



# **Half Yearly Report 2020**



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## COMPANY INFORMATION

### Board of Directors

Mr. Muhammad Aslam Sanjrani  
Chairman

Mr. Yoshihiko Nanami  
President & Chief Executive Officer

Mr. Shigeru Tsuchiya  
Director & Executive Vice President

Ms. Nargis Ali Akbar Ghaloo  
Independent Director

Mr. Mushtaq Malik  
Independent Director

Mr. Shuichi Kaneko  
Mr. Hitoshi Otomo

Syed Junaid Ali  
Company Secretary

### BANKERS

Allied Bank Limited

Bank Alfalah Limited

Bank Al-Habib Limited

Citibank, N.A., Karachi Branch

Habib Metropolitan Bank Limited

Habib Bank Limited

JS Bank Limited

MCB Bank Limited

National Bank of Pakistan

Standard Chartered Bank (Pakistan) Limited

United Bank Limited

### 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., Shahra-e-Faisal, Karachi  
Tel: 021-34380101-05,  
Fax: 021-34380106  
E-mail: [info.shares@famco.com.pk](mailto:info.shares@famco.com.pk)

### AREA OFFICES

Lahore  
19 KM, Multan Road, Lahore  
Tel: 042-37512003-6  
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Fax: 051-2272268  
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Tel: 081 - 2869174  
Fax: 081 - 2869175  
Email: [hino-quetta@hinopak.com](mailto:hino-quetta@hinopak.com)

Peshawar  
Hino Peshawar  
1.7 KM from G. T. Road to Kohat Road Section,  
Near Jamil Chowk beside Shell Filling Station,  
Ring Road, Peshawar.  
Tel: 091 - 2322530  
Fax: 091 - 2322550  
Email: [hino-peshawar@hinopak.com](mailto:hino-peshawar@hinopak.com)

Multan  
Kayan Pur, Tehsil Multan, Union Council  
No. 73, Near: Multan, Bypass, Multan  
Tel: 061-4263205-7  
Fax: 061-04263208

# DIRECTORS' REPORT

For The Half Year Ended September 30, 2020

## GREETINGS TO THE SHAREHOLDERS!

The total sale of commercial vehicles of all makes in the country in the Apr-Sep first half of 2020 was 1334 units – 49% lower than in the corresponding same period of last year.

## SALES

The sale of Hinopak's trucks and buses decreased, to 241 units from 836 units in the corresponding period of the last year. The decline in sales unit is mainly due to the countrywide lockdown due to COVID-19. The Company resumed its operations from Jun 2020 after the Government allowed to re-start the business activities.

## SALES REVENUE

The sales revenue for the first half decreased to Rs. 2.97 billion from Rs. 6.52 billion, however the Company earned gross profit of Rs. 76 million as compared to gross loss of Rs. (285) million in the corresponding period of last year.

## FINANCE COST

The finance cost stood at Rs. 252 million (including net exchange loss of Rs. 12 million) in comparison with the finance cost of Rs. 625 million (including net exchange loss of Rs. 163 million) in the corresponding period of the last year, the decrease is mainly due to lower level of borrowing during the period along with decrease in borrowing rate. As at 30<sup>th</sup> September the short term borrowing of the Company stood at Rs. 4 billion.

## PROFIT & LOSS

The loss after tax stood at Rs. (516) million compared to loss of Rs. (1,348) million in the last year's corresponding period leading to loss per share of Rs. (41.57). Last year it stood at Rs. (108.70) loss per share.

## FUTURE OUTLOOK:

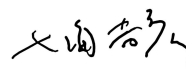
Government is taking several measures to revive economic activities in the country, once the economic front is normalized and the effects of the pandemic subside, financial performance of manufacturing as well as auto sector is projected to experience a broad-based recovery. But still there is the threat of second wave of prolonged pandemic and possible smart lockdowns.

Finally, we would like to thank to our parent companies for their continuous support, our customers for their continued patronage of the company's products. We also acknowledge the efforts of entire Hinopak team, including our staff, vendors, dealers and all business partners for their untiring efforts in these testing times.



**Director**

Date: November 27, 2020



**Chief Executive Officer**

Half Yearly Report 2020



A.F. FERGUSON & CO.

**Independent Auditor's Review Report to the members of Hinopak Motors Limited**

**Report on review of Interim Financial Statements**

**Introduction**

We have reviewed the accompanying condensed interim statement of financial position of Hinopak Motors Limited as at September 30, 2020 and the related condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of this interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review. The figures of the condensed interim statement of profit or loss and other comprehensive income for the quarters ended September 30, 2020 and 2019 have not been reviewed, as we are required to review only the cumulative figures for the half year ended September 30, 2020.

**Scope of Review**

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the audit resulting in this independent auditor's report is Farrukh Rehman.

Chartered Accountants  
Karachi

Dated: November 27, 2020

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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  
Tel: +92 (21) 32426682-6/32426711-5; Fax: +92 (21) 32415007/32427938/32424740; <www.pwc.com/pk>

■ KARACHI ■ LAHORE ■ ISLAMABAD

**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**  
**AS AT SEPTEMBER 30, 2020**

	Note	(Unaudited) September 30, 2020 (Rupees '000)	(Audited) March 31, 2020
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	3,509,979	3,638,786
Intangibles		1,502	3,163
Long-term investments		-	-
Long-term loans	6	29,755	25,063
Long-term deposits	7	7,077	7,227
Employee benefit prepayment		-	11,750
		<b>3,548,313</b>	<b>3,685,989</b>
<b>Current assets</b>			
Inventories	8	3,585,077	3,837,972
Trade receivables	9	390,871	369,410
Loans and advances		36,534	17,999
Trade deposits and prepayments	10	48,360	34,486
Refunds due from the government - sales tax		469,324	518,540
Other receivables		3,241	14,694
Taxation - payments less provision		896,625	839,063
Cash and bank balances	11	125,644	138,607
		<b>5,555,676</b>	<b>5,770,771</b>
<b>Total assets</b>		<b>9,103,989</b>	<b>9,456,760</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Share capital	12	124,006	124,006
<b>Capital Reserve</b>			
Revaluation surplus on land and buildings		1,947,674	1,975,241
<b>Revenue Reserves</b>			
General reserve		291,000	291,000
Accumulated loss		(1,169,103)	(681,159)
		<b>1,193,577</b>	<b>1,709,088</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Deferred taxation		125,893	135,209
Employee benefit obligations		163,004	168,020
		<b>288,897</b>	<b>303,229</b>
<b>Current liabilities</b>			
Trade and other payables	13	3,434,916	3,315,900
Short-term borrowings - secured	14	4,173,338	4,115,238
Unclaimed dividend		13,261	13,305
		<b>7,621,515</b>	<b>7,444,443</b>
<b>Total liabilities</b>		<b>7,910,412</b>	<b>7,747,672</b>
<b>Contingency and commitments</b>	15		
<b>Total equity and liabilities</b>		<b>9,103,989</b>	<b>9,456,760</b>

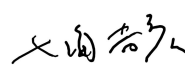
The annexed notes 1 to 24 form an integral part of these condensed interim financial statements.



Chief Financial Officer



Director



Chief Executive Officer



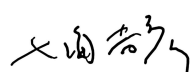
**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE HALF YEAR ENDED SEPTEMBER 30, 2020 - (UNAUDITED)**

		Quarter ended		Half year ended					
	Note	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019				
		(Rupees '000)							
Revenue from contracts with customers	16	2,161,656	3,208,495	2,967,914	6,515,920				
Cost of sales		<u>(1,962,615)</u>	<u>(3,509,701)</u>	<u>(2,891,483)</u>	<u>(6,801,259)</u>				
Gross profit / (loss)		199,041	(301,206)	76,431	(285,339)				
Distribution cost		<u>(73,652)</u>	<u>(97,382)</u>	<u>(140,352)</u>	<u>(184,200)</u>				
Administration expenses		<u>(92,560)</u>	<u>(86,045)</u>	<u>(174,524)</u>	<u>(179,175)</u>				
Other income	17	10,010	14,978	10,967	21,079				
Loss allowance on trade receivables and deposits		<u>657</u>	<u>(986)</u>	<u>345</u>	<u>(1,324)</u>				
(Loss) / profit from operations		43,496	(470,641)	(227,133)	(628,959)				
Finance cost	18	<u>(118,042)</u>	<u>(220,092)</u>	<u>(251,703)</u>	<u>(625,193)</u>				
Loss before income tax		<u>(74,546)</u>	<u>(690,733)</u>	<u>(478,836)</u>	<u>(1,254,152)</u>				
Income tax expense	19	<u>(29,354)</u>	<u>(49,702)</u>	<u>(36,675)</u>	<u>(93,817)</u>				
Loss after income tax		<u>(103,900)</u>	<u>(740,435)</u>	<u>(515,511)</u>	<u>(1,347,969)</u>				
<b>Other comprehensive income / (loss) for the period:</b>									
<b>Items that will not be reclassified to Profit or Loss</b>									
Remeasurement of post employment benefit obligations		<table border="1"><tr><td>-</td></tr></table>	-	<table border="1"><tr><td>-</td></tr></table>	-	<table border="1"><tr><td>-</td></tr></table>	-	<table border="1"><tr><td>-</td></tr></table>	-
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Impact of deferred tax		<table border="1"><tr><td>-</td></tr></table>	-	<table border="1"><tr><td>-</td></tr></table>	-	<table border="1"><tr><td>-</td></tr></table>	-	<table border="1"><tr><td>-</td></tr></table>	-
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Gain on revaluation of land and buildings		<table border="1"><tr><td>-</td></tr></table>	-	<table border="1"><tr><td>-</td></tr></table>	-	<table border="1"><tr><td>-</td></tr></table>	-	<table border="1"><tr><td>-</td></tr></table>	-
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Other comprehensive income for the period		-	-	-	-				
<b>Total comprehensive loss for the period</b>		<u><u>(103,900)</u></u>	<u><u>(740,435)</u></u>	<u><u>(515,511)</u></u>	<u><u>(1,347,969)</u></u>				
Loss per share - basic and diluted	20	<b>Rs. (8.38)</b>	Rs. (59.71)	<b>Rs. (41.57)</b>	Rs. (108.70)				

The annexed notes 1 to 24 form an integral part of these condensed interim financial statements.

  
Chief Financial Officer

  
Director

  
Chief Executive Officer

**CONDENSED INTERIM STATEMENT CHANGES IN EQUITY  
FOR THE HALF YEAR ENDED SEPTEMBER 30, 2020 - (UNAUDITED)**

	Share Capital	Revenue Reserves	Capital Reserve	Total
		General Reserve	Revaluation Surplus	
			Accumulated loss (Rupees '000)	
Balance as at April 1, 2019	124,006	291,000	1,335,362	3,560,412
Transferred from surplus on revaluation of land and buildings on account of incremental depreciation - net of deferred tax	-	-	23,991	(4,049)
Total comprehensive loss for the half year ended September 30, 2019				
- Loss for the half year ended September 30, 2019	-	-	(1,347,969)	(1,347,969)
Balance as at September 30, 2019	124,006	291,000	11,384	2,208,394
Balance as at April 1, 2020	124,006	291,000	(681,159)	1,709,088
Transferred from surplus on revaluation of land and buildings on account of incremental depreciation - net of deferred tax	-	-	27,567	-
Total comprehensive loss for the half year ended September 30, 2020				
- Loss for the half year ended September 30, 2020	-	-	(515,511)	(515,511)
Balance as at September 30, 2020	124,006	291,000	(1,169,103)	1,193,577

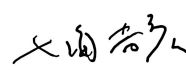
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Chief Financial Officer



Director



Chief Executive Officer



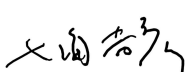
**CONDENSED INTERIM STATEMENT OF CASH FLOWS**  
**FOR THE HALF YEAR ENDED SEPTEMBER 30, 2020 - (UNAUDITED)**

	Note	September 30, 2020	September 30, 2019
		(Rupees '000)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	21	325,486	444,679
Mark-up paid on short-term borrowings		(267,218)	(365,992)
Return on savings accounts and deposits		1,918	3,344
Income taxes paid		(103,553)	(143,247)
Employee benefits paid		(31,769)	(34,492)
Decrease in long-term deposits		150	774
(Increase) / decrease in long-term loans and advances		(4,692)	1,876
Net cash used in operating activities		(79,678)	(93,058)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchases of property, plant and equipment		(9,682)	(180,049)
Proceeds from sale of property, plant and equipment		18,341	8,051
Net cash generated from / (used in) investing activities		8,659	(171,998)
<b>CASH FLOWS FROM FINANCING ACTIVITY</b>			
Dividend paid		(44)	(83)
Net decrease in cash and cash equivalents		(71,063)	(265,139)
Cash and cash equivalents at beginning of the period		(3,976,631)	(6,716,391)
Cash and cash equivalents at end of the period	22	(4,047,694)	(6,981,530)

The annexed notes 1 to 24 form an integral part of these condensed interim financial statements.

  
**Chief Financial Officer**

  
**Director**

  
**Chief Executive Officer**

## **1. THE COMPANY AND ITS OPERATIONS**

### **1.1** Hinopak Motors Limited (the Company) is incorporated in Pakistan as a public limited company and is listed on 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 at D-2, S.I.T.E., Manghopir Road, Karachi.

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

These condensed interim financial statements do not include all the information required to be contained in the annual financial statements and therefore should be read in conjunction with the annual audited financial statements of the Company for the year ended March 31, 2020.

### **1.2 Impact of COVID-19 on the financial statements**

The events surrounding the COVID-19 pandemic (the virus) continue to evolve and impact local and global markets. The spread of the virus has resulted in authorities implementing numerous measures to try to contain the virus, such as travel bans and restrictions, quarantines, and shutdowns.

The Company activated its response plan accordingly which included prioritizing the health and safety of its employees while maintaining business continuity and shutting down its plant in order to comply with the directives issued by the provincial government. The extent of the impact of the virus on the operational and financial performance of the Company include the following:

- decline in production and revenue,
- decline in distribution expenses,
- extension in credit days to pay off trade receivables, and
- reduction in interest rates by the State Bank of Pakistan (SBP) had a positive impact in terms of interest in borrowing of the Company. The average interest rate on running finance and short term loans has decreased from 12.02% in April 2020 to 7.84% in September 2020.

Further, the Company has incurred loss before income tax during the last two periods. Its operations have been impacted by the virus, reduced demand of products and loss in market share. However, the management has made plans in agreement for increase in sales and expect to have improved results in the ensuing period. Further, the Company believes the availability of subsequent sales orders, availability of running finance facilities and issue of right shares subsequent to the period (as per note 12), will improve its current liquidity to meet its anticipated working capital requirements and obligations as they come due. Moreover, the Company has assessed the recoverability of its assets for impairment and concluded that, as at September 30, 2020, no such indication existed that triggered impairment of its assets. At the same time, the Company continues to monitor the situation very closely to estimate the overall impacts on the business.

## 2. BASIS OF PREPARATION

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

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

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

### 2.1 Change in accounting standards, interpretations and amendments to published approved accounting standards

#### a) Standards, interpretations and amendments to published approved accounting standards that are effective

There are certain amendments and interpretations to the accounting and reporting standards which are mandatory for the Company's annual accounting period which began on April 1, 2020. However, these do not have any significant impact on the Company's financial reporting.

#### b) Standards, interpretations and amendments to published approved accounting standards that are not yet effective

There are certain amendments and interpretations to the accounting and reporting standards that will be mandatory for the Company's annual accounting periods beginning on or after April 1, 2021. However, these will not have any impact on the Company's financial reporting and, therefore, have not been disclosed in these condensed interim financial statements.

## 3. ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the financial statements for the year ended March 31, 2020.

#### 4. ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

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

Judgements and estimates made by the management in the preparation of these condensed interim financial statements are the same as those that were applied to financial statements as at and for the year ended March 31, 2020.

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended March 31, 2020.

	(Unaudited) September 30, 2020	(Audited) March 31, 2020
	(Rupees '000)	
<b>5. PROPERTY, PLANT AND EQUIPMENT</b>		
Operating fixed assets - note 5.1	<b>3,450,703</b>	3,579,760
Capital work-in-progress	<b>59,276</b>	59,026
	<b><u>3,509,979</u></b>	<b><u>3,638,786</u></b>

#### 5.1 Details of additions to and disposals of operating fixed assets are as follows:

	Additions (at cost)		Disposals (at net book value)	
	Half year ended			
	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
	(Rupees '000)			
Plant & machinery	-	22,359	-	70
Vehicles	9,683	11,498	14,719	3,676
Office and Other equipments	-	6,882	-	69
Electrical installation	-	-	-	* -
	9,683	40,739	14,719	3,815

\* Assets disposed off having nil net book value.

**6. LONG-TERM LOANS**

These do not carry mark-up.

**7. LONG-TERM DEPOSITS**

These do not carry mark-up.

**8. INVENTORIES**

As at September 30, 2020 raw materials and components has been written down by Rs. 66.91 million (March 31, 2020: Rs. 99.73 million) and finished products by Rs. 16.89 million (March 31, 2020: Rs. 24.81 million) to arrive at their net realisable values.

	(Unaudited) September 30, 2020 (Rupees '000)	(Audited) March 31, 2020
<b>9. TRADE RECEIVABLES</b>		
<b>Considered good - unsecured</b>		
Related party - Indus Motor Company Limited	63,601	107,668
Others	327,270	261,742
	<u>390,871</u>	<u>369,410</u>
<b>Considered doubtful</b>		
Others	55,742	54,742
	<u>446,613</u>	<u>424,152</u>
Less: allowance for expected credit losses	(55,742)	(54,742)
	<u>390,871</u>	<u>369,410</u>

**10. TRADE DEPOSITS AND PREPAYMENTS**

These do not carry mark-up.

	(Unaudited) September 30, 2020 (Rupees '000)	(Audited) March 31, 2020
<b>11. CASH AND BANK BALANCES</b>		
Balances with banks:		
- on current accounts	14,768	20,253
- on PLS savings accounts	106,618	118,254
Cheques in hand	4,192	-
Cash in hand	66	100
	<u>125,644</u>	<u>138,607</u>

**11.1** All bank accounts are maintained under conventional banking system.



**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED SEPTEMBER 30, 2020- (UNAUDITED)**

**12. SHARE CAPITAL**

(Unaudited) September 30, 2020	(Audited) March 31, 2020		(Unaudited) September 30, 2020	(Audited) March 31, 2020
(Rupees '000)				
<b>Authorised share capital</b>				
<u>100,000,000</u>	<u>20,000,000</u>	Ordinary shares of Rs. 10 each	<u>1,000,000</u>	<u>200,000</u>
<b>Issued, subscribed and paid-up capital</b>				
Ordinary shares of Rs. 10 each				
6,200,280	6,200,280	Shares allotted for consideration paid in cash	62,003	62,003
4,133,520	4,133,520	shares issued for consideration other than cash - fixed assets	41,335	41,335
<u>2,066,760</u>	<u>2,066,760</u>	shares issued as bonus shares	<u>20,668</u>	<u>20,668</u>
<u>12,400,560</u>	<u>12,400,560</u>		<u>124,006</u>	<u>124,006</u>

**12.1** The Company, in the annual general meeting conducted on August 26, 2020 resolved to increase its authorised share capital to Rs. 1 billion.

**12.2** The Board of Directors in its meeting held on September 11, 2020 had approved the rights issue at Rs. 233.50 per share (including premium of Rs. 223.50 per share) in the ratio of 1 right share for every 1 ordinary share held. The total size of the issue is Rs. 2.896 billion which are in the process of being issued.

	(Unaudited) September 30, 2020	(Audited) March 31, 2020
(Rupees '000)		
<b>13. TRADE AND OTHER PAYABLES</b>		
<b>13.1</b> These include the following amounts payable to related parties:		
Bills payable to:		
- Toyota Tsusho Corporation, Japan, group company	72,569	359,900
- Hino Motors Ltd., Japan - holding company	3,953	5,208
- Toyota Tsusho, Asia Pacific PTE Ltd, group company	59,765	29,426
Royalty payable to Hino Motors, Ltd. Japan, holding company	<u>21,553</u>	<u>68,198</u>
	<u>157,840</u>	<u>462,732</u>

**13.2** This includes advances from customers amounting to Rs. 2.12 billion (March 31, 2020: Rs. 1.58 billion).



	(Unaudited) September 30, 2020	(Audited) March 31, 2020
	(Rupees '000)	
<b>13.3 Provisions</b>		
Balance at beginning of the period	326,924	309,323
Recognised during the year	19,237	46,914
Payments / reversals	(19,955)	(29,313)
Balance at end of the period	<u>326,206</u>	<u>326,924</u>
Provisions represent:		
Provision for compensated absences	96,752	100,608
Provision for warranty services	47,455	44,317
Provision for infrastructure cess	23,249	23,249
Provision for custom duties	<u>158,750</u>	<u>158,750</u>
	<u>326,206</u>	<u>326,924</u>

#### 14. SHORT-TERM BORROWINGS - SECURED

Short term running finance under mark-up arrangements have been obtained from commercial banks amounting to Rs. 11.92 billion (March 31, 2020: Rs. 11.92 billion) of which the amount remaining unutilised at the period end was Rs. 7.7 billion (March 31, 2020: Rs. 7.8 billion). The facilities are secured by way of hypothecation charge on inventories of the Company and intra-group guarantees arranged through banks. The rates of mark-up on these facilities range from one week KIBOR plus 0.2% to one month KIBOR plus 1% per annum (March 31, 2020: one month KIBOR plus 0.5% to three month KIBOR plus 1.25% per annum).

#### 15. CONTINGENCY AND COMMITMENTS

##### 15.1 Contingency

There has been no change in the status of contingency as reported in the financial statements for the year ended March 31, 2020.

##### 15.2 Commitments

Commitments for capital expenditures as at September 30, 2020 amounted to Rs. 0.41 million (March 31, 2020: Rs. 1.86 million).

The facilities for opening letter of credit and guarantees as at September 30, 2020 amounted to Rs. 13.12 billion (March 31, 2020: Rs. 13.12 billion) of which the amount remaining unutilised as at September 30, 2020 was Rs. 10.22 billion (March 31, 2020: Rs. 9.6 billion).

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED SEPTEMBER 30, 2020- (UNAUDITED)**

	<b>September 30, 2020</b>	<b>September 30, 2019</b>
	<b>(Rupees '000)</b>	
<b>16. REVENUE FROM CONTRACTS WITH CUSTOMERS</b>		
Revenue from:		
- Manufacturing business	<b>2,678,543</b>	6,997,677
- Part sales	<b>924,969</b>	987,418
	<b>3,603,512</b>	7,985,095
Less: Commission and discounts	<b>(113,698)</b>	(304,423)
Sales tax	<b>(521,900)</b>	(1,164,752)
	<b>2,967,914</b>	6,515,920
<b>17. OTHER INCOME</b>		
<b>Income from financial assets</b>		
Return on PLS savings accounts	<b>1,918</b>	3,344
<b>Income from non-financial assets</b>		
Gain on disposal of property, plant and equipment	<b>3,622</b>	4,236
<b>Others</b>		
Scrap sales	<b>5,344</b>	13,210
Liabilities no longer required written back	<b>-</b>	64
Others	<b>83</b>	225
	<b>5,427</b>	13,499
	<b>10,967</b>	21,079
<b>18. FINANCE COST</b>		
Exchange loss - net	<b>11,980</b>	163,332
Bank charges and others	<b>14,845</b>	14,766
Mark-up on short-term borrowings	<b>224,878</b>	447,095
	<b>251,703</b>	625,193
<b>18.1</b>	The Company does not deal in any foreign currency derivative products for hedging or trading purposes.	

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED SEPTEMBER 30, 2020- (UNAUDITED)**

	<b>September 30, 2020</b>	<b>September 30, 2019</b>
	(Rupees '000)	
<b>19. INCOME TAX EXPENSE</b>		
Current - for the year	<b>45,990</b>	101,860
Deferred	<b>(9,315)</b>	(8,043)
	<b><u>36,675</u></b>	<b><u>93,817</u></b>

- 19.1** Current income tax expense has been computed under section 113 of the Income Tax Ordinance, 2001 i.e. minimum tax on turnover for the period at the rate of 1.5% (September 30, 2019: 1.5%).

**20. LOSS PER SHARE - BASIC AND DILUTED**

	<b>Quarter ended</b>		<b>Half year ended</b>	
	<b>September 30, 2020</b>	<b>September 30, 2019</b>	<b>September 30, 2020</b>	<b>September 30, 2019</b>
<b>LOSS PER SHARE</b>				
Loss after income tax attributable to ordinary shareholders (Rupees in '000)	<b><u>(103,900)</u></b>	<u>(740,435)</u>	<b><u>(515,511)</u></b>	<u>(1,347,969)</u>
Weighted average number of ordinary shares outstanding at the end of the period (number of shares in '000)	<b><u>12,401</u></b>	<u>12,401</u>	<b><u>12,401</u></b>	<u>12,401</u>
Loss per share - basic and diluted (Rupees)	<b><u>(8.38)</u></b>	<u>(59.71)</u>	<b><u>(41.57)</u></b>	<u>(108.70)</u>

There were no convertible dilutive potential ordinary shares in issue as at September 30, 2020 and 2019.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED SEPTEMBER 30, 2020- (UNAUDITED)

	September 30, 2020	September 30, 2019
	(Rupees '000)	
<b>21. CASH GENERATED FROM OPERATIONS</b>		
Loss before income tax	(478,836)	(1,254,152)
<b>Add / (less): Adjustments for non-cash charges and other items</b>		
Depreciation and amortisation	125,431	113,074
Gain on disposal of property, plant and equipment	(3,622)	(4,236)
Write-off of property, plant and equipment	-	643
Retirement benefits charge	38,503	38,789
Mark-up on short-term borrowings	224,878	447,095
Income on PLS savings and deposit accounts	(1,918)	(3,344)
Operating cashflows before working capital changes	(95,564)	(662,131)
<b>Effect on cash flow due to working capital changes</b>		
Decrease / (increase) in current assets		
Inventories	252,895	948,320
Trade receivables	(21,461)	297,636
Loans and advances	(18,535)	3,104
Trade deposits and prepayments	(13,874)	32,631
Refunds due from government - sales tax	49,216	44,040
Other receivables	11,453	-
	259,694	1,325,731
Increase / (decrease) in current liabilities		
Trade and other payables	161,356	(218,921)
	421,050	1,106,810
Cash generated from operations	<u>325,486</u>	<u>444,679</u>
<b>22. CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	125,644	94,056
Short-term borrowings - secured	(4,173,338)	(7,075,586)
	<u>(4,047,694)</u>	<u>(6,981,530)</u>

## 23. TRANSACTIONS WITH RELATED PARTIES

Details of transactions with the related parties during the period are as follows:

Relationship	Nature of transactions	September 30, 2020	September 30, 2019
		(Rupees '000)	
i. Holding company	- Purchase of goods	18,627	51,955
	- Royalty charge	28,874	66,341
	- Technical assistance fee	-	3,679
ii. Associated companies	- Purchase of goods and services	1,182,367	3,525,995
	- Sale of goods	414,097	404,432
	- Purchase of property, plant and equipment	-	28,591
iii. Staff retirement funds	- Payments to retirement benefits plans	52,027	36,108
iv. Key management personnel	- Salaries and other employee benefits	2,696	4,769
	- Consultancy / meeting fee	3,396	2,470

## 24. DATE OF AUTHORISATION FOR ISSUE

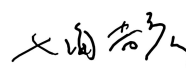
These condensed interim financial statements were approved and authorised for issue by the Board of Directors of the Company on November 27, 2020.



Chief Financial Officer



Director



Chief Executive Officer

# ڈائریکٹرز رپورٹ

حصص یافتگان کے لئے نیک خواہشات!

## فروخت کا حجم

اپریل تا ستمبر یعنی 2020 کی پہلی ششماہی میں ملک میں ہر قسم کی تجارتی گاڑیوں کی مجموعی فروخت 1334 یونٹ رہی جو کہ گزشتہ سال اس ششماہی سے 49 فیصد کم ہے۔

## فروخت

رواں ششماہی ہینوپاک کے ٹرکوں اور بسوں کی فروخت گزشتہ سال اس ششماہی کے مقابلے میں 836 یونٹس سے کم ہو کر 241 یونٹس ہو گئی۔ سیل یونٹ میں کمی بنیادی طور پر Covid-19 کے باعث ملک گیر لگنے والے لاک ڈاؤن کی وجہ سے ہے۔ حکومت کی کاروباری سرگرمیاں دوبارہ شروع کرنے کی اجازت دینے کے بعد کمپنی نے جون 2020 سے اپنی کاروباری سرگرمیاں دوبارہ شروع کیں۔

## فروخت کی آمدن

پہلی ششماہی میں فروخت 6.52 بلین سے کم ہو کر 2.97 بلین روپے رہ گئی جبکہ خام خسارہ جو کہ گزشتہ سال اسی مدت میں 285 ملین روپے تھا، کم ہو کر 76 ملین روپے منافع تک آ پہنچا۔

## مالیاتی لاگت

مالیاتی لاگت 252 ملین روپے (بشمول مبادلہ پر خسارہ 12 ملین) ہو گئی جبکہ گزشتہ سال اسی مدت میں مالیاتی لاگت 625 ملین (بشمول مبادلہ پر خسارہ 163 ملین روپے) تھی۔ مالیاتی لاگت میں اس کمی کی وجہ زیر کار سرمائے کی ضرورت کے پیش نظر کم ہوتی ہوئی قرضوں کی سطح ہے اس کے علاوہ شرح سود میں کمی بھی ایک اہم وجہ ہے۔ کمپنی کے قلیل المعیاد قرضہ جات 4 ملین روپے پر بند ہوئے۔

## نفع اور نقصان

رواں ششماہی بعد از ٹیکس خسارہ 516 ملین روپے رہا جو کہ گزشتہ سال اسی مدت میں 1348 ملین روپے تھا جس کے نتیجے میں فی حصص خسارہ 41.57 روپے رہ گیا۔ گزشتہ سال یہ 108.7 روپے تھا۔

## مستقبل کی پیش بینی

حکومت ملک میں معاشی سرگرمیوں کو بحال کرنے کے لیے متعدد اقدامات اٹھا رہی ہے، معاشی محاز کے معمول پر آنے اور وبائی امراض کے اثرات کم ہونے پر، مینوفیکچرنگ کے ساتھ ساتھ آٹو سیکٹر کی مالی کارکردگی میں بھی وسیع پیمانے پر بحالی کا امکان ہے، لیکن پھر بھی طویل وبائی اور ممکنہ سمارٹ لاک ڈاؤن کی دوسری لہر کا خطرہ ہے۔

آخر میں، ہم اپنے کسٹمرز کے مشکور ہیں جنہوں نے ہماری مصنوعات کو مسلسل سراہا۔ ہم ہینوپاک کے پوری ٹیم کی کوششوں کو سراہتے ہیں اس کے ساتھ ساتھ ہم ملازمین، ویبڈرز، ڈیلرز اور تمام ہرنس پارٹنرز کی انتھک کوششوں کو بھی خراج تحسین پیش کرتے ہیں۔

سی ای او

ڈائریکٹر

مؤرخہ 27 نومبر 2020





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