KIBOR + 1.25% (2018: Nil) per annum.

- 19.3** The facilities for opening the letters of credit and guarantees as at March 31, 2019 amounted to Rs. 12.9 billion (2018: Rs. 12.03 billion) of which the amount remaining unutilised at the year end was Rs. 9.3 billion (2018: Rs. 5.4 billion).

- 19.4** The above facilities are secured by way of hypothecation charge on inventory and intra-group guarantees arranged through banks.

2019	2018
Rupees '000	

## 20. PROVISIONS

Provision for compensated absences	82,111	77,028
Provision for warranty services	45,213	43,490
Provision for infrastructure cess	23,249	23,249
Provision for custom duties	158,750	158,750
	<b>309,323</b>	<b>302,517</b>

- 20.1** Movements in each class of provision during the year are set out below.

	Provision for compensated absences	Provision for warranty services	Provision for infrastructure cess	Provision for custom duties	Total
	Rupees '000				
Balance as at April 1, 2018	77,028	43,490	23,249	158,750	302,517
Recognised during the year	25,444	7,672	-	-	33,116
Expenses against provision	(20,361)	(5,949)	-	-	(26,310)
<b>Balance as at March 31, 2019</b>	<b>82,111</b>	<b>45,213</b>	<b>23,249</b>	<b>158,750</b>	<b>309,323</b>
Balance as at April 1, 2017	68,269	44,983	23,249	158,750	295,251
Recognised during the year	27,756	8,515	-	-	36,271
Expenses against provision	(18,997)	(10,008)	-	-	(29,005)
<b>Balance as at March 31, 2018</b>	<b>77,028</b>	<b>43,490</b>	<b>23,249</b>	<b>158,750</b>	<b>302,517</b>

## 21. CONTINGENCY AND COMMITMENTS

- 21.1** As at March 31, 2019 the Company has received provisional refunds of Rs. 519.05 million (2018: Rs. 519.05 million) from the sales tax department against undertakings and bank guarantees.

- 21.2** Commitments for capital expenditure as at March 31, 2019 amounted to Rs. 17.83 million (2018: Rs. 40.04 million).



# Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2019

	2019	2018
	Rupees '000	
<b>22. REVENUE</b>		
Gross sales	23,377,035	32,674,022
Sales tax	(3,397,906)	(4,744,401)
	<b>19,979,129</b>	<b>27,929,621</b>
Commission and discounts	(848,290)	(1,314,422)
Sale returns	-	(128)
	<b>19,130,839</b>	<b>26,615,071</b>

**22.1** Sales to Government institutions of Rs. 3.33 billion (2018: Rs. 3.27 billion) account for 17.39 percent (2018: 12.28 percent) of the net sales.

## 23. TOTAL COST OF SALES, DISTRIBUTION COST AND ADMINISTRATIVE EXPENSES

	COST OF SALES		DISTRIBUTION COST		ADMINISTRATIVE EXPENSES		TOTAL	
	2019	2018	2019	2018	2019	2018	2019	2018
	Rupees '000							
Raw materials consumed	15,896,222	21,210,969	-	-	-	-	15,896,222	21,210,969
Staff costs - note 23.1	810,441	1,029,000	176,963	205,312	147,172	189,534	1,134,576	1,423,846
Depreciation and amortisation	171,934	156,507	16,645	16,153	48,849	48,756	237,428	221,416
Rent, rates and taxes	23,495	12,539	9,648	8,874	14,057	12,011	47,200	33,424
Insurance	8,480	8,567	1,617	1,616	7,499	7,568	17,596	17,751
Vehicle running and maintenance	15,764	12,736	16,438	13,048	12,661	10,291	44,863	36,075
Fuel and power	70,294	79,544	3,627	3,525	10,061	11,607	83,982	94,676
Travelling and entertainment	11,311	7,386	18,193	19,146	13,495	12,697	42,999	39,229
Repair and maintenance	48,364	46,149	742	1,549	14,763	16,845	63,869	64,543
Communication and stationery	5,224	5,222	5,026	7,692	8,984	9,441	19,234	22,355
Royalty and technical assistance	131,573	277,040	-	-	-	-	131,573	277,040
Provision for obsolete stock-in-trade, stores and spares	9,732	4,961	-	-	-	-	9,732	4,961
Legal and professional charges	2,406	1,025	2,516	10,848	11,331	14,924	16,253	26,797
Auditors' remuneration - note 23.2	-	-	-	-	4,160	4,015	4,160	4,015
Security and maintenance	432	396	4,298	3,480	71,869	67,688	76,599	71,564
Outward freight and handling	-	-	-	88	-	-	-	88
Advertising and sales promotion	-	-	17,600	54,667	-	-	17,600	54,667
Product maintenance charges	-	-	73,714	78,586	-	-	73,714	78,586
Warranty services	-	-	7,672	8,515	-	-	7,672	8,515
Provision for doubtful receivables, advances and deposits	-	-	19,533	2,709	-	-	19,533	2,709
Sindh sales tax on royalty	-	27,704	-	-	-	-	-	27,704
Other expenses	13,248	20,168	4,896	4,338	13,930	15,209	32,074	39,715
	<b>17,218,920</b>	<b>22,899,913</b>	<b>379,128</b>	<b>440,146</b>	<b>378,831</b>	<b>420,586</b>	<b>17,976,879</b>	<b>23,760,645</b>
Opening stock of work in process	33,054	30,330						
Closing stock of work in process	(15,532)	(33,054)						
Cost of goods manufactured	<b>17,236,442</b>	<b>22,897,189</b>						
Opening stock of finished goods	343,457	429,726						
Closing stock of finished goods	(723,362)	(343,457)						
	<b>16,856,537</b>	<b>22,983,458</b>						
Consumption of trading goods	1,160,988	597,173						
	<b>18,017,525</b>	<b>23,580,631</b>						

## 23.1 Staff costs

Salaries, wages, allowances and staff welfare	758,395	980,452	166,586	193,736	136,528	179,661	1,061,509	1,353,849
Charge for defined benefit plans	40,123	39,384	7,557	8,151	8,795	7,289	56,475	54,824
Charge for defined contribution plan	11,923	9,164	2,820	3,425	1,849	2,584	16,592	15,173
	<b>810,441</b>	<b>1,029,000</b>	<b>176,963</b>	<b>205,312</b>	<b>147,172</b>	<b>189,534</b>	<b>1,134,576</b>	<b>1,423,846</b>

# Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2019

	2019	2018
	Rupees '000	
<b>23.2 Auditors' remuneration</b>		
Audit fee	2,050	2,000
Fee for limited review of half yearly financial statements and other certifications	1,690	1,640
Out of pocket expenses	420	375
	<b>4,160</b>	<b>4,015</b>

## 24. OTHER INCOME

### Income from financial assets

Return on PLS savings accounts	42,868	74,529
Return on deposit accounts	55,400	104,174
	<b>98,268</b>	<b>178,703</b>

### Income from non-financial assets

Gain on disposal of non-current assets	5,533	2,864
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### Others

Scrap sales	32,293	29,282
Commission from group company	922	68,622
Others	10,624	21,318
	<b>147,640</b>	<b>300,789</b>

## 25. OTHER EXPENSES

Donations and charities - note 25.1 and 25.2

Workers' Profits Participation Fund	-	89,633
Workers' Welfare Fund	-	33,393
Write off of property, plant and equipment	-	1,057
Others	72	-
	<b>1,372</b>	<b>125,947</b>

**25.1** Donation to following organisation is equal to or exceeds Rs. 0.5 million.

- Darul Sukoon	1,200	1,200
- Citizen Education Development Foundation	-	664

**25.2** None of the directors or their spouses had any interest in the donees.

## 26. FINANCE COST

Exchange loss - net	815,803	636,696
Mark-up on short-term borrowings	187,502	-
Bank charges and others	18,492	18,381
Interest on advance from customer	-	23,925
	<b>1,021,797</b>	<b>679,002</b>

## 27. INCOME TAX EXPENSE

Current		
- for the year	296,709	517,504
- for prior year - note 27.1	52,486	14,473
Deferred	3,928	(11,804)
	<b>353,123</b>	<b>520,173</b>

# Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2019

**27.1** The amount pertains to prior year charge for super tax, imposed for rehabilitation of temporarily displaced persons under section 4B of the Income Tax Ordinance, 2001 (as inserted by Finance Act 2018).

**27.2** In view of the management, sufficient tax provision has been made in the Company's financial statements. Comparison of tax provision as per the financial statements viz-a-viz tax assessment for last three years is as follows:

	Provision for taxation	Tax assessed	Excess
	Rupees '000		
<b>2018</b>	569,990	516,216	53,774
<b>2017</b>	550,643	486,462	64,181
<b>2016</b>	570,728	510,999	59,729

**27.3** The excess mainly pertains to super tax provisions booked in the respective years which have not become due as the Company has filed petitions in the High Court of Sindh against the levy of Super Tax.

	2019	2018
	Rupees '000	

## 27.4 Relationship between tax expense and accounting (loss) / Profit

<b>(Loss) / profit before taxation</b>	<b>(520,174)</b>	<b>1,669,548</b>
Tax calculated at the rate of 29% (2018: 30%)	(150,850)	500,864
Asset not recognised on tax loss	146,906	-
Minimum tax	227,192	-
Effect of final tax regime	77,389	(2,838)
Prior year impact	52,486	14,473
Others	-	7,674
<b>Tax charge for the year</b>	<b>353,123</b>	<b>520,173</b>

## 28. (LOSS) / EARNINGS PER SHARE - BASIC

(Loss) / profit after taxation attributable to ordinary shareholders	(873,297)	1,149,375
Number of ordinary shares (in '000) issued and subscribed at end of the year	12,401	12,401
<b>(Loss) / earnings per share - basic</b>	<b>Rs. (70.42)</b>	<b>Rs. 92.69</b>

**28.1** A diluted earnings per share has not been presented as the Company does not have any convertible instruments in issue as at March 31, 2019 and March 31, 2018 which would have any effect on the earnings per share if the option to convert is exercised.

# Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2019

## 29. CASH GENERATED FROM OPERATIONS

	2019	2018
	Rupees '000	
(Loss) / profit before taxation	(520,174)	1,669,548
Add / (less): Adjustments for non cash charges and other items		
Depreciation and amortisation	237,428	221,416
Gain on disposal of operating fixed assets	(5,533)	(2,864)
Write off of property, plant and equipment	-	1,057
Retirement benefits charge	56,475	54,824
Mark-up on short-term borrowings	187,502	-
Interest on advance from customer	-	23,925
Impairment of investment	72	-
Income on PLS savings and deposit accounts	(98,268)	(178,703)
<b>(Loss) / profit before working capital changes</b>	<b>(142,498)</b>	<b>1,789,203</b>

## EFFECT ON CASH FLOW DUE TO WORKING CAPITAL CHANGES

(Increase) / decrease in current assets		
Inventories	(3,102,778)	(1,652,317)
Trade debts	(244,747)	(465,399)
Loans and advances	729	65,514
Trade deposits and prepayments	7,827	(29,069)
Refunds due from the government - sales tax	(816,799)	(42,514)
Other receivables	438	835
	<b>(4,155,330)</b>	<b>(2,122,950)</b>
(Decrease) / increase in current liabilities		
Trade and other payables	(5,163,927)	3,687,316
Provision	6,806	7,266
	<b>(9,312,451)</b>	<b>1,571,632</b>
	<b>(9,454,949)</b>	<b>3,360,835</b>

## 30. CASH AND CASH EQUIVALENTS

Cash and bank balances - note 14	49,683	4,838,879
Short-term borrowings - secured - note 19	(6,766,074)	-
	<b>(6,716,391)</b>	<b>4,838,879</b>

## 31. REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

The amounts charged in these financial statements for remuneration of the Chief executive officer, Directors and Executives of the Company are as follows:

	CHIEF EXECUTIVE OFFICER		EXECUTIVE DIRECTORS		EXECUTIVES	
	2019	2018	2019	2018	2019	2018
	Rupees '000					
Managerial remuneration and allowances	6,711	6,860	10,479	11,762	51,260	46,760
Bonus	2,802	10,368	4,937	17,535	20,197	55,117
Retirement benefits	-	-	-	-	14,540	8,282
Rent and utilities	-	-	448	493	16,738	14,747
Leave passage	560	514	870	869	2,903	2,590
Club expenses	-	-	-	-	566	449
Medical expenses	188	158	280	325	2,066	1,766
	<b>10,261</b>	<b>17,900</b>	<b>17,014</b>	<b>30,984</b>	<b>108,270</b>	<b>129,711</b>
<b>Number of persons</b>	<b>1</b>	<b>1</b>	<b>2</b>	<b>2</b>	<b>16</b>	<b>14</b>

# Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2019

- 31.1** Consultancy fee paid to the Chairman amounts to Rs. 3.52 million (2018: Rs. 3.12 million). The Chairman is also provided with free use of Company maintained car.
- 31.2** The Managing Director, Executive Directors and certain Executives of the Company are provided with free use of Company maintained cars and housing facilities in accordance with their terms of employment.
- 31.3** In addition to above, fee paid to the Chairman and independent non - executive director (Pakistan resident only) for attending meetings during the year amounted to Rs. 0.38 million (2018: Rs. 0.3 million) and Rs. 0.3 million (2018: Rs. 0.6 million), respectively.

2019	2018
Units	

## 32. PLANT CAPACITY AND PRODUCTION

### Plant capacity (single shift without overtime)

- Chassis	6,000	6,000
- Bodies	1,800	1,800

### Actual production

- Chassis	3,201	4,495
- Bodies	802	498

- 32.1** Chassis and bodies production during the year was as per market demand.

## 33. RELATED PARTY DISCLOSURES

Disclosure of transactions between the Company and related parties:

Relationship	Nature of transaction	2019	2018
		Rupees '000	
i. Holding company	- Dividend paid	647,987	361,853
	- Purchase of goods	358,164	500,524
	- Royalty charge	126,811	277,040
	- Technical assistance fee	5,029	-
ii. Other related parties	- Purchase of goods	13,750,329	16,839,180
	- Sale of goods	1,164,722	1,013,509
	- Dividend paid	308,246	196,674
	- Purchase of property, plant and equipment	37,730	17,376
	- Commission earned	922	68,477
	- Payments to retirement benefit plans	88,801	87,445

- 33.1** Outstanding balances with related parties as at year end have been included in trade debts, other receivables and trade and other payables respectively. These are settled in ordinary course of business.
- 33.2** Details of compensation to key management personnel comprising of Managing Director and Directors is disclosed in note 31.
- 33.3** Following are the related parties with whom the Company had entered into transactions or have arrangement / agreement in place.

S.No.	Company Name	Basis of association	Aggregate % of Shareholding
1	Hino Motors Ltd, Japan	Parent	59.33%
2	Toyota Tsusho Corporation, Japan	Group Company	29.67%
3	Hino Motors (China) Co.,Ltd	Group Company	N/A
4	Hino Motors Middle East Depot	Group Company	N/A
5	Hino Motors Sale (Thailand) Ltd	Group Company	N/A
6	Toyota Tsusho Asia Pacific Pte Ltd	Group Company	N/A
7	Toyota Tsusho M&E (Thailand) Co., Ltd	Group Company	N/A
8	Indus Motor Company Limited	Group Company	N/A

# Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2019

## 34. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

### Financial assets and liabilities

	Interest / Mark-up bearing			Non Interest / Mark-up bearing			Total
	Maturity up to one year	Maturity after one year	Sub-total	Maturity up to one year	Maturity after one year	Sub-total	
	←			Rupees '000 →			
<b>Financial assets</b>							
<b>Loans and receivables</b>							
Loans and advances	-	-	-	13,222	24,675	37,897	37,897
Deposits	-	-	-	67,912	8,112	76,024	76,024
Trade debts	-	-	-	959,682	-	959,682	959,682
Cash and bank balances	22,966	-	22,966	26,717	-	26,717	49,683
2019	22,966	-	22,966	1,067,533	32,787	1,100,320	1,123,286
2018	4,714,162	-	4,714,162	934,086	29,294	963,380	5,677,542

### Financial liabilities

#### At amortised cost

Trade and other payables	-	-	-	1,837,974	-	1,837,974	1,837,974
Short-term borrowings	6,766,074	-	6,766,074	-	-	-	6,766,074
Unclaimed dividend	-	-	-	13,524	-	13,524	13,524
2019	6,766,074	-	6,766,074	1,851,498	-	1,851,498	8,617,572
2018	-	-	-	6,666,843	-	6,666,843	6,666,843

### On statement of financial position gap

2019	(6,743,108)	-	(6,743,108)	(783,965)	32,787	(751,178)	(7,494,286)
2018	4,714,162	-	4,714,162	(5,732,757)	29,294	(5,703,463)	(989,301)

### OFF STATEMENT OF FINANCIAL POSITION FINANCIAL INSTRUMENTS

Commitments for capital expenditure	17,830
Letters of credit	1,178,788
Letters of guarantee	2,395,449
2019	3,592,067
2018	6,647,341

The effective interest / mark-up rates for the monetary financial assets and liabilities are mentioned in respective notes to the financial statements.

### (i) Interest / Mark-up rate risk

Interest / mark-up rate risk is the risk that the value of a financial instrument will fluctuate due to changes in the market interest rates. As at March 31, 2019 the Company's interest bearing financial assets amounted to Rs. 0.02 billion (2018: Rs. 4.7 billion), and had the interest rates varied by 100 basis points with all the other variables held constant, loss before tax for the year would have been approximately higher / lower by Rs. 0.23 million (2018: profit before tax would have been higher / lower by Rs. 47.14 million).

The sensitivity of 100 basis points movement in the interest rates has been used as historically (five years) floating interest rates have moved by an average of 100 basis points per annum.

### (ii) Credit risk

Credit risk represents the accounting loss that would be recognised if counterparts failed to perform as contracted. The financial assets exposed to credit risk amount to Rs. 1.12 billion (2018: Rs. 5.68 billion). The Company believes that it is not materially exposed to credit risk as major part of these financial assets comprise of receivable from government institutions and bank balances which represent low credit risk as they are placed with banks and other financial institutions having good credit ratings assigned by credit rating agencies.

The Company attempts to control credit risk by monitoring credit exposure, limiting transactions with specific counterparties and continually assessing the creditworthiness of counterparties.

Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2019

The other financial assets are neither material to the financial statements nor exposed to any significant credit risk.

(iii) Liquidity risk

Liquidity risk reflects the Company's inability in raising funds to meet its commitments. The Company manages liquidity risk by maintaining sufficient cash and bank balances and the availability of financing through banking arrangements. Management monitors rolling forecast of the Company's liquidity reserve which comprises of undrawn borrowing facility and cash and cash equivalents on the basis of expected cash flow.

(iv) Foreign exchange risk

Foreign exchange risk arises mainly when receivables and payables exist due to transactions based on currencies other than Pak Rupee. As at March 31, 2019 payable exposed to foreign exchange risk is of Rs. 0.95 billion (2018: Rs. 5.05 billion). The liability is mainly denominated in Japanese Yen.

As at March 31, 2019, if the Pak Rupee had weakened / strengthened by 7% (2018: 1%) against Japanese Yen with all other variables held constant, loss before tax for the year would have been higher / lower by Rs. 66.41 million (2018: profit before tax would have been higher / lower by Rs. 50.52 million), mainly as a result of foreign exchange losses / gains on translation of Japanese Yen denominated financial assets and liabilities.

The sensitivity of foreign exchange rate looks at the outstanding foreign exchange balances of the Company as at the statement of financial position's date and assumes this is the position for a full twelve-month period. The volatility percentage for movement in foreign exchange rates has been used due to the fact that historically (5 years) rate has moved on average basis by the mentioned percentage per annum.

(v) Fair values of financial assets and liabilities

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values.

35. CAPITAL RISK MANAGEMENT

The Company's objectives when managing capital are to safeguard the entity's ability to continue as a going concern, so that it can continue to provide adequate returns for shareholders and benefits to other stakeholders. The Company finances its operations through equity.

36. NUMBER OF EMPLOYEES

Number of employees at March 31  
- Permanent  
- Contractual

\* This includes 561 (2018: 579) number of factory employees

Average number of employees during the year  
- Permanent  
- Contractual

\*\* This includes 573 (2018: 584) number of factory employees

37. SUBSEQUENT EVENTS

The Board of Directors in its meeting held on May 23, 2019 proposed a cash dividend of Rs. NIL per share (2018: Rs. 69.52) amounting to Rs. NIL (2018: Rs. 862.09 million) subject to approval of members at the forthcoming annual general meeting.

Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2019

38. Details of operating assets sold

The details of operating assets sold, having net book value in excess of Rs. 500,000 each are as follows:

Description	Cost	Accumulated depreciation	Book value	Sale proceeds	Gain / (loss)	Mode of disposal	Particulars of purchaser
	← Rupees '000 →						
Plant & Machinery	8,903	8725	178	354	176	Auction	Zulfaqar Ali - 42401-4685763-5 House # B-354 Area Metroville S.I.T.E 1, Sector 3, Karachi West.
"	4,962	4778	184	847	663	"	Hazrat Hussain - 42401-2287377-7 Noorani Mohalla, Area Frontier Colony 2 Orangi Town Karachi West
"	2,280	2233	47	294	247	"	Sher Zada - 42401-1865239-9 Qaid-e-Awan Colony, House # 72, Sector 4/F, Area Mominabad, Orangi Town, Karachi West
"	427	420	7	229	222	"	Jan Mohammad - 422501-1843613-1 Plot No. Street No: 12 Machar Colony, Suhrah Goth, Karachi Central Gulberg Town
"	230	226	4	167	163	"	Ahsan Aziz - 42101-8385758-5 House No D-110 F.B Area Karachi
Office Equipment	1,829	1,763	66	236	170	Auction	Hazrat Hussain - 42401-2287377-7 Noorani Mohalla, Area Frontier Colony 2 Orangi Town Karachi West
"	624	614	10	81	71	"	Sher Zada - 42401-1865239-9 - Qaid- e-Awan Colony, House # 72, Sector 4/F, Area Mominabad, Orangi Town, Karachi West
"	79	79	-	13	13	Company policy	Mr. Muhammad Shoaib Akhter - Ex Employee
"	85	85	-	69	69	Insurance Claim	EFU General Insurance Limited Central Division, Karachi
Motor Vehicle	1,391	296	1,095	1,135	40	Company policy	Mr. Siraj uddin - Ex Employee
"	2,217	1,122	1,095	1,148	53	"	Mr. Nishat Zafar - Ex Employee
"	1,099	333	766	717	(49)	"	Mr. Muhammad Shoaib Akhter - Ex Employee
"	1,039	536	503	521	18	"	Mr. Sohail Saquib - Ex Employee
"	1,663	913	750	1,104	354	"	Mr. Salim Ali - Ex Employee
"	134	44	90	108	18	"	Mr. Habib Tahir - Ex Employee
"	70	48	22	29	7	"	Mr. Muhammad Murtaza Kamal - Ex Employee
"	1,998	1,239	759	760	1	"	Mr. Naushad Riaz - Employee
"	1,763	1,185	578	1,137	559	"	Mr. Syed Naveed Hussain Gillani -Employee
"	1,688	1,135	553	1,078	525	"	Mr. Khanzada Sahban A Khan -Employee
"	1,552	1,043	509	873	364	"	Mr. Murad Salahuddin - Employee
"	1,019	685	334	403	69	"	Mr. Arif Mehboob - Employee
"	1,019	685	334	403	69	"	Mr. Muhammad Uzair - Employee
"	1,019	685	334	403	69	"	Mr. Muhammad Zeeshan Hussain -Employee
"	1,019	685	334	403	69	"	Mr. Sadaqat Hussain - Employee
"	1,019	685	334	403	69	"	Mr. Waqas Ahmed Khan - Employee
"	1,010	679	331	331	-	"	Mr. Sarwar Karim - Employee
"	1,010	679	331	399	68	"	Mr. Syed Muhammad Aftab - Employee
"	144	23	121	149	28	"	Mr. Amjad Mahmood - Employee



Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2019

Description	Cost	Accumulated depreciation	Book value	Sale proceeds	Gain / (loss)	Mode of disposal	Particulars of purchaser
← Rupees '000 →							
Motor Vehicle	131	63	68	87	19	Company policy	Mr. Johnson George - Employee
"	93	48	45	50	5	"	Mr. Muhammad Irfan - Employee
"	123	84	39	69	30	"	Mr. Danish Hameed - Employee
"	123	84	39	69	30	"	Mr. Farrukh Shamim - Employee
"	123	84	39	62	23	"	Mr. Salim Khan - Employee
"	120	82	38	67	29	"	Mr. Jamal Ahmed Khan - Employee
"	110	74	36	58	22	"	Mr. Syed Asif Mehfooz - Employee
"	110	75	35	57	22	"	Mr. Abdullah Shujaat - Employee
"	110	75	35	58	23	"	Mr. Farooq Iqbal - Employee
"	110	75	35	57	22	"	Mr. Muhammad Meraj Uddin - Employee
"	110	75	35	66	31	"	Mr. Syed Hasan Adil - Employee
"	103	70	33	42	9	"	Mr. Zahid - Employee
"	103	70	33	42	9	"	Mr. Arshad Mehmood Khan - Employee
"	103	70	33	49	16	"	Mr. Asif Khan - Employee
"	103	70	33	42	9	"	Mr. Muhammad Arif - Employee
"	103	70	33	97	64	"	Mr. Muhammad Iqbal - Employee
"	103	70	33	42	9	"	Mr. Muhammad Riaz - Employee
"	103	70	33	42	9	"	Mr. Saeed Muhammad - Employee
"	103	70	33	42	9	"	Mr. Shahid Ali - Employee
"	103	70	33	43	10	"	Mr. Shakeel Ahmed - Employee
"	103	70	33	42	9	"	Mr. Taveez Gul - Employee
"	96	65	31	44	13	"	Mr. Syed Irfan Shamim - Employee
"	98	67	31	45	14	"	Mr. Asim Butt - Employee
"	98	67	31	46	15	"	Mr. Faraz Kalim Khan - Employee
"	98	67	31	45	14	"	Mr. Syed Mohammad Sohail Hashmi - Employee
"	90	62	28	57	29	"	Mr. Aqeel Ahmed - Employee
"	90	62	28	37	9	"	Mr. Habibur Rehman - Employee
"	90	62	28	37	9	"	Mr. Muhammad Rafiq - Employee
"	90	62	28	37	9	"	Mr. Muhammad Faisal Khan - Employee
"	90	62	28	37	9	"	Mr. Muhammad Muthahir Sheikh -Employee
"	90	62	28	37	9	"	Mr. Muhammad Naved Hanif - Employee
"	88	60	28	36	8	"	Mr. Syed Salman Raza Naqvi - Employee
"	88	60	28	36	8	"	Mr. Muhammad Kamran Wasi - Employee
"	86	59	27	35	8	"	Mr. Nasim Akhter - Employee
"	81	56	25	43	18	"	Mr. Muhammad Naseem - Employee
"	74	50	24	29	5	"	Mr. Abdullah - Employee
"	74	50	24	29	5	"	Mr. Aurangzeb - Employee
"	74	50	24	29	5	"	Mr. Abdul Shakoor - Employee
"	74	50	24	29	5	"	Mr. Altaf Hussain - Employee
"	74	50	24	29	5	"	Mr. Muhammad Asghar - Employee
"	74	50	24	29	5	"	Mr. Muhammad Ishaq - Employee
"	74	50	24	29	5	"	Mr. Muhammad Rajeeb - Employee
"	74	50	24	29	5	"	Mr. Shahid Ahmed - Employee
"	74	50	24	29	5	"	Mr. Shahid Hussain - Employee
"	74	50	24	29	5	"	Mr. Sohail Siddiqi - Employee
"	74	50	24	29	5	"	Mr. Zaki Ahmed - Employee
"	70	48	22	33	11	"	Mr. Syed Muhammad Aslam Shah -Employee
"	70	48	22	29	7	"	Mr. Abdul Aziz - Employee
"	70	48	22	29	7	"	Mr. Ahmed Hussain - Employee
"	70	48	22	29	7	"	Mr. Muhammad Abid - Employee

Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2019

Description	Cost	Accumulated depreciation	Book value	Sale proceeds	Gain / (loss)	Mode of disposal	Particulars of purchaser
← Rupees '000 →							
Motor Vehicle	70	48	22	29	7	Company policy	Mr. Muhammad Qayyum - Employee
"	70	48	22	29	7	"	Mr. Muhammad Yousuf - Employee
"	43	29	14	18	4	"	Mr. Syed Nafel Ali - Employee
"	74	74	-	29	29	"	Mr. Ishratullah - Employee
"	103	103	-	42	42	"	Mr. Abdul Hameed - Employee
"	74	74	-	32	32	"	Mr. Aftab Alam - Employee
"	86	86	-	35	35	"	Mr. Arshadullah Khan - Employee
"	70	70	-	29	29	"	Mr. Asgher Ali - Employee
"	103	103	-	42	42	"	Mr. Ashraf Khan - Employee
"	70	70	-	29	29	"	Mr. Azmatullah Siddiqui - Employee
"	103	103	-	42	42	"	Mr. Chan Zaib - Employee
"	103	103	-	43	43	"	Mr. Ghulam Asghar - Employee
"	74	74	-	32	32	"	Mr. Hashim Khan - Employee
"	70	70	-	29	29	"	Mr. Imtiaz Ahmed - Employee
"	70	70	-	29	29	"	Mr. Mansoor Ali Khan - Employee
"	70	70	-	29	29	"	Mr. Masood Ali Khan - Employee
"	103	103	-	42	42	"	Mr. Muhammad Anwar - Employee
"	70	70	-	29	29	"	Mr. Muhammad Aslam - Employee
"	103	103	-	42	42	"	Mr. Muhammad Faqir - Employee
"	86	86	-	35	35	"	Mr. Muhammad A Mursaleen - Employee
"	103	103	-	42	42	"	Mr. Muhammad Afaq Hashmi - Employee
"	74	74	-	32	32	"	Mr. Owais Ashraf - Employee
"	70	70	-	29	29	"	Mr. Tahir Majeed Khan - Employee
"	555	96	459	490	31	Insurance Claim	EFU General Insurance Limited Central Division, Karachi

39. DATE OF AUTHORISATION FOR ISSUE

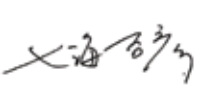
These financial statements were approved and authorised for issue in the Board of Directors meeting held on May 23, 2019.



Chief Financial Officer



Director



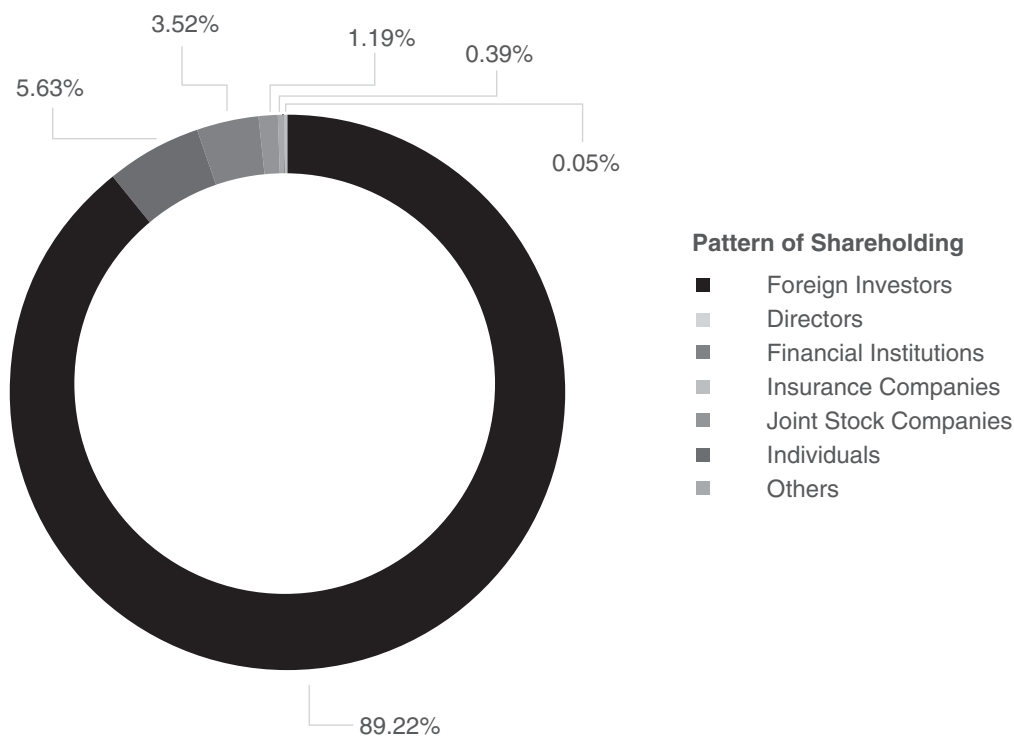
Chief Executive Officer

# Pattern of Shareholding

As at March 31, 2019

Number of Shareholders	Shareholdings		Total Shares Held
	From	To	
914	1	100	27,523
652	101	500	122,397
71	501	1000	54,402
63	1001	5000	138,850
7	5001	10000	50,340
15	10001	100000	534,308
1	100001	1000000	436,242
1	3000001	4000000	3,678,833
1	7000001	8000000	7,357,665
<u>1725</u>			<u>12,400,560</u>

Shareholders' Category	No. Of Shareholders	No. Of Shares Held	Percentage of holding
Foreign Investors	5	11,064,158	89.22%
Directors	1	5	0.00%
Financial Institutions	5	436,758	3.52%
Insurance Companies	1	5,750	0.05%
Joint Stock Companies	20	147,044	1.19%
Individuals	1690	698,473	5.63%
Others	3	48,372	0.39%
<b>Grand Total</b>	<u>1725</u>	<u>12,400,560</u>	<u>100%</u>



# Pattern of Shareholding

As at March 31, 2019

SHAREHOLDERS' CATEGORY	NO. OF SHAREHOLDERS	NO. OF SHARES HELD
<b>Directors, Chief Executive Officer, and their spouse and minor children</b>		
Mr. Mushtaq Malik	1	5
<b>Associated Companies, undertakings and related parties</b>		
Hino Motors Ltd. (Hinopak Motors Limited is Toyota Group Company and subsidiary of Hino Motors Ltd., Japan. Toyota Motors Corporation is the ultimate parent of the group)	1	7,357,665
Toyota Tsusho Corporation, Japan	1	3,678,833
<b>NIT and ICP</b>		
CDC - Trustee National Investment (unit) Trust	1	436,242
N.B.P. Trustee Dept. Head Office	1	200
<b>Executives</b>		
Mr. Muzaffar Anjum	1	120
Mr. Naushad Riaz	1	100
<b>Banks, Development Financial Institutions, Non-Banking Financial Institutions</b>	1	286
<b>Insurance Companies</b>		
Dawood Family Takaful Limited	1	5,750
<b>Modarabas and Mutual Funds</b>		
AFC Umbrella Fund	1	17,560
CDC-trustee Alhamra Islamic Pension Fund - Equity Sub Fund	1	190
First Alnoor Modaraba	1	10
First Tri-star Modaraba	1	20
<b>Share holders holding 10% or more voting interest</b>		
Hino Motors Ltd., Japan	1	7,357,665
Toyota Tsusho Corporation, Japan	1	3,678,833
<b>General Public (Individuals)</b>		
a. Local	1688	698,253
b. Foreign	1	100
<b>Others</b>		
Amin Tai (Private) Limited	1	54,450
Axis Global Limited - MF	1	20
Azee Securities (Private) Limited	1	20
Eleven Stars Securities (Pvt) Ltd	1	52,050
Fawad Yusuf Securities (Pvt.) Limited	1	31,300
Fdm Capital Securities (Pvt) Limited	1	1,000
Fikrees (Private) Limited	1	1,250
Gro Banyan Partners LP	1	10,000
Hermez and Company (Pvt) Ltd	1	20
Khadija & Kassamali Investments (Private) Limited	2	4,400
Loads Limited	1	150
M. M. Securities (Pvt.) Limited	1	420
Maple Leaf Capital Limited	1	1
Margalla Financial (Private) Limited	1	160
Muhammad Bashir Kasmani (Private) Limited	1	500
S.Z. Securities (Private) Limited	1	2
Sherman Securities (Private) Limited	1	1
Trust Securities & Brokerage Limited - MF	1	1,200
Trustee National Bank of Pakistan Emp Benevolent Fund Trust	1	1,633
Trustee National Bank of Pakistan Employees Pension Fund	1	46,549
UHF Consulting (Private) Limited	2	100
	<u>1725</u>	<u>12,400,560</u>



# Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 34th Annual General Meeting of the Shareholders of Hinopak Motors Limited (the Company) will be held at the Registered Office of the Company situated at D-2, S.I.T.E., Manghopir Road, Karachi on Wednesday, July 10, 2019 at 11:00 a.m. for transacting the following business:

## ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial statements of the Company for the year ended March 31, 2019, together with the Reports of the Directors and Auditors.
2. To appoint auditors for the ensuing year and fix their remuneration.
3. Any other business with the permission of the Chair.

## SPECIAL BUSINESS

1. The Securities and Exchange Commission of Pakistan has allowed companies to circulate the annual audited accounts together with reports thereon to its members through CD/DVD/USB at their registered addresses. Accordingly, consent of the members is sought and if thought fit to pass the following resolution as special resolution:

"RESOLVED THAT the Company may transmit the annual audited accounts together with reports thereon to its members through CD/DVD/USB at their registered addresses instead of transmitting the same in hard copies, as allowed by the Securities and Exchange Commission of Pakistan."

A statement of material facts as required under Section 134(3) of the Companies Act, 2017, covering the above mentioned special business is annexed with this notice of annual general meeting.

By order of the Board  
**SYED JUNAID ALI**  
Company Secretary

Karachi:  
June 19, 2019

## Notes

- i. **Closure of Share Transfer Books**  
The Share Transfer Books of the Company will remain closed from July 03, 2019 to July 10, 2019 (both days inclusive). No transfer will be accepted for registration during this period. Transfers received at Share Registrar Office M/s FAMCO Associates (Pvt.) Limited, at the close of business on July 02, 2019, will be treated in time to attend and vote at the meeting.
- ii. **Proxy**  
A member entitled to attend and vote at this General Meeting is entitled to appoint a Proxy to attend, speak and vote in his place at the Meeting. Instrument appointing a proxy must be deposited at the Registered Office of the Company at least forty-eight hours before the time of the meeting.

To facilitate identification for right to attend the Annual General Meeting, Shareholder whose holdings are on the Central Depository System (CDS) or his Proxy should authenticate his identity by showing his original CNIC or original Passport at the time of attending the meeting; along with the Participant's Identity Number and Shareholder's account number allocated by the Central Depository Company.

In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominee shall be produced at the time of the meeting.

- iii. Notice to Shareholders who have not provided their CNIC  
The Individual Members who have not yet submitted photocopy of their valid Computerized National Identity Card (CNIC) to the Company / Share Registrar, are once again reminded to send the same at the earliest directly to Company's Share Registrar, M/s FAMCO Associates (Pvt.) Limited. In case of non-receipt of the copy of a valid CNIC, the Company would be constrained under section 243 (3) of the Companies Act 2017, to withhold dividend (if any) of such shareholders.
- iv. Change of Address  
The Shareholders are requested to intimate any changes in their addresses to the Share Registrar, M/s FAMCO Associates (Pvt.) Limited.
- v. Video-link Facility to Members  
If the Company receives consent from the members holding at least 10% shareholding residing in a city, to participate in the meeting through video-link at least 07 days prior to date of the meeting, the Company will arrange facility of video-link in that city subject to availability of such facility in that city.

To avail this facility please provide the following information to our Share Registrar M/s FAMCO Associates (Pvt.) Limited.

I/We, \_\_\_\_\_ of \_\_\_\_\_, being a member of  
Hinopak Motors Limited, holder of \_\_\_\_\_ ordinary share(s) as per Registered  
Folio/CDC Account No. \_\_\_\_\_ hereby opt for video conference  
facility at \_\_\_\_\_.

\_\_\_\_\_  
Signature of Member(s)

# **Statement of Material Facts under section 134(3) of the Companies Act, 2017 pertaining to the Special Business**

This statement sets forth the material facts concerning the special business listed hereinabove, to be transacted at the 34th Annual General Meeting to be held on July 10, 2019.

## **Transmission of Annual Audited Accounts through CD/DVD/USB:**

The Securities and Exchange Commission of Pakistan vide SRO 470(I)/2016 dated May 31st, 2016 has allowed companies to circulate the annual audited accounts together with reports thereon to its members through CD/DVD/USB at their registered addresses instead of transmitting the same in hard copies.

The Company however shall supply the hard copies of the annual audited accounts to the members upon their request at their registered addresses free of cost. Members who want hard copy of annual audited accounts are requested to submit the duly filled request form to our Share Registrar FAMCO Associates (Pvt.) Limited.

Further, for the convenience of members, the Company has placed on its website a Standard Request Form, to communicate their need of hard copies of the annual audited accounts instead of sending the same through CD/DVD/USB along with postal and email address of the Share Registrar FAMCO Associates (Pvt.) Limited to whom such requests shall be sent.

None of the directors of the Company have any direct or indirect interest in the above said special business.

# Proxy Form

I/We \_\_\_\_\_ of \_\_\_\_\_

being a Shareholder of HINOPAK MOTORS LIMITED and holding \_\_\_\_\_ Ordinary Shares as per Register Folio No. \_\_\_\_\_ or

"CDC" Participant's I.D. No. \_\_\_\_\_ A/c No. \_\_\_\_\_ hereby appoint Mr / Ms \_\_\_\_\_ of

\_\_\_\_\_ or failing him/her Mr. / Ms \_\_\_\_\_ of \_\_\_\_\_ as my/our Proxy in

my/our absence to attend and vote for me/us and on my/our behalf at the 34th Annual General Meeting of the Company to be held on Wednesday, July 10, 2019 and at any adjournment thereof.

Signature \_\_\_\_\_

(Signature must be agreed with the Specimen signature registered with the Company)

Affix Revenue  
Stamp of five  
rupees

## Witness 1

Signature \_\_\_\_\_

Name \_\_\_\_\_

Address \_\_\_\_\_

\_\_\_\_\_

CNIC or Passport No. \_\_\_\_\_

## Witness 2

Signature \_\_\_\_\_

Name \_\_\_\_\_

Address \_\_\_\_\_

\_\_\_\_\_

CNIC or Passport No. \_\_\_\_\_

## Notes

1. A shareholder entitled to attend and vote at the Annual General Meeting of the Company may appoint any person as his/her proxy to attend and vote instead of him/her. The proxy shall have the right to attend, speak and vote in place of the shareholder appointing him/her at the meeting.

### **A proxy need not be a member of the Company.**

2. The instrument appointing a proxy should be signed by the Shareholder or by his/her Attorney, duly authorised in writing and person appointed proxy. In case of corporate entity, the Board of Directors resolution/power of attorney with specimen signature shall be submitted alongwith proxy form to the company.
3. The Proxy Form duly completed must be deposited at the Company's Registered Office at D-2, S.I.T.E., Manghopir Road, P.O. Box No.10714, Karachi-75700 not less than 48 hours before the time of holding the meeting.
4. Shareholders whose holdings are in the Central Depository System (CDS) and their proxies both should attach with this form, attested copies of their Computerised National Identity Card or (attested copies of first four pages of their passport). To facilitate identification at the AGM, the proxy should bring his/her original Computerised National Identity Card or passport. In case of corporate entity, the Board of Directors resolution/power of attorney with specimen signature of the nominee shall be produced at the time of the meeting.

The Company Secretary  
**Hinopak Motors Limited**  
D-2, S.I.T.E., Manghopir Road,  
P. O. Box No. 10714,  
Karachi - 75700



# مختار نامہ (پراکسی فارم)

میں / ہم \_\_\_\_\_ بحیثیت ممبر ہینوپاک موٹرز لمیٹڈ، بمبلیکیت \_\_\_\_\_ عام حصص بمطابق رجسٹر فو لیو نمبر \_\_\_\_\_ یا  
"CDC Participant's I.D. No." \_\_\_\_\_، اکاؤنٹ نمبر \_\_\_\_\_،  
مستثنیٰ / مستثاء \_\_\_\_\_ یا ان کی غیر موجودگی میں مستثنیٰ / مستثاء \_\_\_\_\_ کو اپنا / ہمارا بطور مختار مقرر کرتا  
ہوں / کرتے ہیں تاکہ وہ میری / ہماری غیر موجودگی میں، میری / ہماری طرف سے کمپنی کے تینتیسواں سالانہ اجلاس عام جو کہ بتاریخ 10 جولائی 2019  
بروز بدھ منعقد ہو رہا ہے اور اس کے کسی ملتوی شدہ اجلاس میں، شرکت کر سکے اور ووٹ ڈال سکے۔

مطلوبہ (پانچ روپے  
کا) ریونیو ٹکٹ  
چسپاں کریں

دستخط \_\_\_\_\_  
(دستخط کمپنی کے پاس پہلے سے محفوظ دستخطی نمونہ کے مطابق ہونے ضروری ہیں۔)

گواہ (۱)	گواہ (۲)
دستخط گواہ: _____	دستخط گواہ: _____
نام: _____	نام: _____
پتہ: _____	پتہ: _____
قومی شناختی کارڈ نمبر یا پاسپورٹ نمبر: _____	قومی شناختی کارڈ نمبر یا پاسپورٹ نمبر: _____

## نوٹس:

- (i) کمپنی کا ایسا حصہ دار / ممبر جو سالانہ اجلاس میں شرکت اور ووٹ ڈالنے کا اہل ہو وہ اپنی جگہ کسی اور شخص یا نمائندہ کو اجلاس میں شرکت اور ووٹ ڈالنے کے لئے نامزد کر سکتا ہے۔  
پراکسی ہولڈر (مختار) کو کمپنی کا ممبر ہونا ضروری نہیں ہے۔
- (ii) پراکسی ہولڈر کے لئے ضروری ہے کہ اس کو شرکت دار یا اس کا مجاز کردہ وکیل اس کو بذات خود یا تحریر کے ذریعے سے تصدیق کرے۔ ادارے کی صورت میں پراکسی فارم کے ساتھ بورڈ آف ڈائریکٹرز کی قرارداد یا مختار نامہ بمعہ نامزد کردہ شخص کے دستخطی نمونہ کے ساتھ کمپنی ہذا میں جمع کروائیں۔
- (iii) تمام نامزدگیاں اسی صورت میں موثر ہوں گی جب پراکسی فارم بنام کمپنی سیکرٹری رجسٹرڈ آفس D-2 سائٹ، ہنگھوپیر روڈ،  
P.O Box No. 10714، کراچی 75700، کو اجلاس کے انعقاد کے مقررہ وقت سے ۴۸ گھنٹے قبل موصول ہوں۔
- (iv) CDS میں اکاؤنٹ رکھنے والے ممبران کے لئے قومی شناختی کارڈ یا پاسپورٹ کے پہلے چار صفحات کی تصدیق شدہ کاپی کا ساتھ ہونا ضروری ہے۔  
پراکسی ہولڈر کو سالانہ اجلاس میں شرکت کے وقت اپنا اصل شناختی کارڈ یا پاسپورٹ پیش کرنا ضروری ہے تاکہ شناخت میں آسانی رہے۔ ادارے کی صورت میں پراکسی فارم کے ساتھ بورڈ آف ڈائریکٹرز کی قرارداد یا مختار نامہ بمعہ نامزد کردہ شخص کے دستخطی نمونہ کے ساتھ بوقت شرکت اجلاس کمپنی ہذا میں پیش کرنا ضروری ہے۔





## کمپنیز ایکٹ 2017 کی دفعہ (3) 134 کے تحت اہم حقائق پر مبنی بیانیہ برائے خصوصی امور

اس بیانیہ میں ان خصوصی امور سے متعلق اہم حقائق بتائے گئے ہیں جنہیں چوتھویں سالانہ اجلاس عام منعقدہ 10 جولائی 2019 میں انجام دیا جائے گا:

آڈٹ شدہ سالانہ مالیاتی گوشواروں کی سی ڈی/ڈی وی ڈی/یو ایس بی کی شکل میں ترسیل  
سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان نے اپنے SRO 470 (I)/2016 مورخہ 31 مئی 2016 کے تحت کمپنیز کو سالانہ مالیاتی گوشواروں اور اس کی رپورٹوں کی کاغذی نقل کے بجائے اپنے ممبران کو سی ڈی/ڈی وی ڈی/یو ایس بی کی شکل میں ان کے رجسٹرڈ پتے پر ترسیل کرنے کی اجازت دی ہے۔

تاہم کمپنی سالانہ مالیاتی گوشواروں کی نقول ممبران کی درخواست پر بالکل مفت ان کے رجسٹرڈ پتے پر ارسال کرے گی۔ وہ ممبران جو کہ سالانہ آڈٹ شدہ مالیاتی گوشوارے حاصل کرنا چاہتے ہیں وہ باضابطہ درخواست فارم پر کر کے شیئر رجسٹر اریٹیکو ایسوی ایٹس (پرائیویٹ) لمیٹڈ کو بھیج دیں۔

مزید برآں ممبران کی سہولت کے لئے کمپنی کی ویب پر ایک اسٹینڈرڈ درخواست فارم موجود ہے جس کے ساتھ شیئر رجسٹر اریٹیکو ایسوی ایٹس (پرائیویٹ) لمیٹڈ کے ڈاک کا پتہ اور ای میل ایڈریس بھی موجود ہے جس پر درخواست فارم بھیج کر سالانہ آڈٹ شدہ مالیاتی گوشواروں کی سی ڈی/ڈی وی ڈی/یو ایس بی کے بجائے کاغذی نقول حاصل کی جاسکتی ہیں۔

کمپنی کے کسی بھی ڈائریکٹر کا ذکرہ خصوصی امور سے بالواسطہ یا بلاواسطہ کوئی مفاد وابستہ نہیں ہے۔



کہ جلد از جلد اپنی CNIC بلا واسطہ کمپنی کے شیئر رجسٹرار میسرز فیکو ایسوسی ایٹس (پرائیویٹ) کو ارسال کر دیں۔

سالانہ اجلاس عام میں حاضر ہونے کیلئے جن حصص یافتگان کے حصص سینٹرل ڈپازٹری سسٹم (CDC) ہیں یا ان کے پراکسی کو اپنا اصل شناختی کارڈ یا اصل پاسپورٹ دکھا کر اجلاس میں حاضری کے وقت اپنی شناخت کرانا ہوگی جس کے ساتھ شریک کار کا شناختی نمبر اور سینٹرل ڈپازٹری کمپنی کی طرف سے حصص یافتہ کو مختص کردہ اکاؤنٹ نمبر بھی ساتھ نالانا ہوگا۔

کارپوریٹ انٹینٹی کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد/مختیار نامہ مع نامزد فرد کے نمونہ دستخط اجلاس میں حاضری کے وقت پیش کیا جائے گا۔

#### پتے میں تبدیلی

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حصص یافتگان سے گزارش ہے کہ اپنے رجسٹرڈ پتے میں کسی بھی تبدیلی سے متعلق شیئر رجسٹرار، میسرز فیکو ایسوسی ایٹس (پرائیویٹ) لمیٹڈ کو آگاہ کریں۔

#### ممبران کے لئے ووڈ پونک کی سہولت

-v

اگر کمپنی کو کسی ممبر/ممبران سے اجلاس میں بذریعہ ووڈ پونک شرکت کرنے کی درخواست 07 دن قبل موصول ہو جن کی کمپنی میں 10 فیصد حصص داری ہے اور وہ کسی ایک شہر میں پر رہائش پذیر ہوں تو کمپنی ان کے لئے ووڈ پونک کی سہولت کا اہتمام کرے گی بشرطیکہ اس شہر میں یہ سہولت دستیاب ہو۔

اس سہولت سے استفادہ کے لئے شیئر رجسٹرار میسرز فیکو ایسوسی ایٹس (پرائیویٹ) لمیٹڈ کو مندرجہ ذیل معلومات فراہم کریں:

میں/ہم..... بنجانب..... جو کہ بیوپاک موٹرز لمیٹڈ کے رجسٹرڈ فولیو/سی ڈی سی اکاؤنٹ نمبر..... کے تحت..... عمومی حصص  
کے مالک ہیں، میں/ہم ووڈ پونک سہولت سے استفادہ کرنا چاہتے ہیں۔

.....  
ممبر کے دستخط

# نوٹس برائے سالانہ اجلاس عام

بذریعہ نوٹس ہذا مطلع کیا جاتا ہے کہ بینوپاک موٹرز لمیٹڈ (کمپنی) کے حصص یافتگان کا چوتھوں سالانہ اجلاس عام کمپنی کے رجسٹرڈ آفس واقع D-2، سائٹ، منگھوپیر روڈ، کراچی پر بروز بدھ 10 جولائی 2019 صبح 11 بجے مندرجہ ذیل امور کی انجام دہی کے لئے منعقد ہوگا:

## عمومی امور

- ۱- کمپنی کے آڈٹ شدہ مالیاتی گوشوارے برائے ختمہ مدت 31 مارچ 2019 کے ساتھ ڈائریکٹرز اور آڈیٹرز کی رپورٹوں کی وصولی، غور اور انہیں اختیار کرنا
- ۲- اگلے سال کے لئے آڈیٹ کی تقرری کرنا اور ان کا معاوضہ طے کرنا
- ۳- صدر مجلس کی اجازت سے مزید کوئی امور

## خصوصی امور

- ۱- سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان نے کمپنیز کو سالانہ آڈٹ شدہ مالیاتی گوشواروں کے ساتھ اس کی رپورٹیں اپنے ممبران کو بشکل سی ڈی/ڈی وی ڈی/یو ایس بی ان کے رجسٹرڈ پتے پر تقسیم کرنے کی اجازت دے دی ہے۔ لہذا ممبران کی منظوری درکار ہے اور اگر درست سمجھا گیا تو مندرجہ ذیل قرارداد کو بطور خصوصی قرارداد منظور کیا جائے گا:

”متفقہ منظور کیا جاتا ہے کہ کمپنی اپنے سالانہ آڈٹ شدہ مالیاتی گوشوارے مع رپورٹس کی کاغذی طباعت شدہ نقول بھیجنے کے بجائے اپنے ممبران کو سی ڈی/ڈی وی ڈی/یو ایس بی کی شکل میں ان کے رجسٹرڈ پتے پر بھیجنے کی اجازت ہوگی، جس کی اجازت سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان نے دی ہے۔“

کمپنیز ایکٹ 2017 کی دفعہ (3) 134 کے تحت اہم حقائق پڑھنی بیان یہ جس میں مذکورہ بالا خصوصی امور کا احاطہ کیا گیا ہے سالانہ اجلاس عام کے نوٹس کے ساتھ منسلک ہے۔

بحکم بورڈ  
سید جنید علی  
کمپنی سیکریٹری

کراچی

19 جون 2019

گزارشات:

## i- حصص منتقلی کی کتابوں کی بندش

سالانہ اجلاس عام کے لئے کمپنی کی حصص منتقلی کی کتابیں 03 جولائی 2019 تا 10 جولائی 2019 (بشمول دونوں دن) بند رہیں گی۔ اس مدت کے دوران کوئی بھی حصص منتقلی قبول نہیں کی جائے گی۔

فیکو ایسوسی ایٹس کے دفتر میں 02 جولائی 2019 تک موصول ہونے والے ٹرانسفرز کو اجلاس میں شرکت اور ووٹ کا حق حاصل ہوگا۔

## ii- پراکسی

وہ ممبر جو کہ اجلاس عام میں حاضر ہونے اور ووٹ دینے کا حق رکھتا ہو تو وہ اجلاس میں حاضر ہونے، بولنے اور ووٹ دینے کے لئے اپنی طرف سے پراکسی مقرر کر سکتا ہے۔ پراکسی کی تقرری کا فارم لازمی طور پر اجلاس سے کم از کم 48 گھنٹے قبل کمپنی کے رجسٹرڈ آفس میں موصول ہو جانا چاہئے۔

## iii- ان حصص یافتگان سے گزارش جنہوں نے اپنے CNIC فراہم نہیں کئے ہیں

وہ انفرادی ممبران جنہوں نے اب تک اپنے درست کمپیوٹرائزڈ قومی شناختی کارڈ (CNIC) کی فوٹو کاپی کمپنی/شیئر رجسٹرار کو فراہم نہیں کی ہیں انہیں ایک مرتبہ یاد دہانی کروائی جاتی ہے

- ☆ عالمی اکاؤنٹنگ کے معیارات جو پاکستان میں نافذ ہیں ان کی مالیاتی گوشواروں کی تیاری میں بیرونی کی گئی ہے۔
- ☆ اندرونی گرفت کے نظام کو مضبوط طرز پر بنایا گیا ہے اور اس کا موثر طور پر نفاذ اور مسلسل نگرانی کو یقینی بنایا جاتا ہے۔
- ☆ کمپنی کی سرگرمیاں جاری رہنے کے حوالے سے کسی طرح کے شکوک و شبہات نہیں پائے جاتے۔
- ☆ لسٹنگ ریگولیشنز میں دیئے گئے ادارتی نظم و نسق کے بہترین طریقوں سے کوئی قابل ذکر انحراف نہیں کیا گیا۔
- ☆ گزشتہ چھ سالوں (بشمول موجودہ مدت) کے اہم کاروباری اور مالیاتی اعداد و شمار سالانہ رپورٹ کے صفحہ 28 پر دیئے گئے ہیں۔
- ☆ 31 مارچ 2019 کو کمپنی کے پروڈیٹ، گریجویٹ اور انٹرنیشنل فنڈز سے کی گئی سرمایہ کاری کی مالیت درج ذیل ہے:

فونڈ کا نام	روپے '000 میں
ہینو پاک موٹرز لمیٹڈ ایسپلائز پروڈیٹس فنڈ	250,581
ہینو پاک موٹرز لمیٹڈ ایسپلائز گریجویٹ فنڈ	215,368
ہینو پاک موٹرز لمیٹڈ ایسپلائز انٹرنیشنل فنڈ	388,040

#### کمپنی کے حصص میں خرید و فروخت

سال ختم 31 مارچ 2019 کے دوران ڈائریکٹرز، ایگزیکٹوز اور ان کے شریک حیات اور نابالغ بچوں نے کمپنی کے حصص میں کوئی خرید و فروخت نہیں کی سوائے درج ذیل کے:

نام	سودے کی نوعیت	حصص کی تعداد
جناب مشتاق ملک (نان ایگزیکٹوز ڈائریکٹر)	حصص کی خرید	5
جناب نوشاد ریاض (ایگزیکٹو)	حصص کی فروخت	20

ڈائریکٹرز کی جانب سے سالانہ رپورٹ میں دیئے گئے طریقہ کار کے مطابق ”ایگزیکٹو“ میں وہ ملازم شامل ہے جس کی سالانہ تنخواہ 1.2 ملین روپے سے زیادہ ہے۔

#### ادارتی سماجی و مدداری اور ماحولیات پر اثرات

ادارتی سماجی و مدداری کے ساتھ ماحولیات کی انتظام کی سرگرمیاں صفحہ نمبر 25 تا 27 پر پیش کی گئی ہیں۔

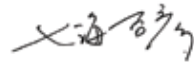
#### نان ایگزیکٹوز ڈائریکٹرز کے معاوضہ کی پالیسی کے نمایاں خدوخال

بورڈ آف ڈائریکٹرز کا چیئرمین مشاورت فیس کے علاوہ اجلاس میں حاضر ہونے کی فیس کا حقدار ہے۔  
نان ایگزیکٹوز ڈائریکٹرز بشمول غیر جانبدار ڈائریکٹرز صرف اجلاس میں حاضر ہونے کی فیس کے حقدار ہیں (سوائے غیر ملکی ڈائریکٹرز کے)

#### چیئرمین کا جائزہ

چیئرمین کا ملحقہ جائزہ کارکردگی، کاروباری نتائج میں قابل ذکر تبدیلیوں، اہم منصوبوں و فیصلوں اور مستقبل کی پیش بینی کا احاطہ کرتا ہے۔ بورڈ اس جائزہ کے مندرجات کی توثیق کرتا ہے۔

بحکم بورڈ



چیف ایگزیکٹو آفیسر/پریذیڈنٹ



ڈائریکٹر

تاریخ: 23 مئی 2019



مصارف (خسارہ) / منافع  
مصارف کی تفصیل درج ذیل ہے:

سال ختمہ	سال ختمہ	
31 مارچ 2018	31 مارچ 2019	روپے ’000 میں
1,669,548	(520,174)	(خسارہ) / منافع قبل از ٹیکس
(520,173)	(353,123)	ٹیکس
1,149,375	(873,297)	(خسارہ) / منافع بعد از ٹیکس
41,997	47,235	جامداٹاٹوں پر درجہ بدرجہ فرسودگی کے نتیجے میں از سر نو تشخیص مالیت
(16,610)	(4,855)	اور جامداٹاٹوں کی فروخت پر حاصل ہونے والے فاضل منافع کی منتقلی
2,693,494	3,028,366	سال کا دیگر جامع خسارہ
3,868,256	2,197,449	غیر مصرف شدہ منافع پیچھے سے لایا گیا
(839,890)	(862,087)	مصارف کے لئے دستیاب منافع
3,028,366	1,335,362	سال کے دوران حتمی نقد منافع منقسمہ
92.69 روپے	(70.42) روپے	غیر مصرف شدہ منافع آگے لے جایا گیا
		بنیادی (خسارہ) / آمدن فی حصص

#### خسارہ کی وجوہات اور مستقبل میں منافع کے امکانات

سال کے دوران خسارہ کی بنیادی وجوہات میں بولیس ڈالر کے مقابلے میں پاکستانی روپے کی قدر میں کمی اور ملک کی مجموعی معاشی سست روی کی وجہ سے فروخت کے حجم میں کمی شامل ہے۔ کمپنی اس صورتحال سے نمٹنے کے لئے مختلف اقدامات کر رہی ہے تاہم تجارتی گاہریوں کی صنعت کے فروخت کے حجم کا تعلق ملک کی مجموعی معیشت سے ہے۔ لہذا ڈائریکٹرز کو توقع ہے کہ جیسے ہی معاشی عوامل بہتر ہوں گے اور قیمت میں اضافے کے اثرات مکمل طور پر آنا شروع ہو جائیں گے تو کمپنی ترقی کے مثبت راستے پر گامزن ہو جائے گی۔

#### آڈیٹرز کی تقرری

موجودہ آڈیٹرز میسرز اے ایف فرگوسن اینڈ کوپارڈز اکاؤنٹنٹس اپنے کام سے سبکدوش ہو رہے ہیں اور اہلیت کے باعث انہوں نے اپنی دوبارہ تقرری کی پیشکش کی ہے۔ ڈائریکٹرز نے آڈٹ کمیٹی کی سفارش پر میسرز اے ایف فرگوسن اینڈ کوپارڈز کی بحیثیت آڈیٹرز برائے سال 31 مارچ 2020 کی تقرری کی توثیق کی ہے جس کے لئے شرائط و ضوابط اور معاوضہ کا تعین بعد میں کیا جائے گا۔

#### حصص داری کی ساخت

ادارتی نظم و ضبط کے ضابطہ کے تحت 31 مارچ 2019 کو حصص داری کی ساخت اور دیگر اضافی معلومات کو بالترتیب صفحہ 70 تا صفحہ 71 پر منکشف کیا گیا ہے۔

#### ہولڈنگ کمپنی

19 اکتوبر 1998 سے ہینموٹرز لمیٹڈ جاپان ہینوپاک موٹرز لمیٹڈ میں 59.3 فیصد حصص داری کی وجہ سے اس کی ہولڈنگ کمپنی ہے۔

#### اندرونی گرفت کے نظام کی موزونیت

کمپنی کا بورڈ کمپنی کے اندرونی گرفت کے نظام کی تشکیل اور نافذ کرنے کا ذمہ دار ہے تا کہ کمپنی کو لاحق خطرات کی شناخت کی جاسکے اور ان کا مقابلہ کیا جاسکے۔ بورڈ پر اعتماد ہے کہ اندرونی گرفت کے نظام کی شکل مضبوط ہے اور موثر انداز میں نافذ العمل ہے اور اس کی نگرانی بھی کی جاتی ہے۔

#### بعد ازاں واقعات

مالیاتی سال کے اختتام اور اس رپورٹ کی تاریخ تک کوئی بھی ایسے وعدے یا ٹھوس تبدیلیاں رونما نہیں ہوئیں جن سے کمپنی کی مالی پوزیشن متاثر ہو۔

#### ادارتی نظم و ضبط کے بہترین طریقوں کی پاسداری

ادارتی نظم و ضبط کا ضابطہ جسے اسٹاک ایکسچینج کے سنگ رولز میں شامل کیا گیا ہے کے تحت بورڈ اس بات کا مسرت کے ساتھ اظہار کرتا ہے کہ کمپنی کی انتظامیہ ادارتی نظم و ضبط کے ضابطہ کے بہترین طریقوں کی پاسداری کرتی ہے۔ بورڈ ادارتی اور مالیاتی رپورٹنگ فریم ورک کے سلسلے میں اپنی ذمہ داری کو تسلیم کرتا ہے اور لہذا بیان کرتا ہے کہ:

☆ کمپنی کی انتظامیہ کے تیار کئے گئے مالیاتی گوشوارے کمپنی کی حالت کار، اس کی سرگرمیوں، امور کے نتائج، حصص میں تبدیلی اور نقدی کے بہاؤ کی شفاف عکاسی کرتے ہیں۔

☆ کمپنی کے کھاتوں کی کتابیں مناسب انداز میں تیار کی گئی ہیں۔

☆ کمپنی کے مالی گوشواروں میں تسلسل کے ساتھ مناسب حساباتی پالیسیاں اختیار کی گئی ہیں اور حساباتی کھاتوں کی بنیاد محتاط اور مناسب فیصلوں پر ہے۔

ہر نئے ڈائریکٹر کی حاضری درج ذیل رہی:

ڈائریکٹر کا نام	حاضر اجلاسوں کی تعداد
جناب مشتاق ملک	2
جناب یوشی ہیکو نانامی	0
جناب شکیرو سوچیا	3
کوچی ناگاتا	0
ماسائوشی ہارا	0
ستوشی ساسے	4

#### بورڈ کی کمیٹیاں

بورڈ نے دو ذیلی کمیٹیاں بنائی ہیں جن کے نام آڈٹ کمیٹی اور افرادی قوت و معاوضہ کمیٹی ہے۔ دونوں کمیٹیوں کی تشکیل بندی صفحہ نمبر 14 پر منکشف کی گئی ہے۔ سال کے دوران آڈٹ کمیٹی کے چار اجلاس ہوئے جن میں ہر ڈائریکٹر کی حاضری درج ذیل رہی:

ڈائریکٹر کا نام	حاضر اجلاسوں کی تعداد
جناب مشتاق ملک	2
جناب ستوشی ساسے	4
جناب سوئی کاکیو	3
جناب ماکوٹو سینوئی *	2
جناب کوچی ناگاتا	0
جناب ماسائوشی ہارا	0
جناب ہیروشی سیمبا *	0
جناب عبدالغفور مرزا *	0

\* مذکورہ ڈائریکٹر نے سال کے دوران استعفیٰ دیا تھا۔

\*\* جناب عبدالغفور مرزا کا سال کے دوران افسوسناک طور پر انتقال ہو گیا۔

#### کمپنی کی بنیادی سرگرمیاں اور کمپنی کی کاروباری ترقی و کارکردگی

ہینو پاک موٹرز لمیٹڈ (کمپنی) کی تشکیل پاکستان میں بطور پبلک لمیٹڈ کمپنی ہوئی اور یہ پاکستان اسٹاک ایکسچینج میں لسٹڈ ہے۔ کمپنی کی بنیادی سرگرمی ہینو بسوں اور ٹرکوں کی اسمبلی، بندر بنج تیاری اور فروخت ہے۔

سال کے دوران کمپنی کو یو ایس ڈالر کے مقابلے میں روپے کی قدر میں قابل ذکر کمی اور ملک میں مجموعی معاشی سست روی کی وجہ سے سخت چیلنجز کا سامنا رہا۔ یہ صورتحال مزید بدتر ہو گئی جب حکومت نے نان فاکرز کے لئے گاڑیاں خریدنے پر پابندی عائد کر دی (بعد ازاں مارچ 2019 میں یہ پابندی اٹھائی گئی) جس کی وجہ سے آٹو انڈسٹری کے مجموعی حجم فروخت پر نا موافق اثر مرتب ہوئے۔

#### اہم خطرات اور خدشات

یو ایس ڈالر اور جاپانی ین کی پاکستانی روپے کے مقابلے میں مساوی قدر کمپنی پر نمایاں طور پر اثر انداز رہی۔ چونکہ لاگت فروخت کا بڑا حصہ درآمدات پر مشتمل ہے اس لئے یو ایس ڈالر کے مقابلے میں پاکستانی روپے کی قدر میں حالیہ نمایاں کمی کی وجہ سے لاگت فروخت میں اضافہ ہوا۔ مزید برآں چین سے مقامی مارکیٹ میں نئے داخل ہونے والوں نے مسابقت پیدا کی جس سے یہ صنعت قیمت کے لحاظ سے مزید حساس ہو گئی۔ کمپنی کی مستقبل کی کارکردگی بھی ملکی معیشت کی بحالی سے منسلک ہے۔

# ڈائریکٹرز رپورٹ

ڈائریکٹران اپنی رپورٹ کے ساتھ کمپنی کے آڈٹ شدہ مالیاتی گوشوارے برائے اختتام مدت 31 مارچ 2019 پیش کرتے ہوئے اظہار مسرت کرتے ہیں۔

کمپنی کا بورڈ آف ڈائریکٹرز درج ذیل افراد پر مشتمل ہے:

## ڈائریکٹران کی کل تعداد

(ا)	مرد	9
(ب)	خواتین	-

31 مارچ 2019 کو بورڈ کے ڈائریکٹرز کی ترتیب اور ان کے نام درج ذیل ہیں:

(ا)	آزاد ڈائریکٹر	جناب مشتاق ملک
(ب)	دیگرنان ایگزیکٹو ڈائریکٹرز	جناب محمد اسلم شہزانی جناب ستوشی ساسے جناب کوجی ناگاتا جناب سوئی کاکیو جناب ماسائوشی ہارا
(ج)	ایگزیکٹو ڈائریکٹرز	جناب یوشیکو نامامی جناب شیکیرو سوچیا جناب تانی ہیشو ساساکی

## بورڈ میں تبدیلیاں

سال کے دوران بورڈ میں مندرجہ ذیل آسامیوں پر اتفاق تقرر ریاں ہوئیں:

جائے والا ڈائریکٹر	نیا آنے والا ڈائریکٹر	نئے ڈائریکٹر کی تاریخ تقرری
جناب ساشیو یوسوکورا	جناب ستوشی ساسے	01 اپریل 2018
جناب میکوی سیگاوا	جناب ماکوٹو سینوئی	17 اپریل 2018
جناب یوشی ہیروکونڈو	جناب شیکیرو سوچیا	01 جولائی 2018
جناب عبدالغفور مرزا	جناب مشتاق ملک	07 نومبر 2018
جناب ماکوٹو سینوئی	جناب کوجی ناگاتا	01 فروری 2019
جناب ہیروشی سیمبا	جناب ماسائوشی ہارا	01 فروری 2019
جناب تنو ہی موتو	جناب یوشیکو نامامی	23 مارچ 2019

## بورڈ کے اجلاس

سال کے دوران بورڈ کے چار اجلاس ہوئے جن میں ہر ڈائریکٹر کی حاضری درج ذیل رہی:

ڈائریکٹر کا نام	حاضر اجلاسوں کی تعداد
جناب محمد اسلم شہزانی	4
جناب تنو ہی موتو*	4
جناب عبدالغفور مرزا**	0
جناب یوشی ہیروکونڈو*	1
جناب تانی ہیشو ساساکی	4
جناب سوئی کاکیو	3
جناب ساشیو یوسوکورا*	0
جناب میکوی سیگاوا*	0
جناب ماکوٹو سینوئی*	2
جناب ہیروشی سیمبا*	0

\* مذکورہ ڈائریکٹرز نے سال کے دوران استعفیٰ دیا اور ان کی جگہ پر درج ذیل ڈائریکٹر کی تقرری ہوئی۔

\*\* جناب عبدالغفور کا سال کے دوران افسوسناک طور پر انتقال ہو گیا۔

- ☆ بورڈ کے اجلاس میں حاضری تاکہ متحرک نہ انداز میں اس کی کارروائیوں میں شرکت کی جاسکے جس میں مختلف کلیدی فیصلے کئے گئے۔
- ☆ اس بات کو یقینی بنانا کہ کمپنی تمام ضابطہ کی ضروریات اور بہترین طور طریقوں کی پاسداری کرے گی۔
- ☆ طے شدہ مقاصد، منصوبوں اور بجٹ کو مد نظر رکھتے ہوئے متحرک نہ انداز میں کمپنی کی مالیاتی اور کاروباری کارکردگی کی نگرانی اور تشخیص کرنا
- ☆ سماجی، معاشی اور ماحولیاتی عوامل کی بنیاد پر کمپنی کی پائیدار حکمت عملی کے نفاذ کو یقینی بنانا
- ☆ بڑے سرمایہ جاتی پروجیکٹس کے لئے رہنمائی فراہم کرنا اور ان کی باریک بینی سے نگرانی کرنا
- ☆ غیر اخلاقی طور طریقوں کی وجہ سے پیدا ہونے والی شکایات کے ازالے اور تشخیص کے لئے مناسب نظام اور کنٹرولز کو یقینی بنانا
- ☆ کمپنی کے اثاثوں کے تحفظ کے لئے مناسب اقدامات کو یقینی بنانا
- ☆ اندرونی گرفت کے نظام کی موزونیت کو یقینی بنانا (بشمول کاروباری اور مالیاتی گرفت کو)

### مستقبل کی پیش بینی

پاکستان کے مجموعی اقتصادی اشاریے ایک دشوار گزار منظر پیش کرتے ہیں، بڑھتا ہوا تجارتی کھاتے کا خسارہ، بڑھتے ہوئے بیرونی واجبات، شرح سود اور سب سے اہم روپے کی قدر میں قابل ذکر کمی جس نے کمپنی کی ترقی کو بری طرح متاثر کیا۔ مستقبل کی پیش بینی کا انحصار معاشی اشاریوں کی بحالی، CPEC کے تحت میگا پروجیکٹس کا آغاز (بشمول ڈیموں کی تعمیر کے آغاز) اور مستحکم زرمبادلہ کی شرح پر ہے۔ ان تمام منفی اثرات کے باوجود جن کا کمپنی کو سامنا ہے، انتظامیہ ایسے تمام ضروری اقدامات کر رہی ہے جن سے کمپنی خوشحالی کے راستے پر گامزن ہو سکے۔

### اظہار تشکر

آخر میں بورڈ آف ڈائریکٹرز کی جانب سے میں تمام حصص یافتگان کے کمپنی پر مسلسل اعتماد اور بھروسے پر ان کا مشکور ہوں۔ مزید برآں میں اپنی مخلصانہ تہنیت بینوپاک کی ٹیم کے ہر ممبر کو اس کی انتھک محنت اور خلوص پر پیش کرتا ہوں۔



محمد اسلم سجرانی  
چیئرمین

تاریخ: 23 مئی 2019

اعلیٰ نمبروں سے کامیاب ضرورت مند طلباء کو اس کا لڑچیں فراہم کی گئیں تاکہ وہ اپنی تعلیم جاری رکھ سکیں۔ دیگر بہبودی سرگرمیوں میں انٹرن شپ پروگرام اور تحقیقی پروجیکٹس، سرکاری اسکولوں میں بہتر سہولیات کا پروگرام، بچوں کے لئے تفریح کے ساتھ ساتھ سیکھنے کے لئے سمر کیمپ اور روڈ سیفٹی آگاہی پروگرام شامل ہیں۔

### افراد کی قوت کی ترقی

ہمارے ملازمین ہمارا اثاثہ ہیں۔ کمپنی کے پاس ان کے لئے وسیع پیمانے پر تربیت اور ترقی کے پروگرام ہیں ان چند اقدامات میں سائنٹ پر اور صنعت سے متعلق خصوصی تربیت، بیرون ملک تربیتی پروگرام، تعلیمی خرچوں کی ادائیگی اور ڈگری سرٹیفکیٹ جیسے پروگراموں میں پیش قدمی شامل ہے۔

سیکھنے کے تخلیقی عمل میں ”کازن۔ مسلسل بہتری پروگرام“ Len Production System میں کوالٹی میں بہتری، قیادت کی ترویج، ذاتی مہارت اور آئی ٹی کے تحفظ سے متعلق آگاہی کی نشستیں شامل ہیں۔ اپرنٹس کے لئے باقاعدگی سے درسی کلاسوں کا اہتمام کیا جاتا ہے تاکہ ان کی نظریاتی استعداد مستحکم ہو۔ کمپنی بھر میں کل 23,000 تربیتی گھنٹے منعقد ہوئے۔

### پیشہ جاتی صحت اور تحفظ

تحفظ بینو پاک کا بنیادی اقدار ہے اور کمپنی تسلسل کے ساتھ اپنے مضبوط ذاتی تحفظ، حادثات اور زخم سے بچاؤ کے پروگرام، سلامتی کے فروغ اور لاگو ماحولیاتی اور صحت و تحفظ کے قوانین و ضوابط کی پاسداری کرتے ہوئے باحفاظت ثقافت کی ترقی کے لئے کوشاں ہے۔

کمپنی تسلسل کے ساتھ پیشہ جاتی اور ذاتی تحفظ، صحت و سلامتی کے لئے کوشاں ہے اور اپنے ملازمین کے تحفظ اور صحت کی حفاظت کے لئے کام کر رہی ہے۔ اس میں صحت اور تحفظاتی خطرات کے بارے میں معلومات اور صحت اور تحفظاتی خطرات کی تشخیص اور اصلاح اور اسٹاف کی جانب سے قومی امکانی خطرات کی اطلاع دینے پر حوصلہ افزائی شامل ہے۔

HSE کے مسائل سے متعلق نمائندگی اور ملازمین کی آگاہی میں اضافے کے لئے HSE کی ٹیم نے بینو پاک میں مختلف تربیتیوں کا اہتمام اور انعقاد کیا، اس کے علاوہ ماحولیاتی تحفظ کے فروغ کے لئے مزید سرگرمیوں کا اہتمام کیا گیا جس میں عالمی یوم آب، عالمی یوم صحت، عالمی یوم تحفظ اور عالمی یوم ماحولیات شامل ہیں۔

آئی ایس او 14001:2004 کے انوائزمنٹ مینجمنٹ سسٹم کو آئی ایس او 14001:2015 معیار کے مطابق اپ گریڈ کرنا اور OHSAS 18001:2007 سروس پلنس آڈٹ کا نفاذ قابل ذکر سنگ میل ہیں۔

### قومی خزانے میں معاونت

گزشتہ سال کے 3.2 بلین روپے کی ادائیگی کے مقابل کمپنی نے اس سال ٹیکسوں، ڈیوٹیوں اور پیس کی مد میں حکومت کو 3.9 بلین روپے کی ادائیگی کی۔

### ادارتی نظم و ضبط

#### بورڈ کی تفصیلات

لکسمپینیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2017 کی ضروریات کے مطابق ایک باضابطہ اور موثر نظام بورڈ، بورڈ کے ممبران اور اس کی ذیلی کمیٹیوں کی سالانہ تفصیلات کے لئے موجود ہے۔ بورڈ نے اس نظام کی باقاعدہ تشکیل بندی، منظوری اور نفاذ کیا ہے۔ یہ نظام خود تشخیصی جامع سوالناموں پر مشتمل ہے جنہیں بورڈ کے تمام ڈائریکٹرز کے مابین تقسیم کیا گیا ہے۔ ان مذکورہ سوالناموں میں مندرجہ ذیل شعبوں کا احاطہ کیا جاتا ہے:

- ☆ بورڈ اور اس کی حکمت عملی کی اثر پذیری
- ☆ بورڈ کی ساخت اور کمیٹیاں
- ☆ بورڈ کے اجلاس اور طریقہ کار
- ☆ بورڈ اور انتظامیہ کے تعلقات
- ☆ تربیت
- ☆ تعلقات اور قیادت کا انتظام
- ☆ ادارتی نظم و ضبط

### بورڈ کی کارکردگی اور کمپنی کے مقاصد کے حصول میں اس کا کردار

ہر انفرادی ڈائریکٹر کے فیڈ بیک اور اجتماعی تشخیصی نتائج کی بنیاد پر بورڈ کی اوسط ریٹنگ، انفرادی ڈائریکٹرز اور کمیٹیوں کی کارکردگی کو تسلی بخش اور موثر پایا گیا، مزید برآں بورڈ نے کمپنی کے مقاصد کے حصول میں اپنا ناگزیر کردار کیا جس میں نگرانی، رہنمائی، یکدستی و حکمت عملی کا تعین اور با مقصد اقدامات شامل ہیں جن کے ذریعے انتظامیہ نے کمپنی کے مقاصد کے حصول کے لئے اس کی کارکردگی کی نگرانی کی۔ اس کے علاوہ بورڈ کے ممبران نے دیگر سرگرمیوں کے علاوہ مندرجہ ذیل اہم سرگرمیاں انجام دیں جس کے ذریعے کمپنی کے مقاصد میں معاونت ہوئی:

## پیداواری سہولیات

### چیسرا سہلی ڈویژن (CAD)

ہینوپاک گاؤں کو ہمیشہ بہترین مصنوعات کی فراہمی پر یقین رکھتی ہے جبکہ CAD کمپنی کی ترقی میں کلیدی کردار ادا کرتا ہے۔ سال کے دوران خصوصی توجہ کو الٹی اور مرحلہ وار معائنہ کے نفاذ پر دی گئی جس کے نتیجے میں نقصان میں کمی اور گاڑیوں کی کوالٹی میں بہتری آئی۔ کمپنی نے 3,201 پونٹس (چیسر) اسمبل کئے جبکہ گزشتہ سال 4,495 پونٹس اسمبل کئے تھے۔ کمپنی نے انڈس موٹر کمپنی کے لئے IMV (ہائی کس) کے 10,310 فریم تیار کئے۔

### ہاڈی مینوفیکچرنگ ڈویژن (BMD)

چیسر کے کاروبار میں کمی کے باوجود BMD نے 802 ہاڈیاں تیار کیں جس میں بول کیریز، ڈمپ ٹرک، واٹر باؤزر اور بس کی ہاڈیاں شامل ہیں۔ یہ بات قابل ذکر ہے کہ ہینوپاک تجارتی گاڑیاں بنانے والی واحد کمپنی ہے جس کے پاس ہاڈی مینوفیکچرنگ کی جدید سہولت موجود ہے۔

سال کے دوران مختلف سہولیات کو ترقی دی گئی جس میں بس ہاڈی روف ٹاپ ویلڈنگ فیلڈ، پرائمر شاپ میں نئے پوزوں کی تنصیب اور لیزر کٹنگ مشین اہم اضافے ہیں، جس کے نتیجے میں تحفظ اور کوالٹی کے لحاظ سے بہتری آئی۔ سال کے دوران 770,000 سے زائد گھنٹے افرادی قوت سے استفادہ کیا گیا جس میں کوئی ہلاکت خیز یا بڑا حادثہ پیش نہیں آیا۔

### کاروباری طریق عمل میں بہتری اور مصنوعات کی ترویج

ہینوپاک کی ترویج مصنوعات میں اختراع لانا اور نئی مصنوعات کی ترویج ہے جس کا مقصد گاؤں کو مزید آرام دہ، قابل اعتماد اور بہتر مصنوعات فراہم کرنا، آمدن بڑھانا، لاگتوں کو کم کرنا اور پیداواری عمل کے وقت میں کمی لانا اور نتیجتاً منافع میں اضافہ کرنا ہے۔ ان اہداف کے حصول کے لئے انتظامیہ نے مختلف طریق کار اختیار کرتے ہوئے طریق عمل کا تجزیہ کیا تا کہ ان شعبوں کو شناخت کیا جاسکے جن میں درنگی، اثر پذیری اور استعداد میں بہتری لائے جاسکے اور پھر ان بہتریوں کے لئے طریق عمل کی از سر نو ساخت بندی کی گئی اور جس کے نتیجے میں کمپنی کو فائدہ ہوا۔ سال کے دوران کمپنی نے اپنے پیداواری طریق عمل میں بہتری کے لئے 94 ملین روپے کا سرمایہ لگایا۔

کو الٹی پر کمپنی کے نصب العین کو مدنظر رکھتے ہوئے، ویڈیوز کا ایک کنونشن کراچی میں دسمبر 2018 میں منعقد کیا گیا۔ کمپنی نے اپنے عالمی آپریشنز اور گلوبل پریزیڈنٹ پالیسی کا اعلان کیا جس میں معیار، لاگت، تربیل، ٹیکنالوجی اور ریٹیلنگ شامل تھی۔ اس تقریب کے موضوع ”عالمی معیارات کا حصول“ کے تحت ویڈیوز کو کاروباری تسلسل کے لئے کو الٹی کے معیارات اور اس کے حصول پر زور دیا گیا۔

### بعد از فروخت تعاون

گاؤں نے ہینوپاک کے بعد از فروخت تعاون کے نیٹ ورک پر انتہائی اعتماد کا اظہار کیا ہے، سال کے دوران کمپنی کے پوزوں کی فروخت 1.4 بلین کی بلند ترین سطح پر رہی۔

گاؤں کا اطمینان کمپنی کی سرفہرست ترویج ہے۔ ملک بھر میں گاؤں کو ہینوپاک کے منعقد کئے گئے سروس کیسپس پر مکمل تعاون فراہم کیا جاتا ہے۔ سال کے دوران 18 سروس کیسپس پاکستان بھر کے مختلف شہروں میں منعقد کئے گئے جس میں کل 800 گاڑیوں کا معائنہ کیا گیا۔ کیسپ گاؤں کو بالکل مفت معائنے اور ماہرانہ مشورہ لینے کا موقع فراہم کرتے ہیں۔

مہارت کی سطح میں اضافہ اور ڈیلر کے تکنیکی عمل کی ترقی کے لئے ہینوپاک نے ملک بھر میں اپنے ڈیلرز کے لئے باقاعدگی کے ساتھ مہارتی مقابلے منعقد کئے۔ دسمبر 2018 میں کمپنی نے کراچی میں 13S اسکول کو ٹیسٹ منعقد کیا جس میں ڈیلر شپ کے نیٹ ورک سے کل 29 اسٹاف ممبران نے شرکت کی۔

ہینوپاک موٹرز لمیٹڈ نے محفوظ اور کفایت شعارانہ ڈرائیونگ کے لئے ملک بھر میں اپنے گاؤں کے لئے Eco Driving کی تربیت کا اہتمام کیا۔ یہ تربیتی سرگرمیاں ”مکمل تعاون“ کی سرگرمیوں کا ایک حصہ ہیں۔ سال کے دوران ملک کے مختلف حصوں میں ہینوپاک گاؤں کے لئے 18 ”Eco Drive“ سیمینار منعقد کئے گئے۔ کل 304 ڈرائیور اور تکنیکی عملہ نے ان خصوصی تربیتی پروگراموں میں شرکت کی۔

### ادارتی سماجی ذمہ داری (CSR)

ہم اس بات کو تسلیم کرتے ہیں کہ سماجی ذمہ داری کی کوششیں ہمارے گاؤں، ملازمین اور مستفیدان کے لئے اہم ہیں۔ ہمارا CSR پروگرام اس وقت عمومی طور پر طبی نگہداشت، تعلیمی ترقی اور معاشرے کی بہبود پر مرکوز ہے۔

ہم تسلسل کے ساتھ ”دارال سکون“ اور ”مرکز امید“ (ادارے جو کہ ذہنی اور جسمانی طور پر پسماندہ افراد کے لئے کام کر رہے ہیں) کو عطیات فراہم کر رہے ہیں۔ غریب اور پسماندہ مریضوں کی بہبود و مدد کے لئے ایک رقم ”گمبھان سول ہسپتال“ کو عطیہ کی گئی۔ ہم پاکستان آئی بینک سوسائٹی کے شراکت دار ہیں جو کہ شہر کے پسماندہ علاقوں میں مفت آنکھ اور دانتوں کے چیک اپ کیسپس منعقد کرتی ہے۔



# چیرمین کا جائزہ

بورڈ آف ڈائریکٹرز کی جانب سے میں آپ کو بینو پاک موٹرز لمیٹڈ کے چوتھوں اجلاس عام میں خوش آمدید کہتا ہوں اور آپ کے سامنے سال مختتمہ 31 مارچ 2019 کی کارکردگی پیش کرتا ہوں۔

گزشتہ چند سالوں سے فروخت میں مسلسل نمو کے بعد کچھ عرصہ سے آٹو موٹو مارکیٹ کو چیلنجز کا سامنا ہے۔ یہ عرصہ انتہائی اہم لیکن پاکستان کے آٹو میکرز کے لئے بہت سخت رہا کیونکہ اقتصادی محاذ پر بنیادی پیشقدمیاں آٹو میکرز کے لئے تباہ کن ثابت ہوئیں۔ اقتصادی محاذ پر روپے کی قدر میں کمی، شرح سود میں اضافہ، تقریباً ہرے ہند سے کاغذی زراور نان فائبرز کے لئے گاڑیاں خریدنے پر پابندی کی وجہ سے مارکیٹ بہت حد تک سکڑ گئی۔

## بینو پاک بزنس

### مارکیٹ میں حصہ اور فروخت

معاشی افراتفری کی مدت کے دوران پاکستان میں تجارتی گاڑیوں کی صنعت میں پستی کا رجحان دیکھا گیا، مارکیٹ کے کل حجم میں تقریباً 14 فیصد کمی ہوئی۔ کمی کے رجحان کی بنیادی وجہ زرمبادلہ کی منفی مساواتی قدر کے ساتھ ساتھ حکومت کی جانب سے فنڈ کی کٹوتی کے نتیجے میں چین پاکستان اقتصادی راہداری (CPEC) کے مختلف ترقیاتی پروجیکٹس میں سست روی تھی۔

ٹرک کے شعبہ میں کمپنی کا مارکیٹ میں حصہ 31 فیصد رہا اور شعبہ بس میں کمپنی 41 فیصد مارکیٹ شیئر کے ساتھ چھائی رہی۔

### خالص منافع

خالص منافع 1,113 ملین روپے رہا جبکہ گزشتہ سال اسی مدت میں 3,034 ملین روپے تھا۔

### تفصیلی اور انتظامی اخراجات

تفصیلی اور انتظامی اخراجات تقریباً 758 ملین روپے رہے جبکہ گزشتہ سال 861 ملین روپے تھے۔

### مالیاتی لاگت

مالیاتی سال کی آخری ششماہ میں روپے کے مقابلے میں یو ایس ڈالر کی قدر میں قابل ذکر اضافے کی وجہ سے زرمبادلہ کی مد میں 816 ملین روپے کا خسارہ ہوا جو کہ گزشتہ سال 637 ملین روپے تھا۔ کمزور روایت کے نتیجے میں بلند قرضوں اور شرح سود کی وجہ سے کمپنی کو رواں سرمایہ کاری پر 188 ملین روپے کا مارک اپ برداشت کرنا پڑا۔

### خسارہ / منافع بعد از ٹیکس

کمپنی کو گزشتہ سال کے 1,149 ملین روپے کے منافع بعد از ٹیکس کے مقابلے میں اس سال 873 ملین روپے کا بعد از ٹیکس خسارہ ہوا۔ فی حصص خسارہ 70.42 روپے رہا۔

### سرمایہ جاتی اخراجات

نازک صورتحال کے باوجود کمپنی نے اپنے کاروباری آپریشن کو وسعت دینے کے لئے جدوجہد کی اور 275 ملین روپے کے اشیائے سرمایہ میں سرمایہ کاری کی تاکہ گاڑیوں کی ضروریات کو پورا کیا جاسکے اور کوالٹی میں بہتری لائی جاسکے۔

### نقدی کا بہاؤ اور رواں سرمائے کا انتظام

ناموافق زرمبادلہ کی شرح اور فروخت کے حجم میں کمی کی وجہ سے کمپنی کے نقدی کے بہاؤ کو شدید دھچکا لگا۔

### منافع منقسمہ

کمپنی کی مالی صورتحال کو مد نظر رکھتے ہوئے کمپنی کے ڈائریکٹرز نے نقدی دیگر کوئی منافع منقسمہ تقسیم نہ کرنے کا فیصلہ کیا ہے۔












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