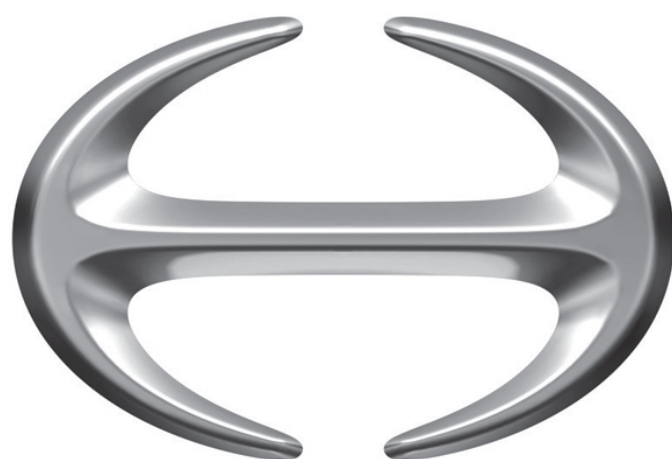




ANNUAL REPORT 2021





HINO



CONTENTS

02 Vision / Mission Statement / Corporate Strategy

03 Basic Principles of Hinopak Code of Conduct

04 Company Information

05 Board of Directors

07 Board Committees

08 Functional Committees

09 Chairman's Review

11 Directors' Report

17 Financial Highlights

21 Statement of Compliance

24 Review Report on Statement of Compliance

26 Financial Statements

70 Pattern of Shareholding

72 Notice of Annual General Meeting

76 Proxy Form

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; and
- **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 other's 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 Limited
Citibank, N.A.
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
Email: info@hinopak.com

SHARE REGISTRAR

M/s. FAMCO Associates (Pvt.) Ltd,
8-F, Near Hotel Faran, Nursery, Block 6,
P.E.C.H.S., Shahr-e-Faisal, Karachi
Tel: 021-34380101-05,
Fax: 021-34380106
E-mail: 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

Islamabad

1- D, Unit 14,
Rehmat Plaza, 2nd Floor
Blue Area, Islamabad
Tel: 051-2276234
Fax: 051-2272268
Email: 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

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

Multan

Kayan Pur, Tehsil Multan,
Union Council No.73
Near Multan Bypass, Multan
Tel: 061-4263205-7
Fax: 061-4263208

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 their 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.

AKIRA UCHIDA Director & Executive Vice President

Mr. Akira Uchida was appointed as the Director and Executive Vice President of the Company in April 2021. He has overall 25 years of experience, including 20 years in various leadership roles with Toyota Group Companies operating in the Asian and European markets.

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.

KOJI NAGATA Non-Executive Director

Mr. Koji Nagata was appointed in February 2021 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.

AKIO ISHIKAWA Non-Executive Director

Mr. Akio Ishikawa was appointed in February 2021 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 1988.

NARGIS GHALOO

Female Independent Non-Executive Director

Ms. Nargis Ghaloo is an Independent non-executive director and member of the Board's Audit Committee of the Company. She is also serving in the same capacity with JS bank Limited in addition to Risk Management Committee of the Bank.

Ms. Ghaloo is a retired senior civil servant having served the Government of Pakistan in various capacities for 36 years. She retired as the Managing Director Public Procurement Regulatory Authority, Government of Pakistan. Ms. Ghaloo was Chairperson of State Life Insurance Corporation of Pakistan, Pakistan's largest life insurer, from 2014 to 2016. She is also the Chairperson of Alpha Insurance Company Limited.

Ms. Ghaloo joined the Civil Services of Pakistan in 1982, has many years of professional experience serving in senior management positions with provincial as well as federal government departments in diversified fields such as public sector

management, administration, financial, judicial, health, insurance and planning.

Ms. Ghaloo did her Masters in English from University of Sindh in 1981 and is a Certified Director from The Pakistan Institute of Corporate Governance (PICG) and holds Certificate of Corporate Governance from INSEAD and also holds a Certificate in Company Direction from Institute of Directors, UK.

SYED JUNAID ALI

Company Secretary

Mr. Junaid Ali is a fellow member of 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.

BOARD COMMITTEES

AUDIT COMMITTEE	TERMS OF REFERENCE
<ul style="list-style-type: none"> - Mushtaq Malik – Chairman (Independent Director) - Nargis Ali Akbar Ghaloo (Independent Director) - Koji Nagata (Non - Executive Director) - Akio Ishikawa (Non - Executive Director) - Nasir Manzoor (Secretary) 	<ul style="list-style-type: none"> • 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	TERMS OF REFERENCE
<ul style="list-style-type: none"> - Mushtaq Malik – Chairman (Independent Director) - Yoshihiko Nanami - Akira Uchida - Koji Nagata (Non - Executive Director) - Akio Ishikawa (Non - Executive Director) - Fahim Aijaz Sabzwari (Secretary) 	<ul style="list-style-type: none"> • 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 of 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 of the board the performance evaluation of the board as whole.

FUNCTIONAL COMMITTEES

MANAGEMENT COMMITTEE	TERMS OF REFERENCE
<ul style="list-style-type: none"> - Yoshihiko Nanami – (Chairman) - Akira Uchida - Masahiko Kondo - Fahim Aijaz Sabzwari - Naushad Riaz - Adil Mohiuddin Shah - Mehmood Ahmed Khan - Yu Arisaka 	<ul style="list-style-type: none"> • 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, cost saving plans and deviations from business plan; and • Handling the major business issues and other urgent matters on behalf of the Board.

WHISTLE BLOWING COMMITTEE	TERMS OF REFERENCE
<ul style="list-style-type: none"> - Yoshihiko Nanami – (Chairman) - Akira Uchida - Fahim Aijaz Sabzwari - Abdul Basit - Ahsan Waseem Akhtar (Secretary) 	<ul style="list-style-type: none"> • 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 at the 36th Annual General Meeting of the Company and hereby share with you the performance for the year ended March 31, 2021. Subject to the SECP directives and ongoing fight to stop the spread of corona virus, the Company once again provided a video link facility to its members for attending the meeting in their best interest.

Pakistan's economy has been growing slowly over the past two decades, mainly due to inconsistent macroeconomic policies and an under-reliance on investment and exports to drive economic growth.

The emergence of the pandemic COVID-19 and the containment measures adopted in response, led to a severe contraction in economic activity; be that as it may, **but there is always a light at the end of the tunnel.**

To support the stumbling economy, the country lately entered a 39 months **IMF-Extended Fund Facility**; thereby broadly complying with the IMF requirements and at the same time responding to mitigate the COVID havoc, the Government and SBP coherently calibrated their policies such as increase in public debt, targeted fiscal support towards the most vulnerable through the **EHSAAS program**, interest rate cuts, and temporary refinance facilities to prevent layoffs (**Rozgar scheme**) supported the economy and help the industry to reduce its losses and regain some momentum.

Growth slowed to **(0.4%)** in FY 2020 (July–June), is **expected to recover to 4.0%** in FY 2021. The external position improved, and inflation continued to decelerate through early 2021 but still **at 8.3%** on average.

However, on the front of indirect taxes, particularly in relation to automobile industry an additional custom duty of 7% is levied in the current year which significantly increased the cost of production and added to the pains of the industry by large.

Despite the challenges on the economic front, the Board steered the Company in the best interest of shareholders and has taken some bold initiatives including and not limited to the **Issuance of Right Shares**. Here is how your Company performed in the year ended 2021 as compared to the previous year:

- Gross loss of 1.3% of last year is converted into Gross profit of 7.5% in the current year.
- Total comprehensive loss reduced by 85%.
- Loss per share is reduced by 88%.

HINOPAK BUSINESS

Market Share and Sales

The commercial vehicle industry of Pakistan evidenced yet another year of downsizing and the total market size decreased by 29% approximately. The Company's market share stands at 21.7% as compared to 33.2% of last year.

Throughout the year, the management remains focused on capitalizing only on profitable deals rather than chasing a sizeable market share. Accordingly, despite the contraction in market share, the Company managed to make a gross profit as compared to a gross loss of previous year.

Gross (Loss) / Profit

Gross loss from past year of Rs. 170 million is replaced by a gross profit of Rs. 687 million reflecting a 180 degrees shift in positive direction which in terms of percentage is 503%. Customers trust and management

efforts to capitalize on the profitable deals in this challenging environment are the reasons behind it and are highly commendable.

Distribution and Administrative Expenses

Cost control initiatives have a long run and are effectively deployed this year as well. Stringent measures in the areas of distribution and administrative expenses led to further reduction of expenses to Rs. 666 million as compared to Rs. 707 million in previous year.

Interest Cost

As at March 31, the short term borrowings has been completely wiped out from the statement of financial position as compared to the level of Rs. 4.12 billion of last year. As a result, the interest cost reduced to Rs. 252 million in contrast of Rs. 836 million of last year. This has been made possible by the effective financial management strategy of the Company deployed through raising funds by the Issuance of Right Shares and effective measures for liquidating piled up inventories.

Loss after tax

The Company reduced its loss after tax by 86% and is stood at Rs. 288 million as compared to previous year after tax loss of Rs. 2.05 billion. Loss per share stood at Rs. 13.37 as compared to Rs. 110.33 (restated) of last year.

Capital Expenditure

The management remains stringent in allowing Capital expenditure and only those expenditures are allowed that are imperative for the smooth conduct of the business. Financial outflow in terms of fixed capital expenditures is reduced by 68% in contrast to last year as evident from the cash flow statement.

Dividend

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

Contribution To National Exchequer

The Company paid Rs. 1.18 billion approximately in taxes, duties, levies and cess to the Government.

Issuance of Right Shares

In the crunch of pressure-packed economic environment of last year, the management effectively worked out its financial management strategy and issued 100% Right Shares at a price of Rs. 233.50 per share. The decisions' effectiveness is evident and reflected in the current year's financial results in such a way as of today the balance sheet date the Company has no short term borrowings but an improved working and a healthy one.

CORPORATE GOVERNANCE**Board Performance & Role in achieving Company's Objectives**

In pursuant to the requirements of Listed Companies (Code of Corporate Governance) Regulations, 2019, a formal & effective mechanism is in place for an annual evaluation of performance of the Board, Members of Board & its Sub-Committees. The mechanism has been duly established, approved and successfully implemented by the Board.

The Board comprise of adequate number of Executive, Independent and Non-Executive Directors with highly qualified members from diversified backgrounds. The Board played an indispensable role in achieving the Company's objectives by providing oversight, guidance, strategic direction & underlying purpose of actions taken by Management and monitoring of the Company's Performance towards achievement of its objectives.

On the basis of each Individual Director's feedback and thereby consolidated evaluated results, average rating

of the Board, Individual Directors & Committees performance has been found satisfactory & effective.

FUTURE OUTLOOK

Notwithstanding the severity of the Covid-19 crisis, the economy has shown great resilience. Following a contraction in economic activity in FY 2020, largely reflecting the pandemic's impact on the manufacturing and services sectors, signs of recovery started to emerge. One particularly important aspect in relation to our industry is that the current Auto Development Policy (ADP 2016-21) is about to end in June this year, the government is on the verge of preparing a new auto policy. We are hopeful that the new auto policy will be more balanced and will aim at encouraging the automotive sector in the country to be competitive and successful.

With the Covid-19 third wave still unfolding around the world and in Pakistan, the overall economic outlook is subject to a high level of uncertainty. Alongside the new auto policy, fluctuation in exchange rates and the overall macro-economic indicators will play a pivotal role in the future performance of the Company.

Considering the challenges to overcome – it is not an easy ride to success, but the management is committed and has strong faith to cultivate a brighter future for all the stakeholders.

VOTE OF THANKS

Lastly, on behalf of the Board of Directors, I would like to thank all the shareholders for their continued trust and confidence in the Company despite the difficult times.



Muhammad Aslam Sanjrani

Chairman

Date: June 17, 2021

DIRECTORS' REPORT

The Directors of the Company take pleasure in presenting this report, together with the Audited Financial Statements of the Company for the year ended March 31, 2021.

The Board of Directors of the Company as at March 31, 2021 consists of:

Total number of Directors:

a) Male	06
b) Female	01

Composition:

a) Independent Directors	
– Male	01
– Female	01
b) Non-Executive Directors	03
c) Executive Directors	02

Changes in Board

Casual Vacancies:

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

Outgoing Directors	New Directors	Appointment Date of New Directors
a) Mr. Hitoshi Otomo	Mr. Koji Nagata	February 17, 2021
b) Mr. Shuichi Kaneko	Mr. Akio Ishikawa	February 17, 2021

On 1st April 2021, Mr. Akira Uchida was appointed as Director in place of Mr. Shigeru Tsuchiya.

Board Meetings

During the year five (5) 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	5
Mr. Yoshihiko Nanami	5
Mr. Shigeru Tsuchiya	5
Mr. Shuichi Kaneko*	5
Ms. Nargis Ali Akbar Ghaloo	5
Mr. Mushtaq Malik	4
Mr. Hitoshi Otomo*	4
Mr. Koji Nagata**	0
Mr. Akio Ishikawa**	0
Mr. Akira Uchida***	0

Leave of absence was granted to the members who did not attend the Board meetings.

* Resigned during the year and the casual vacancies were filled as mentioned above.

** Directors were appointed on the Board on February 17, 2021, since then no meeting of the Board was held till year end.

***Appointed as director in place of Mr. Shigeru Tsuchiya on April 01, 2021.

Committees of the Board

The Board has formed two sub committees namely Audit Committee and Human Resource and Remuneration Committee. The Board has formed committees comprising of members given below: -

a) Audit Committee

- Mushtaq Malik - Chairman
- Nargis Ali Akbar Ghaloo
- Koji Nagata
- Akio Ishikawa

b) HR and Remuneration Committee

- Mushtaq Malik - Chairman
- Yoshihiko Nanami
- Akira Uchida
- Koji Nagata
- Akio Ishikawa

During the year four (4) 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	3
Ms. Nargis Ali Akbar Ghaloo	4
Mr. Shuichi Kaneko	4
Mr. Hitoshi Otomo	3
Mr. Akio Ishikawa*	0
Mr. Koji Nagata*	0

Leave of absence was granted to the members who did not attend the Audit Committee meetings.

*Directors were appointed in the Audit Committee on February 17, 2021, since then no meeting of the Audit Committee was held till year end.

Principal Activities of the Company and General Overview

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 year 2020-2021 was a very challenging due to global outbreak of Corona Virus. The impact of Covid-19, pandemic fear, market downturns and restrictions on business and individual activities, have created significant volatility in the global economy and led to reduced economic activity. The force-shutdown of the businesses resulted in global recession. However, to overcome this crisis, the Government and State Bank of Pakistan played a key role in mitigating the economic impact of the pandemic by bringing relief measures and policies to support the local industries.

During the year, there have been no change concerning the nature of business.

Appropriation of Loss

Following are the details of appropriations:

	Year ended March 31, 2021	Year ended March 31, 2020
	Rupees in '000	
Loss before income tax	(164,530)	(1,843,998)
Income tax expense	(123,764)	(210,978)
Loss after income tax	(288,294)	(2,054,976)
Transferred from surplus on revaluation of fixed assets on account of Incremental depreciation and disposal of fixed assets	55,133	47,981
Other comprehensive loss for the year	(9,093)	(9,526)
Issuance cost against right issue	(11,847)	-
Unappropriated (loss) / profit brought forward	(681,159)	1,335,362
Unappropriated (loss) carried forward	(935,260)	(681,159)
		(Restated)
Loss per share	Rs. (13.37)	Rs. (110.33)

Development & Performance of the Company's Business, Reasons for the Loss and Future Prospects of Profit

Despite the tough year, the Company was able to reduce its loss by 86% (from 2.05 billion to 0.288 billion). This was mainly due to strategic decisions taken by the management including the issue of right shares amounting to Rs. 2.9 billion which got overwhelming response from the shareholders. This enabled the Company to repay its outstanding borrowings, thus improving the liquidity position and saving financial costs. During the year, the sales volume of the Company declined by 54% from 1639 units to 758 units. This declining sales is attributed to weakening purchasing power of the customers in the period of pandemic, persistent economic slowdown and depressed Commercial Vehicle industry.

With the prudent monetary policy and targeted fiscal support, Pakistan economy is regaining momentum. The increase in growth rate from negative 0.4% in 2019-20 to 4.0% this fiscal year and the hold of policy rate at 7% down from 13.25% by SBP will support the economic recovery. This will enable the Company to maintain sound platform to strengthen growth and foresee better results in the long run amid intense competition in the industry.

Principal Risks and Uncertainties

While the economy is on a way to recovery, the global prospect still remains highly uncertain. Optimistic growth prospect are linked to the pace of vaccine roll-out, the extent of government policy support including but not limited to ease of lock down. Due to sudden and uncoordinated lockdown around the world, there was a significant delay in the shipment of goods disrupting the whole supply chain. Though the Company was able to fulfil its orders on time, the risk of disturbance in supply chain need to be catered for in these times of unpredictability. In addition to this, the Company is also exposed to exchange rate parity between USD/PKR and USD/JPY as majority of the cost of sales comprises of imports.

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, 2022 on such terms and conditions and remuneration as to be decided.

Pattern of Shareholding

The pattern of shareholding as at March 31, 2021 and additional information thereabout required under Listed Companies (Code of Corporate Governance) Regulations, 2019 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 59.67% 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.

Dividend

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

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 except as disclosed 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 regulations of Rule Book of Pakistan Stock Exchange;
- The highlights of operating and financial data for the last six years are given on page 17 and
- The value of investments of the Company's Provident, Gratuity and Pension Funds as on March 31, 2021 were as follows:

	Rupees in '000
Hinopak Motors Limited Employees' Provident Fund	279,051
Hinopak Motors Limited Employees' Gratuity Fund	301,173
Hinopak Motors Limited Employees' Pension Fund	499,897

Trading of Shares of the Company

During the year ended March 31, 2021, 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)	Right Issue	5
Nargis Ali Akbar Ghaloo (Independent Director)	Right Issue	5
Naushad Riaz (Executive)	Right Issue	100
Muzaffar Anjum (Executive)	Right Issue	120

The threshold set by the Fourth schedule of the Companies Act, 2017, 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 / Impact on environment

Over the years our Company has contributed significantly towards the welfare of the society through various social activities. Under the CSR policy, the Company mainly emphasis on healthcare, workplace, environment and society. This year, the CSR activities got hampered due to lockdown restriction.

Workplace safety has always been a priority of the Company and Company have a firm policy on health and safety. Appropriate measures were taken and strict compliance was ensured throughout the pandemic. Measures such as face mask, social distancing, sanitizer gates, thermal check and work from home facility helped the Company in ensuring the safety of employees and business continuity. The Company have also advised the employees to get vaccinated against Covid-19 for a safer community.

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).

The remuneration of the President / Chief Executive Officer during the year amounts to Rs. 3 million (2020: Rs. 3.14 million).

The remuneration of Chairman for attending Board meetings during the year amounts to Rs. 0.6 million (2020: Rs. 0.33 million) and consultancy fee paid to the Chairman amounts to Rs. 3.79 million (2020: Rs. 3.6 million).

Further details of the remuneration of directors including Chief Executive Officer is detailed in the note no. 31 in annexed financial statements' notes.

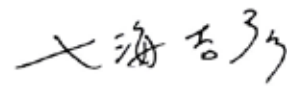
Chairman's Review

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

By order of the Board



Director



Chief Executive Officer

Dated: June 17, 2021

FINANCIAL HIGHLIGHTS

	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Profit or loss & Other Comprehensive Income (Rs. in Million)						
Revenue from contracts with customers	18,086.85	22,477.50	26,615.07	19,130.84	13,191.06	9,132.18
Gross profit / (loss)	2,762.08	2,466.10	3,034.44	1,113.31	(170.41)	687.37
Operating profit / (loss)	2,031.75	1,776.93	2,348.55	501.62	(809.22)	70.60
Profit / (Loss) before income tax	1,727.04	1,696.71	1,669.55	(520.18)	(1,844.00)	(164.53)
Income tax expense	613.67	576.81	520.17	353.12	210.98	123.76
Profit / (Loss) after income tax	1,113.38	1,119.90	1,149.38	(873.30)	(2,054.98)	(288.29)
Other comprehensive (loss) / income	(20.51)	(19.07)	(16.61)	(4.86)	207.70	13.13
Transfer from surplus on revaluation of fixed assets	31.10	32.25	42.00	47.24	47.98	55.13
Dividend	804.92	1,113.32	839.89	862.09	-	-
Unappropriated profit / (loss) carried forward	2,673.73	2,693.49	3,028.37	1,335.36	(879.33)	(935.26)
Financial Position (Rs. in Million)						
Fixed assets	2,207.72	2,841.70	3,109.37	3,135.51	3,641.95	3,565.54
Other long term assets	20.59	32.62	29.29	49.98	44.04	68.49
Current assets	7,436.02	7,188.42	11,330.87	11,105.19	5,770.77	4,118.17
Less : current liabilities	5,134.31	5,013.91	8,885.62	10,431.95	7,444.44	3,112.45
Total	4,530.02	5,048.83	5,583.91	3,858.73	2,012.32	4,639.75
Financed By						
Issued, subscribed & paid up capital	124.01	124.01	124.01	124.01	124.01	248.01
Reserves / accumulated profit / (loss)	2,964.73	2,984.49	3,319.37	1,626.36	(390.16)	(644.26)
Surplus on revaluation of fixed assets	1,199.56	1,659.14	1,848.73	1,810.04	1,975.24	1,942.33
Long term / deferred tax liabilities	-	-	-	-	-	2,771.53
Total	241.72	281.19	291.81	298.32	303.23	322.15
	4,530.02	5,048.83	5,583.91	3,858.73	2,012.32	4,639.76
Cash Flow (Rs. in Million)						
Cash flows from / (used in) operating activities						
Cash flows used in investing activities	2,144.21	586.94	2,866.99	(10,259.46)	3,229.20	1,643.77
Cash flows (used in) / from financing activities	(343.55)	(269.49)	(239.60)	(258.04)	(489.22)	(148.85)
	(801.95)	(1,110.09)	(660.58)	(1,037.77)	(0.22)	2,878.09
Turnover (Rs. in Million)						
Hino chassis						
Bus & other bodies	16,179.82	20,382.37	23,831.54	15,185.18	10,154.14	5,743.17
Spare parts	960.56	933.31	682.27	981.69	502.52	492.47
Others	353.90	463.22	783.22	1,360.75	1,374.70	1,051.73
Total	592.57	698.60	1,318.04	1,603.22	1,159.70	1,844.80
	18,086.85	22,477.50	26,615.07	19,130.84	13,191.06	9,132.18
Production (Units)						
Hino chassis	2999	3750	4198	2880	1592	700
Bus & other bodies	470	474	498	802	342	285
Hilux frame	5304	6656	10229	10310	5978	9108

FINANCIAL HIGHLIGHTS

	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Sales (Units)						
Hino chassis	2962	3817	4310	2850	1639	758
Bus & other bodies	461	501	478	822	345	271
Hilux frame	5360	6451	10328	10377	5897	9036
No. of Employees	318	341	354	376	372	372
Investor Information						
Financial Ratios						
Gross profit / (loss) ratio	15.27%	10.97%	11.40%	5.82%	(1.29%)	7.53%
Net profit / (loss) margin	6.16%	4.98%	4.32%	(4.56%)	(15.58%)	(3.16%)
Return on assets (after tax)	11.52%	11.13%	7.94%	(6.11%)	(21.73%)	(3.72%)
Return on equity (after tax)	25.96%	23.49%	21.72%	(24.53%)	(120.24%)	(6.68%)
Debt equity ratio*	0.06	0.06	0.06	0.08	0.18	0.07
Current ratio	1.45	1.43	1.28	1.06	0.78	1.32
Quick ratio	0.91	0.78	0.72	0.29	0.26	0.65
Interest cover ratio	-	-	-	(1.77)	(1.21)	0.35
Dividend payout ratio**	100.00%	75.00%	75.01%	0.00%	0.00%	0.00%
Dividend yield ratio**	9.16%	4.23%	5.99%	0.00%	0.00%	0.00%
Dividend cover ratio**	100.00%	133.34%	133.32%	0.00%	0.00%	0.00%
Other Ratios						
Price earning ratio	10.92	17.72	12.52	(5.61)	(2.76)	(29.51)
Earning / (loss) before interest, taxes, depreciation and amortization (EBITDA)	2,183.74	1,962.63	2,569.97	739.05	(578.42)	335.61
EBITDA margin to sales	12.07%	8.73%	9.66%	3.86%	(4.38%)	3.68%
Total assets turnover ratio	1.87	2.23	1.84	1.34	1.39	1.18
Fixed assets turnover ratio	8.19	7.91	8.56	6.10	3.62	2.56
Return on capital employed	24.58%	22.18%	20.58%	(22.63%)	(102.12%)	(6.21%)
Inventory turnover ratio	6.69	6.64	5.77	2.79	2.26	2.85
Number of days inventory	55	55	63	131	162	128
Debtors turnover ratio	20.20	59.66	55.19	22.85	19.85	19.34
Number of days debtors	18	6	7	16	18	19
Creditors turnover ratio	3.34	3.94	3.39	2.90	3.95	2.67
Number of days creditors	109	93	108	126	93	137
Operating cycle (days)	(36)	(31)	(38)	21	87	10
Per Share Amounts (in Rupees)						
Cash dividend**	89.78	67.73	69.52	-	-	-
Breakup value with surplus on revaluation of fixed assets	345.81	384.47	426.76	287.12	137.82	174.09
Breakup value without surplus on revaluation of fixed assets	249.08	250.67	277.68	141.15	(21.46)	95.77
Earning / (Loss) per share (restated)	89.78	90.31	92.69	(70.42)	(110.33)	(13.37)
Share Price (High)	1,265.31	1,852.30	1,708.13	1,221.81	511.33	404.00
Share Price (Low)	836.59	880.21	970.00	394.20	245.50	391.00
Share Price (Closing)	980.00	1,600.00	1,160.31	395.10	305.00	394.50
One US\$ = Rupee as at period end	104.80	104.70	115.40	140.70	166.75	153.60
One JPY = Rupee as at period end	0.9331	0.9421	1.0851	1.2702	1.5376	1.3854

* Debt Equity Ratio takes into consideration non current liabilities

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

VERTICAL ANALYSIS

	2020-21		2019-20		2018-19	
	(Rs. in million)	%	(Rs. in million)	%	(Rs. in million)	%
Operating Results						
Revenue from contracts with customers	9,132.18	100.00	13,191.06	100.00	19,130.84	100.00
Cost of sales	(8,444.81)	(92.47)	(13,361.47)	(101.29)	(18,017.53)	(94.18)
Gross profit / (loss)	687.37	7.53	(170.41)	(1.29)	1,113.31	5.82
Distribution cost	(310.10)	(3.40)	(351.11)	(2.66)	(359.60)	(1.88)
Administration expenses	(356.30)	(3.90)	(355.67)	(2.70)	(378.83)	(1.98)
Other income	61.14	0.67	82.89	0.63	147.64	0.77
Other expenses	(11.51)	(0.13)	(14.92)	(0.11)	(20.90)	(0.11)
Profit / (Loss) from operations	70.60	0.77	(809.22)	(6.13)	501.62	2.62
Finance cost	(235.13)	(2.57)	(1,034.78)	(7.84)	(1,021.80)	(5.34)
Loss before income tax	(164.53)	(1.80)	(1,844.00)	(13.98)	(520.18)	(2.72)
Income tax expense	(123.76)	(1.36)	(210.98)	(1.60)	(353.12)	(1.85)
Loss after income tax	(288.29)	(3.16)	(2,054.98)	(15.58)	(873.30)	(4.57)
Financial Position						
Property, plant and equipment	3,546.02	45.74	3,638.79	38.48	3,127.74	21.89
Other non current assets	36.08	0.47	3.16	0.03	7.77	0.05
Long-term deposits	7.36	0.10	7.23	0.08	8.11	0.06
Long-term loans and advances	27.38	0.35	25.06	0.26	24.68	0.17
Employee benefit prepayment	17.19	0.22	11.75	0.12	17.19	0.12
Current assets	4,118.17	53.12	5,770.77	61.03	11,105.19	77.71
Total assets	7,752.20	100.00	9,456.76	100.00	14,290.68	100.00
Shareholders' equity	4,317.61	55.69	1,709.09	18.07	3,560.41	24.91
Deferred taxation	117.64	1.52	135.21	1.43	116.93	0.82
Other non-current liabilities	204.50	2.64	168.02	1.78	181.39	1.27
Short term debt	-	-	4,115.24	43.52	6,766.07	47.35
Other current liabilities	3,112.45	40.15	3,329.20	35.20	3,665.88	25.65
Total equity and liabilities	7,752.20	100.00	9,456.76	100.00	14,290.68	100.00
Cash Flows						
Cash flows from / (used in) operating activities	1,643.77	37.59	3,229.20	117.86	(10,259.46)	88.79
Cash flows used in investing activities	(148.85)	(3.40)	(489.22)	(17.85)	(258.04)	2.23
Cash flows from / (used in) financing activities	2,878.09	65.81	(0.22)	(0.01)	(1,037.77)	8.98
Net increase / (decrease) in cash and cash equivalents	4,373.01	100.00	2,739.76	100.00	(11,555.27)	100.00

HORIZONTAL ANALYSIS

	2020-21		2019-20		2018-19	
	(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) %
Operating Results						
Revenue from contracts with customers	9,132.18	(30.77)	13,191.06	(31.05)	19,130.84	(28.12)
Cost of sales	(8,444.81)	(36.80)	(13,361.47)	(25.84)	(18,017.53)	(23.59)
Gross profit / (loss)	687.37	(503.36)	(170.41)	(115.31)	1,113.31	(63.31)
Distribution cost	(310.10)	(11.68)	(351.11)	(2.36)	(359.60)	(17.79)
Administration expenses	(356.30)	0.18	(355.67)	(6.11)	(378.83)	(9.93)
Other income	61.14	(26.24)	82.89	(43.86)	147.64	(50.92)
Other expenses	(11.51)	(22.86)	(14.92)	(28.61)	(20.90)	(83.75)
Profit / (Loss) from operations	70.60	(108.72)	(809.22)	(261.32)	501.62	(78.64)
Finance cost	(235.13)	(77.28)	(1,034.78)	1.27	(1,021.80)	50.49
Loss before income tax	(164.53)	(91.08)	(1,844.00)	254.49	(520.18)	(131.16)
Income tax expense	(123.76)	(41.34)	(210.98)	(40.25)	(353.12)	(32.11)
Loss after income tax	(288.29)	(85.97)	(2,054.98)	135.31	(873.30)	(175.98)
Financial Position						
Property, plant and equipment	3,546.02	(2.55)	3,638.79	16.34	3,127.74	1.02
Other non current assets	36.08	1,041.77	3.16	(59.33)	7.77	(41.73)
Long-term deposits	7.36	1.80	7.23	(10.85)	8.11	4.38
Long-term loans and advances	27.38	9.26	25.06	1.54	24.68	15.05
Employee benefit prepayment	17.19	46.29	11.75	(31.65)	17.19	0.00
Current assets	4,118.17	(28.64)	5,770.77	(48.04)	11,105.19	(1.99)
Total assets	7,752.20	(18.02)	9,456.76	(33.83)	14,290.68	(1.24)
Shareholders' equity	4,317.61	152.63	1,709.09	(52.00)	3,560.41	(32.72)
Deferred taxation	117.64	(12.99)	135.21	15.63	116.93	(5.27)
Other non-current liabilities	204.50	21.71	168.02	(7.37)	181.39	7.73
Short term debt	-	(100.00)	4,115.24	(39.18)	6,766.07	0.00
Other current liabilities	3,112.45	(6.51)	3,329.20	(9.18)	3,665.88	(58.74)
Total equity and liabilities	7,752.20	(18.02)	9,456.76	(33.83)	14,290.68	(1.24)
Cash Flows						
Cash flows from / (used in) operating activities	1,643.77	(49.10)	3,229.20	131.48	(10,259.46)	(457.85)
Cash flows used in investing activities	(148.85)	69.57	(489.22)	(89.59)	(258.04)	(7.70)
Cash flows from / (used in) financing activities	2,878.09	1,308.32*	(0.22)	99.98	(1,037.77)	(57.10)
Net increase / (decrease) in cash and cash equivalents	4,373.01	59.61	2,739.76	123.71	(11,555.27)	(687.51)

* % in '000

STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

FOR THE YEAR ENDED MARCH 31, 2021

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

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

a)	Male	06
b)	Female	01

2. The composition of the Board is as follows:

Composition	Numbers	Names
a) Independent Directors*		
– Male	01	Mr. Mushtaq Malik
– Female	01	Ms. Nargis Ali Akbar Ghaloo
b) Non-Executive Directors	03	Mr. Muhammad Aslam Sanjrani Mr. Koji Nagata Mr. Akio Ishikawa
c) Executive Directors	02	Mr. Yoshihiko Nanami Mr. Akira Uchida

*For the purpose of rounding up of fraction, the company has not rounded up the fraction as the Board has determined the current composition adequate.

- The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company;
- 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;
- The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the company;
- All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board / shareholders as empowered by the relevant provisions of the Act and these Regulations;
- 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 the Board;
- The Board has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;
- Majority of the Directors have complied with the requirements of Directors' Training program;

10. The Board has approved appointment of Chief Financial Officer, 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. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board;
12. The Board has formed committees comprising of members given below:-

a) Audit Committee

- Mushtaq Malik - Chairman
- Nargis Ali Akbar Ghaloo
- Koji Nagata
- Akio Ishikawa

b) HR and Remuneration Committee

- Mushtaq Malik - Chairman
- Yoshihiko Nanami
- Akira Uchida
- Koji Nagata
- Akio Ishikawa

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 committees were as per following: -

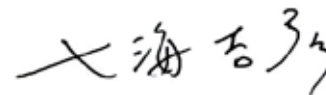
Audit Committee	Four quarterly meetings during the financial year ended March 31, 2021
HR and Remuneration Committee	One meeting during the financial year ended March 31, 2021

15. The Board has set up an effective internal audit function who is considered suitably qualified and experienced for the purpose and is 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 Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or Director of the company;
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 requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with;
19. Explanation for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 are below (if applicable):

S. No.	Non-Mandatory Requirement	Explanation	Reg. No.
1	Requirement to attain certification: At least 75% of the Directors have obtained DTP certification by June 30, 2021.	Currently, 4 out of 7 directors have obtained DTP certification. The Company will arrange training for the remaining directors to comply with the requirement.	19
2	Nomination Committee: The Board may constitute a separate committee, designated as the nomination committee, of such number and class of directors, as it may deem appropriate in its circumstances.	The responsibilities as prescribed for the nomination committee are being performed by the HR and Remuneration Committee	29(1)
3	Risk Management Committee: The Board may constitute the risk management committee, of such number and class of directors, as it may deem appropriate in its circumstances, to carry out a review of effectiveness of risk management procedures and present a report to the Board.	The Board has not constituted a separate risk management committee however the risk is managed at respective department level which is also supervised by the departmental head.	30(1)



Muhammad Aslam Sanjrani
Chairman



Yoshihiko Nanami
Chief Executive Officer

June 17, 2021



**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF HINOPAK MOTORS LIMITED**

**Review Report on the Statement of Compliance contained in Listed Companies
(Code of Corporate Governance) Regulations, 2019**

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Hinopak Motors Limited (the Company) for the year ended March 31, 2021 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. 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 Regulations.

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 Regulations require 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. 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.

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 requirements contained in the Regulations as applicable to the Company for the year ended March 31, 2021.

**Chartered Accountants
Karachi**

Dated: June 25, 2021

*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, 2021, 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, 2021 and of the loss and other comprehensive income, 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
State Life Building No. 1-C, I.I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan
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■ KARACHI ■ LAHORE ■ ISLAMABAD

Following is the key audit matter:

(i)	<p>Revenue from contracts with customers</p> <p><i>(Refer notes 2.18 and 23 to the annexed financial statements)</i></p> <p>Revenue is recognized when control of the underlying products has been transferred to the customers. The Company primarily generates revenue from sale of vehicles. CKDs are imported and assembled into vehicles with the majority of local components that are sold in the domestic market.</p> <p>We have considered revenue recognition as a key audit matter due to revenue being one of the key performance indicators of the Company, inherent risk of material misstatement and significant decrease in revenue from last year due to decline in market share and impact of COVID-19 during the year.</p>	<p>Our audit procedures amongst others included the following:</p> <ul style="list-style-type: none"> - Obtained an understanding of and tested the design and effectiveness of controls designed to ensure that revenue is recognized in the appropriate accounting period. - Evaluated the appropriateness of the Company's accounting policies for revenue recognition and compliance of those policies with applicable accounting standards. - Performed verification of revenue transactions with the underlying documentation including sales invoice, gate pass and customer acknowledgements. - Recalculated the commission and discounts as per Company's policy and performed verification over special discounts on sample basis. - Compared on sample basis, specific revenue transactions recorded before and after the reporting date with underlying documentation, including customer acknowledgements to assess whether revenue has been recorded in the appropriate period. - Checked that the presentation and disclosures related to revenue are in accordance with applicable accounting and reporting standards.
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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.

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) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

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



A. F. Ferguson & Co.
Chartered Accountants
Karachi

Date: June 25, 2021

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2021

	Note	2021	2020
		Rupees '000	
ASSETS			
Non-current assets			
Property, plant and equipment	4	3,546,025	3,638,786
Right-of-use asset	5	16,565	-
Intangibles	6	19,515	3,163
Long-term investments	7	-	-
Long-term loans and advances	8	27,382	25,063
Long-term deposits		7,358	7,227
Employee benefit prepayment	18	17,189	11,750
		<u>3,634,034</u>	<u>3,685,989</u>
Current assets			
Inventories	9	2,083,760	3,837,972
Trade receivables - net	10	575,086	369,410
Loans and advances	11	40,835	17,999
Trade deposits and prepayments	12	33,765	34,486
Refunds due from government - sales tax	13	145,025	518,540
Other receivables	14	1,615	14,694
Taxation - payments less provision		841,705	839,063
Cash and bank balances	15	396,379	138,607
		<u>4,118,170</u>	<u>5,770,771</u>
Total assets		<u><u>7,752,204</u></u>	<u><u>9,456,760</u></u>
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital	16	248,011	124,006
Capital Reserve			
Revaluation surplus on land and building		1,942,333	1,975,241
Share premium	16	2,771,525	-
Revenue Reserve			
General reserve		291,000	291,000
Accumulated loss		(935,260)	(681,159)
		<u>4,317,609</u>	<u>1,709,088</u>
LIABILITIES			
Non-current liabilities			
Deferred taxation	17	117,645	135,209
Employee benefit obligations	18	190,487	168,020
Lease liability	19	14,013	-
		<u>322,145</u>	<u>303,229</u>
Current liabilities			
Trade and other payables	20	3,095,997	3,315,900
Short-term borrowings - secured	21	-	4,115,238
Unclaimed dividend		13,235	13,305
Current portion of lease liability	19	3,218	-
		<u>3,112,450</u>	<u>7,444,443</u>
Total liabilities		<u>3,434,595</u>	<u>7,747,672</u>
Contingency and commitments			
	22		
Total equity and liabilities		<u><u>7,752,204</u></u>	<u><u>9,456,760</u></u>

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, 2021

	Note	2021	2020
		Rupees '000	
Revenue from contracts with customers	23	9,132,180	13,191,060
Cost of sales	24	(8,444,807)	(13,361,471)
Gross profit / (loss)		687,373	(170,411)
Distribution cost	24	(310,098)	(351,114)
Administrative expenses	24	(356,305)	(355,666)
Other income	25	61,137	82,889
Impairment loss on trade receivables and deposits		(11,510)	(14,917)
Profit / (loss) from operations		70,597	(809,219)
Finance cost	26	(235,127)	(1,034,779)
Loss before income tax		(164,530)	(1,843,998)
Income tax expense	27	(123,764)	(210,978)
Loss after income tax		(288,294)	(2,054,976)
Other comprehensive income for the year:			
Items that will not be reclassified subsequently to Profit or Loss			
Loss on remeasurements of post employment benefit obligations	18	(12,807)	(13,417)
Impact of deferred tax		3,714	3,891
		(9,093)	(9,526)
Gain on revaluation of land and buildings		25,274	233,933
Impact of deferred tax		(3,049)	(16,706)
		22,225	217,227
Other comprehensive income for the year		13,132	207,701
Total comprehensive loss for the year		(275,162)	(1,847,275)
			(Restated)
Loss per share - basic and diluted	28	Rs (13.37)	Rs (110.33)

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, 2021

	Share Capital	Capital Reserve		Revenue Reserve		Total
		Revaluation Surplus	Share Premium	General Reserve	Unappropriated profit / (accumulated loss)	
	← Rupees '000 →					
Balance at April 1, 2019	124,006	1,810,044	-	291,000	1,335,362	3,560,412
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation - net of deferred tax	-	(52,030)	-	-	47,981	(4,049)
Total comprehensive loss for the year ended March 31, 2020						
- Loss for the year ended March 31, 2020	-	-	-	-	(2,054,976)	(2,054,976)
- Other comprehensive income for the year ended March 31, 2020	-	217,227	-	-	(9,526)	207,701
	-	217,227	-	-	(2,064,502)	(1,847,275)
Balance at March 31, 2020	124,006	1,975,241	-	291,000	(681,159)	1,709,088
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation - net of deferred tax	-	(55,133)	-	-	55,133	-
Total comprehensive loss for the year ended March 31, 2021						
- Loss for the year ended March 31, 2021	-	-	-	-	(288,294)	(288,294)
- Other comprehensive income for the year ended March 31, 2021	-	22,225	-	-	(9,093)	13,132
	-	22,225	-	-	(297,387)	(275,162)
Transaction with owners						
Issue of right shares - note 16	124,005	-	2,771,525	-	-	2,895,530
Issuance cost against rights issue	-	-	-	-	(11,847)	(11,847)
	124,005	-	2,771,525	-	(11,847)	2,883,683
Balance at March 31, 2021	248,011	1,942,333	2,771,525	291,000	(935,260)	4,317,609

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, 2021

	Note	2021 Rupees '000	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	29	2,192,115	4,359,440
Mark-up paid on short-term borrowings		(360,282)	(840,436)
Return on savings accounts and deposits		16,483	7,766
Income taxes paid		(143,305)	(215,765)
Employee benefits paid		(58,792)	(82,303)
(Increase) / decrease in long-term deposits		(131)	885
Increase in long-term loans and advances		(2,319)	(388)
Net cash generated from operating activities		1,643,769	3,229,199
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(167,987)	(529,575)
Purchase of intangible assets		(22,136)	-
Proceeds from sale of property, plant and equipment		41,275	40,355
Net cash utilised in investing activities		(148,848)	(489,220)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(70)	(219)
Issue of right shares - net of issuance cost - note 16		2,883,683	-
Lease rentals paid		(5,524)	-
Net cash generated from / (utilised in) financing activities		2,878,089	(219)
Net increase in cash and cash equivalents		4,373,010	2,739,760
Cash and cash equivalents at beginning of the year		(3,976,631)	(6,716,391)
Cash and cash equivalents at end of the year	30	396,379	(3,976,631)

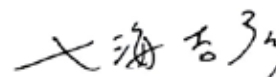
The annexed notes 1 to 39 form an integral part of these financial statements.



Chief Financial Officer



Director



Chief Executive Officer

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

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.

During the year, the Company has incurred loss before income tax amounting to Rs. 164.53 million (2020: Rs. 1,844 million). As at March 31, 2021, the Company has accumulated loss of Rs. 935.26 million (2020: Rs. 681.16 million). Further, the operations of the Company have been impacted by the Covid-19, reduced demand of products and loss in market share. However, the management has made plans in agreement for increase in sales by developing new models/ variants of the existing products and expects to have improved results in the ensuing year. Further, the Company has issued right shares amounting to Rs. 2.896 billion during the year to improve its current liquidity and paid off short-term loans.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

2.1.1 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 Standards, 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 3.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

2.1.2 Changes in accounting standards and interpretations

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

There are certain amendments and interpretations to the accounting and reporting standards which are mandatory for accounting periods beginning on or after April 01, 2020. However, these do not have any significant impact on the Company's financial statements.

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

The certain amendments and interpretations that are mandatory for accounting periods beginning on or after April 01, 2020 are considered not to be relevant for the Company's financial statements and hence have not been detailed here.

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

The new standard, certain amendments and interpretations that are mandatory for accounting periods beginning on or after April 01, 2021 are considered not to be relevant for the Company's financial statements and hence have not been detailed here.

2.2 Overall valuation policy

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

2.3 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

2.4 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.

2.5 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.

2.6 Financial Instruments - Initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Financial assets are classified at initial recognition and subsequently measured at amortised cost, fair value through other comprehensive income (FVTOCI) or fair value through profit or loss (FVTPL). The measurement basis is determined by reference to both the business model for managing the financial asset and the contractual cash flow characteristics of the financial asset.

- a) Amortised cost - A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as a FVTPL;
 - it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
 - the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding;
- b) Fair value through other comprehensive income (FVTOCI) - A financial asset is measured at FVTOCI if it meets both of the following conditions and is not designated as a FVTPL;
 - the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
 - the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- c) Fair value through profit or loss (FVTPL) - Financial assets, that are not measured at amortised cost or at fair value through other comprehensive income on initial recognition, are classified as FVTPL.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

All financial assets are recognised at the time when the Company becomes a party to the contractual provisions of the instrument.

Financial assets at amortised cost are initially recognised at fair value and are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses, if any. Interest income and impairment losses are recognised in profit or loss.

Financial assets carried at FVTOCI are initially and subsequently measured at fair value, with gains and losses arising from changes in fair value recognised in other comprehensive income / (loss).

Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statement of profit or loss and other comprehensive income. Realised and unrealised gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statement of profit or loss and other comprehensive income in the period in which they arise.

Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership. On derecognition of a financial asset, in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in statement of profit or loss and other comprehensive income.

Impairment of financial assets

The Company recognises lifetime expected credit losses for trade receivables that do not constitute a financing transaction. Expected credit losses (ECLs) are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between cash flows due to the entity in accordance with the contract and cash flows that the Company expects to receive). Life time ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. For all other financial assets, expected credit losses are measured at an amount equal to 12 months' ECLs i.e. ECLs that result from default event that are possible within 12 months after the reporting date.

Financial liabilities

All financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are recognised initially at fair value less any directly attributable transaction cost. Subsequent to initial recognition, these are measured at amortised cost using the effective interest rate method. A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognised in the statement of profit or loss and other comprehensive income.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Offsetting

A financial asset and a financial liability is offset and the net amount is reported in the statement of financial position if the Company has a legally enforceable right to set-off the recognised amounts and intends either, to settle on a net basis or, to realise the asset and settle the liability simultaneously.

Transaction costs

When a financial asset or financial liability is not measured at FVTPL, transaction costs that are directly attributable to the acquisition or issue are added to or deducted from the initial fair value. For financial assets, such costs are added to the amount originally recognised. For financial liabilities, such costs are deducted from the amount originally recognised. This applies to all financial instruments not carried at FVTPL, including instruments carried at FVTOCI. For debt instruments, the transaction costs are recognised as part of interest income using the effective interest method.

For financial instruments that are measured at FVTPL, transaction costs are not added to or deducted from the initial fair value, but these are immediately recognised in profit or loss on initial recognition.

Transaction costs expected to be incurred on a financial instrument's transfer or disposal are not included in the financial instrument's measurement.

2.7 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 or loss except for deferred tax arising on surplus on revaluation of fixed assets and on change in fair value of investments categorised as fair value through other comprehensive income which is charged to the surplus on revaluation and fair value reserve respectively.

2.8 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

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.

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.

2.9 Trade receivables

Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components when they are recognised at fair value. They are subsequently measured at amortised cost using the effective interest method, less loss allowance. Refer note 2.6 for a description of the Company's impairment policies.

2.10 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.

2.11 Leases

Leases are recognised as right-of-use assets with corresponding lease liabilities at the date on which leased assets are available for use by the Company except for leases of short term or low value.

At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Lease terms are negotiated on an individual basis and contain different terms and conditions.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The lease liability is initially measured at the present value of the lease payments over the period of lease term and that are not paid at the commencement date, discounted using interest rate implicit in the lease or the Company's incremental borrowing rate.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Lease payments include fixed payments less any lease incentive receivable, variable lease payment that are based on an index or a rate which are initially measured using the index or rate as at the commencement date, amounts expected to be payable by the Company under residual value guarantees, the exercise price of a purchase option if the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease if the lease term reflects the lessee exercising that option. The extension and termination options are incorporated in determination of lease term only when the Company is reasonably certain to exercise these options.

The lease liability is subsequently measured at amortised cost using the effective interest rate method. The lease liability is also remeasured to reflect any reassessment or lease modification, or to reflect revised in-substance fixed lease payment.

The lease liability is remeasured when the Company reassesses the reasonable certainty of exercising the extension or termination option upon occurrence of either a significant event or a significant change in circumstances, or when there is a change in assessment of an option to purchase underlying asset, or when there is a change in amount expected to be payable under a residual value guarantee, or when there is a change in future lease payments resulting from a change in an index or rate used to determine those payment. The corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in the statement of profit or loss and other comprehensive income if the carrying amount of right-of-use asset has been reduced to zero.

When there is a change in scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions of the lease, it is accounted for as a lease modification. The lease modification is accounted for as a separate lease if modification increases the scope of lease by adding the right to use one or more underlying assets and the consideration for lease increases by an amount that is commensurate with the stand-alone price for the increase in scope adjusted to reflect the circumstances of the particular contracts, if any. When the lease modification is not accounted for as a separate lease, the lease liability is remeasured and corresponding adjustment is made to right-of-use asset.

The right-of-use asset is initially measured at an amount equal to the initial measurement of lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of the costs to be incurred to dismantle and remove the underlying asset or to restore the underlying asset or the site on which the asset is located.

The right-of-use asset is subsequently measured at cost model. The right-of-use asset is depreciated on a straight line method over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The right-of-use asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The Company has elected to apply the practical expedient of not to recognise right-of-use assets and lease liabilities for short term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases are recognised as an expense on a straight line basis over the lease term.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

2.12 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.

2.13 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.

2.14 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

2.15 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.

2.16 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.

2.17 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.

2.18 Revenue from contracts with customers

Revenue from contracts with customers is recognised when control over the goods transfers to the customer that is when the customer has the ability to control the use of the transferred goods provided and generally derive their remaining benefits and there is no unfulfilled obligation that could affect the customer's acceptance of the product. It is measured at the transaction price which the Company expects to be entitled to and represents the amount of goods supplied, after netting of discounts, returns and value added taxes.

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.

2.19 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.

2.20 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.

2.21 Dividend distribution

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

3. 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.

3.1 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:

3.1.1 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.

3.1.2 Defined benefit plans

The Company has made certain actuarial assumptions as disclosed in note 18 to the financial statements for valuation of present value of defined benefit obligations and fair value of plan assets, based on actuarial advice.

3.1.3 Provisions

Provisions are considered, among others, for legal matters, disputed indirect taxes and warranty obligations 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.

3.1.4 Property, plant and equipment and intangibles

Estimates with respect to residual values and useful lives and pattern flow of economic benefit are based on the recommendation of technical teams of the Company, where necessary. Further, the Company reviews the internal and external indicators for possible impairment of assets on annual basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment and intangible assets with a corresponding effect in the depreciation charge, amortisation charge and impairment.

Further, land and buildings are revalued by using the methodology as mentioned in note 4.2.

3.2 No critical judgement has been used in applying the accounting policies.

	Note	2021	2020
4. PROPERTY, PLANT AND EQUIPMENT		Rupees '000	
Operating assets	4.1	3,540,983	3,579,760
Capital work-in-progress	4.7	5,042	59,026
		<u>3,546,025</u>	<u>3,638,786</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

4.1 Operating assets

	Leasehold land (Revalued - note 4.2)	Freehold land (Revalued - note 4.2)	Buildings on leasehold land (Revalued - note 4.2)	Building on freehold land (Revalued - note 4.2)	Plant and machinery	Furniture and fittings	Vehicles	Electrical installations	Office and other equipments	Total
← Rupees '000 →										
Year ended March 31, 2021										
Opening net book value (NBV)	1,667,950	108,082	780,088	282,796	340,825	8,867	262,913	51,867	76,372	3,579,760
Revaluation	10,988	3,774	6,071	4,441	-	-	-	-	-	25,274
Additions	-	-	13,014	3,896	75,154	12,555	82,239	1,750	33,363	221,971
Disposals - at NBV	-	-	-	-	(171)	-	(31,423)	-	(124)	(31,718)
Depreciation / amortisation charge for the year	(35,751)	-	(40,353)	(7,100)	(83,180)	(3,437)	(36,777)	(15,691)	(32,015)	(254,304)
Closing net book value	1,643,187	111,856	758,820	284,033	332,628	17,985	276,952	37,926	77,596	3,540,983
At March 31, 2021										
Cost or revalued amount	1,667,950	111,856	806,479	287,875	1,097,694	45,280	442,771	162,253	289,578	4,911,736
Accumulated impairment	-	-	-	-	(2,735)	-	-	-	(100)	(2,835)
Accumulated depreciation / amortisation	(24,763)	-	(47,659)	(3,842)	(762,331)	(27,295)	(165,819)	(124,327)	(211,882)	(1,367,918)
Net book value	1,643,187	111,856	758,820	284,033	332,628	17,985	276,952	37,926	77,596	3,540,983
Year ended March 31, 2020										
Opening net book value (NBV)	1,523,598	108,082	758,270	-	362,240	9,259	196,962	40,690	70,687	3,069,788
Revaluation	176,325	-	57,608	-	-	-	-	-	-	233,933
Additions	-	-	-	283,979	55,360	3,528	127,307	24,523	33,805	528,502
Disposals - at NBV	-	-	-	-	(101)	-	(26,041)	*	(128)	(26,270)
Depreciation/amortisation charge for the year	(31,973)	-	(35,790)	(1,183)	(76,674)	(3,920)	(35,315)	(13,346)	(27,992)	(226,193)
Closing net book value	1,667,950	108,082	780,088	282,796	340,825	8,867	262,913	51,867	76,372	3,579,760
At March 31, 2020										
Cost or revalued amount	1,731,225	108,082	851,073	283,979	1,024,670	32,725	417,630	160,503	256,907	4,866,794
Accumulated impairment	-	-	-	-	(2,735)	-	-	-	(100)	(2,835)
Accumulated depreciation / amortisation	(63,275)	-	(70,985)	(1,183)	(681,110)	(23,858)	(154,717)	(108,636)	(180,435)	(1,284,199)
Net book value	1,667,950	108,082	780,088	282,796	340,825	8,867	262,913	51,867	76,372	3,579,760
Useful life (years)	76 to 79	N/A	40	40	2 to 10	2 to 10	4 to 5	5	3 to 7	

* Assets disposed off having nil net book value.

4.2 Company's two plots of land located at D-2 and D-136, S.I.T.E. Karachi and one plot of land located at Muzzafargarh Road, Multan, measuring 10.61 acres, 6 acres and 1.77 acres respectively and buildings on Karachi land were revalued by an independent valuer - M/s Sadruddin Associates (Private) Limited on March 31, 2021 on the basis of present market values for similar-sized plots in the vicinity for land and depreciated values of similar type of buildings based on present cost of construction (level 2).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

The different levels have been defined in IFRS 13 for fair value hierarchy 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 lands and buildings as at March 31, 2021 would have been Rs. 112.67 million (2020: Rs. 112.86 million) and Rs. 620.37 million (2020: Rs. 339.38 million) respectively.

4.3 Forced sales value of lands and buildings on leasehold lands as estimated by valuer is Rs. 1,404.03 million (2020: Rs. 1,420.96 million) and Rs. 834.28 million (2020: Rs. 624.07 million) respectively.

4.4 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.	Chassis 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.	3S facility	1.77	20,273

4.5 The Company has capitalised borrowing costs amounting to Nil (March 31, 2020: Rs. 15.51 million) on its operating assets. Borrowing costs are capitalised at the weighted average rate of its general borrowings of Nil (March 31, 2020: 13.53% per annum).

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

4.7 Capital work-in-progress - at cost

	2021			2020		
	Building	Plant and machinery and office equipments	Total	Buildings	Plant and machinery and office equipments	Total
	Rupees '000					
Balance as at April 1	10,623	48,403	59,026	36,588	21,365	57,953
Additions during the year	-	1,567	1,567	330,028	47,299	377,327
Transfers / Reversals	(7,843)	(47,708)	(55,551)	(355,993)	(20,261)	(376,254)
Total	2,780	2,262	5,042	10,623	48,403	59,026

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

	2021	2020
	Rupees '000	
5. RIGHT-OF-USE ASSET		
Opening net book value	-	-
Addition to right-of-use asset - note 5.1	21,490	-
Depreciation for the year - note 5.2	(4,925)	-
Closing net book value	<u>16,565</u>	<u>-</u>
5.1	During the year, the Company entered into an agreement to obtain rental premises situated at C-42, Navy Housing Scheme Clifton, Block-19, Karachi on which right-of-use asset has been recorded.	
5.2	Depreciation charge on right-of-use asset has been allocated to administrative expenses.	
	2021	2020
	Rupees '000	
6. INTANGIBLES - Computer Softwares		
Opening balance		
Cost	73,766	73,766
Accumulated amortisation	(70,603)	(65,997)
Net book value	<u>3,163</u>	<u>7,769</u>
Year ended March 31		
Opening net book value	3,163	7,769
Additions	22,136	-
Amortisation	(5,784)	(4,606)
Closing net book value	<u>19,515</u>	<u>3,163</u>
Closing balance		
Cost	95,902	73,766
Accumulated amortisation	(76,387)	(70,603)
Net book value	<u>19,515</u>	<u>3,163</u>
Useful life (years)	<u>3</u>	<u>3</u>
7. LONG-TERM INVESTMENTS		
Fair value through other comprehensive income		
Arabian Sea Country Club Limited		
[500,000 (2020: 500,000) Unquoted ordinary shares of Rs.10 each, representing 6.45 percent (2020: 6.45 percent) of equity]	-	-
Automotive Testing & Training Centre (Private) Limited		
[50,000 (2020: 50,000) Unquoted ordinary shares of Rs.10 each, representing 2.77 percent (2020: 2.77 percent) of equity]	-	-
7.1	The above investments were fully impaired in prior years and no change in fair value is recognised in the current year financial statements.	

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

2021 2020
Rupees '000

8. LONG-TERM LOANS AND ADVANCES – considered good

Loans and advances to employees	47,175	41,466
Less: Recoverable within one year - note 11	(19,793)	(16,403)
	<u>27,382</u>	<u>25,063</u>

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.

8.2 Long term loans and advances include loan provided to key management personnel amounting to Rs 5.09 million (2020: Rs. 7.06 million).

2021 2020
Rupees '000

9. INVENTORIES

Stores and spares	10,151	9,325
Loose tools	3,756	3,535
	<u>13,907</u>	<u>12,860</u>
Less: Provision for obsolescence	(2,250)	(1,379)
	<u>11,657</u>	<u>11,481</u>
Raw materials and components - note 9.1 [including in transit Rs. 456.4 million (2020: Rs. 295.6 million)]	1,375,579	3,076,315
Less: Provision for obsolescence	(10,069)	(11,880)
	<u>1,365,510</u>	<u>3,064,435</u>
Work-in-process	66,769	30,413
Finished goods	509,225	590,773
Less: Provision for obsolescence	-	-
	<u>509,225</u>	<u>590,773</u>
Trading stock - Spare parts [including in transit Rs. 17.1 million (2020: Rs. 36.5 million)]	173,769	167,041
Less: Provision for obsolescence	(43,170)	(26,171)
	<u>130,599</u>	<u>140,870</u>
	<u>2,083,760</u>	<u>3,837,972</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

9.1 Raw materials include stocks held with suppliers amounting to Rs. 112.31 million (2020: Rs. 157 million).

9.2 As at March 31, 2021, raw materials and components costing Rs. 124.72 million (2020: Rs. 1,448.63 million) have been written down by Rs. 14.21 million (2020: Rs. 99.73 million) and finished products costing Rs. 30.65 million (2020: Rs. 144.17 million) by Rs. 1.26 million (2020: Rs. 24.81 million) to arrive at the net realisable value.

	2021	2020
	Rupees '000	
10. TRADE RECEIVABLES - NET		
Considered good - unsecured		
Related party - note 10.2		
Indus Motor Company Limited	130,044	107,668
Others - note 10.3	445,042	261,742
	575,086	369,410
Considered doubtful		
Others	68,235	54,742
	643,321	424,152
Less: allowance for expected credit losses - note 10.4	(68,235)	(54,742)
	575,086	369,410

10.1 As at March 31, the age analysis of trade receivables is as follows:

	2021	2020
	Rupees '000	
Not yet due	514,905	260,211
Past due		
- Up to 3 months *	14,494	45,670
- 3 to 6 months	6,769	6,504
- 6 to 12 months	223	44,519
- More than one year	106,930	67,248
	128,416	163,941
	643,321	424,152

* This includes amount of Rs. 0.087 million (2020: Rs. 38.95 million) from related party and the remaining balance from related party is not due on reporting date.

10.2 The maximum aggregate amount due from the related party at the end of any month during the year was Rs. 152.46 million (2020: Rs. 107.8 million).

10.3 These include amount receivable from government institutions amounting to Rs. 391.49 million (2020: Rs. 203.12 million).

**NOTES TO AND FORMING PART OF
THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021**

	2021	2020
	Rupees '000	
10.4		
Balance at beginning of the year	54,742	36,948
Charge during the year - net	13,493	17,794
Balance at end of the year	<u>68,235</u>	<u>54,742</u>
11. LOANS AND ADVANCES		
Current maturity of long term loans and advances to employees	19,793	16,403
Advances to:		
- employees	160	496
- suppliers	28,152	8,370
	<u>28,312</u>	<u>8,866</u>
	<u>48,105</u>	<u>25,269</u>
Provision for doubtful advances to suppliers	(7,270)	(7,270)
	<u>40,835</u>	<u>17,999</u>
11.1	The maximum aggregate amount due from the related party at the end of any month during the year was Rs. 33.63 million (2020: Rs. 9.62 million).	
	2021	2020
	Rupees '000	
12. TRADE DEPOSITS AND PREPAYMENTS		
Trade deposits	32,970	31,304
Provision for doubtful deposits - note 12.1	(8,187)	(10,170)
	<u>24,783</u>	<u>21,134</u>
Prepayments	8,982	13,352
	<u>33,765</u>	<u>34,486</u>
12.1		
Balance at beginning of the year	10,170	13,047
(Reversal) / charge during the year	(1,983)	(2,877)
Balance at end of the year	<u>8,187</u>	<u>10,170</u>

**NOTES TO AND FORMING PART OF
THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021**

	2021	2020
	Rupees '000	
13. REFUNDS DUE FROM GOVERNMENT - SALES TAX		
Sales tax refundable - note 13.1	197,944	571,459
Custom duty and excise duty refundable	2,807	2,807
	200,751	574,266
Less: Provision for doubtful refunds - note 13.1	(55,726)	(55,726)
	145,025	518,540

- 13.1** This includes sales tax refundable of Rs. 47.14 million (2020: Rs. 47.14 million), net of provisional refunds of Rs. 519.05 million (2020: 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.

14. OTHER RECEIVABLES

Other receivable includes Rs. Nil (2020: Rs. 9.01 million) from Toyota Tsusho Corporation, Japan, a related party of the Company against indenting commission. The maximum aggregate amount due from the related party at the end of any month during the year was Rs. Nil (2020: Rs. 29.98 million).

	2021	2020
	Rupees '000	
15. CASH AND BANK BALANCES		
Balances with banks:		
- on current accounts - note 15.2	17,982	20,253
- on PLS savings accounts - note 15.1 & 15.2	374,374	118,254
Cheques in hand	4,010	-
Cash in hand	13	100
	396,379	138,607

- 15.1** At March 31, 2021, the rates of mark-up on savings accounts are 5.5% per annum (2020: 10.54% to 11.25% per annum).

- 15.2** Cash and bank balances includes Rs. 9.16 million (2020: Rs. 6.32 million) in bank accounts of JS Bank Limited a related party of the Company. The maximum aggregate amount at the end of any month during the year was Rs. 9.16 million (2020: Rs. 6.32 million).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

16. SHARE CAPITAL

2021	2020		2021	2020
			Rupees '000	
Authorised share capital				
<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>
Issued, subscribed and paid-up capital				
Ordinary shares of				
Rs. 10 each				
18,600,840	6,200,280	Shares issued for consideration paid in cash	186,008	62,003
4,133,520	4,133,520	shares issued for consideration other than cash - fixed assets	41,335	41,335
2,066,760	2,066,760	shares issued as bonus shares	20,668	20,668
<u>24,801,120</u>	<u>12,400,560</u>		<u>248,011</u>	<u>124,006</u>

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

16.2 During the year, the Company made a right issue of shares which was approved by the Board of Directors in its meeting held on September 11, 2020 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 and the shares have been issued.

16.3 At March 31, 2021 Hino Motors Limited, Japan (HML) - the holding company and Toyota Tsusho Corporation, Japan (TTC) - an associated company respectively held 14,797,733 (2020: 7,357,665) and 7,398,867 (2020: 3,678,833) ordinary shares of Rs. 10 each representing 59.67 percent (2020: 59.33 percent) and 29.83 percent (2020: 29.67 percent) of total ordinary shares.

16.4 As per the shareholders agreement between HML and TTC:

- Each party has first right of refusal in case the other party intends to disinvest its shares in the Company.
- HML has right to appoint Chairman of the Board of Directors.

17. DEFERRED TAXATION

Credit balances arising in respect of:

- accelerated tax depreciation allowances	99,257	95,640
- surplus arising on revaluation of fixed assets	122,521	127,464
	<u>221,778</u>	<u>223,104</u>

Debit balances arising in respect of:

- provision for inventories obsolescence	(16,092)	(11,434)
- provision for doubtful trade receivables, deposits, advances and other receivables	(40,453)	(37,115)
- provision for retirement benefits	(33,999)	(26,494)
- provision for warranty	(13,589)	(12,852)
	<u>(104,133)</u>	<u>(87,895)</u>
	<u>117,645</u>	<u>135,209</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

17.1 Deferred tax asset has not been recognised on unused tax losses and unabsorbed tax depreciation amounting to Rs. 587.75 million (2020: Rs. 567.77 million) and Rs. 101.46 million (2020: Rs. 101.46 million) respectively, in view of lack of current and future estimated taxable profits required to recover the benefit. Deferred tax asset on unused tax losses will lapse after 6 years of loss occurred, however deferred tax asset on loss of unabsorbed depreciation will be available for indefinite period.

18. EMPLOYEE BENEFIT OBLIGATIONS - RETIREMENT BENEFITS

18.1 As stated in note 2.12, 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, 2021.

18.2 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 Board of Trustees. The Company appoints the trustees and all trustees are employees of the Company.

18.3 Details of the Funds as per the actuarial valuation are as follows:

	2021			2020		
	Funded		Unfunded	Funded		Unfunded
	Gratuity	Pension		Gratuity	Pension	
	Fund	Fund	Gratuity	Fund	Fund	Gratuity
	Rupees '000					
18.4 Movement in (asset) / liability						
Opening balance	(11,750)	17,991	150,029	11,002	(17,190)	170,386
Charge for the year	15,260	17,536	30,217	15,472	9,806	35,680
Remeasurements recognised in Other Comprehensive Income	(11,472)	28,222	(3,943)	(7,865)	30,587	(9,305)
Payments during the year	(9,227)	(42,240)	(7,325)	(30,359)	(5,212)	(46,732)
Closing balance	(17,189)	21,509	168,978	(11,750)	17,991	150,029
18.5 Balance sheet reconciliation as at March 31						
Fair value of plan assets	(301,173)	(499,897)	-	(269,454)	(428,556)	-
Present value of obligations	283,984	521,406	168,978	257,704	446,547	150,029
Recognised (asset) / liability	(17,189)	21,509	168,978	(11,750)	17,991	150,029
18.6 Remeasurement recognised in Other Comprehensive Income						
Experience losses / (gains)	(642)	10,490	(3,943)	(8,956)	20,994	(9,305)
Remeasurement losses on fair value of plan assets	(10,830)	17,732	-	1,091	9,593	-
	(11,472)	28,222	(3,943)	(7,865)	30,587	(9,305)

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

	2021			2020		
	Funded		Unfunded Gratuity	Funded		Unfunded Gratuity
	Gratuity	Pension		Gratuity	Pension	
	Fund	Fund		Fund	Fund	
	Rupees '000					
18.7 Charge for the year						
Current service cost	17,101	22,749	13,751	16,026	17,004	16,200
Interest cost	27,971	49,778	16,466	29,638	48,427	19,480
Employee contribution	-	(4,602)	-	-	(4,291)	-
Expected return on plan assets	(29,812)	(50,389)	-	(30,192)	(51,334)	-
	<u>15,260</u>	<u>17,536</u>	<u>30,217</u>	<u>15,472</u>	<u>9,806</u>	<u>35,680</u>
18.8 Movement in the present value of obligation						
Opening balance	257,704	446,547	150,029	226,370	370,850	170,386
Current service cost	17,101	22,749	13,751	16,026	17,004	16,200
Interest cost	27,971	49,778	16,466	29,638	48,427	19,480
Remeasurement	(642)	10,490	(3,943)	(8,956)	20,994	(9,305)
Benefits paid	(18,150)	(8,158)	(7,325)	(5,374)	(10,728)	(46,732)
Closing balance	<u>283,984</u>	<u>521,406</u>	<u>168,978</u>	<u>257,704</u>	<u>446,547</u>	<u>150,029</u>
18.9 Movement in fair value of plan assets						
Opening balance	269,454	428,556	-	215,368	388,040	-
Expected return on plan assets	29,812	50,389	-	30,192	51,334	-
Remeasurement	10,830	(17,732)	-	(1,091)	(9,593)	-
Employer contributions	9,227	42,439	-	30,359	5,535	-
Employee contributions	-	4,403	-	-	3,968	-
Benefits paid	(18,150)	(8,158)	-	(5,374)	(10,728)	-
Closing balance	<u>301,173</u>	<u>499,897</u>	<u>-</u>	<u>269,454</u>	<u>428,556</u>	<u>-</u>
18.10 Plan assets comprise of:						
Government bonds	202,173	281,823	-	157,770	203,987	-
Mutual funds	30,878	56,621	-	20,603	38,035	-
Bank deposits	67,178	159,730	-	84,256	173,844	-
Cash at bank	944	1,723	-	6,825	12,690	-
	<u>301,173</u>	<u>499,897</u>	<u>-</u>	<u>269,454</u>	<u>428,556</u>	<u>-</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

	2021			2020		
	Funded		Unfunded Gratuity	Funded		Unfunded Gratuity
	Gratuity Fund	Pension Fund		Gratuity Fund	Pension Fund	
18.11 Key actuarial assumptions used:						
Expected rate of return on plan assets (%)	9.75	9.75	-	11.25	11.25	-
Future salary increase (%)	8.5	8.5	8.5	10.00	10.00	10.00
Discount rate at March 31 (%)	9.75	9.75	9.75	11.25	11.25	11.25
Retirement age (years)	60	60	60	60	60	60

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

18.13 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 2021 consists of treasury bills, government bonds and term deposits. The Company believes that government securities offer the best returns over the long term with an acceptable level of risk.

18.14 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

18.15 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%	(87,902)	75,898
Future salary increases	1.00%	71,156	(64,030)

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.

18.16 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.

18.17 Based on actuary's advice, the amount of expected contribution to gratuity and pension funds in 2021-22 will be Rs. 15.61 million and Rs. 20.18 million respectively.

18.18 The weighted average duration of pension fund, funded gratuity and unfunded gratuity is 8.41 years.

18.19 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, 2021						
Retirement benefit plans	80,689	69,683	341,582	626,683	4,655,023	5,773,660

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

	2021	2020
	Rupees '000	
19. LEASE LIABILITY		
Lease liability under IFRS 16	17,231	-
Non current portion	14,013	-
Current portion	3,218	-
20. TRADE AND OTHER PAYABLES		
Creditors	288,551	170,443
Bills payable to		
- Toyota Tsusho Corporation, Japan, group company	399,438	359,900
- Hino Motors Limited, Japan - holding company	4,021	5,208
- Toyota Tsusho, Asia Pacific PTE Ltd, group company	69,245	29,426
Accrued liabilities	582,884	518,294
Advances from customers - unsecured	1,161,659	1,577,312
Royalty payable to Hino Motors, Ltd. Japan, holding company - note 20.1	113,307	68,198
Security deposits from dealers - note 20.2	37,000	37,000
Employees related obligation - note 20.3	85,998	70,395
Tax deducted at source and payable to statutory authorities	3,435	4,244
Sindh sales tax on services	15,016	10,726
Interest payable - note 20.4	-	108,282
Provisions - note 20.5	327,728	326,924
Others	7,715	29,548
	3,095,997	3,315,900

20.1 During the year, royalty amounting to Rs. 78.8 million (2020: Rs. 75.7 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.

20.2 This represents amounts received from dealers of the Company, which are utilised for the purpose of business in accordance with the related agreements.

20.3 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, 2021

20.4 This represents interest payable on short-term borrowings.

2021 2020
Rupees '000

20.5 PROVISIONS

Provision for compensated absences	122,119	100,608
Provision for warranty services	46,859	44,317
Provision for infrastructure cess	-	23,249
Provision for custom duties	158,750	158,750
	<u>327,728</u>	<u>326,924</u>

20.5.1 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, 2020	100,608	44,317	23,249	158,750	326,924
Recognised during the year	51,825	7,237	-	-	59,062
Payments / reversals / expenses against provision	(30,314)	(4,695)	(23,249)	-	(58,258)
Balance as at March 31, 2021	<u>122,119</u>	<u>46,859</u>	<u>-</u>	<u>158,750</u>	<u>327,728</u>

	Provision for compensated absences	Provision for warranty services	Provision for infrastructure cess	Provision for custom duties	Total
	←		Rupees '000	→	
Balance as at April 1, 2019	82,111	45,213	23,249	158,750	309,323
Recognised during the year	42,052	4,862	-	-	46,914
Payments / reversals / expenses against provision	(23,555)	(5,758)	-	-	(29,313)
Balance as at March 31, 2020	<u>100,608</u>	<u>44,317</u>	<u>23,249</u>	<u>158,750</u>	<u>326,924</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

	2021	2020
	Rupees '000	
21. SHORT-TERM BORROWINGS - Secured		
Short-term loans - note 21.1 & 21.5	-	4,100,000
Running finance - note 21.2 & 21.4	-	15,238
	<u>-</u>	<u>4,115,238</u>

21.1 During the previous year, short-term loans obtained from various banks carried mark-up at rates ranging from one month KIBOR + 0.2% per annum to one-month KIBOR + 0.3% per annum.

21.2 The facilities for running finance under mark-up arrangements with various banks amounted to Rs. 11.92 billion (2020: Rs. 11.92 billion) of which the amount remaining unutilised at the year end was Rs. 11.92 (2020: Rs. 7.8 billion). The rates of mark-up applicable on running finance during the previous year were based on KIBOR and range from one month KIBOR + 0.5% to three month KIBOR + 1.25% per annum.

21.3 The facilities for opening the letters of credit and guarantees as at March 31, 2021 amounted to Rs. 12.67 billion (2020: Rs. 13.12 billion) of which the amount remaining unutilised at the year end was Rs. 10.20 billion (2020: Rs. 9.6 billion).

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

21.5 During the year, short-term loans obtained by the Company have been repaid.

22. CONTINGENCY AND COMMITMENTS

22.1 Commitments for capital expenditure as at March 31, 2021 amounted to Rs. 13.07 million (2020: Rs 1.86 million).

	2021	2020
	Rupees '000	
23. REVENUE FROM CONTRACTS WITH CUTOMERS		
Gross sales	11,022,942	16,291,256
Sales tax	(1,598,539)	(2,374,806)
	<u>9,424,403</u>	<u>13,916,450</u>
Commission and discounts	(284,506)	(725,390)
Sales returns	(7,717)	-
	<u>9,132,180</u>	<u>13,191,060</u>

23.1 Sales to Government institutions of Rs. 2.3 billion (2020: Rs. 3.23 billion) account for 25.15 percent (2020: 24.49 percent) of the net sales.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

24. TOTAL COST OF SALES, DISTRIBUTION COST AND ADMINISTRATIVE EXPENSES

	COST OF SALES		DISTRIBUTION COST		ADMINISTRATIVE EXPENSES		TOTAL	
	2021	2020	2021	2020	2021	2020	2021	2020
	Rupees '000							
Raw materials consumed	6,231,855	10,857,447	-	-	-	-	6,231,855	10,857,447
Staff costs - note 24.1	728,513	654,041	182,043	170,685	145,810	132,443	1,056,366	957,169
Depreciation and amortisation	205,283	172,581	14,865	19,545	44,864	38,673	265,012	230,799
Rent, rates and taxes	6,211	12,820	858	9,439	7,857	12,396	14,926	34,655
Insurance	9,059	8,812	2,769	1,681	5,617	7,793	17,445	18,286
Vehicle running and maintenance	14,262	21,158	15,117	19,317	12,992	16,724	42,371	57,199
Fuel and power	77,687	66,055	3,456	3,322	16,221	11,186	97,364	80,563
Travelling and entertainment	703	7,718	6,803	13,999	3,086	11,226	10,592	32,943
Repair and maintenance	23,835	25,408	2,454	1,712	7,488	9,571	33,778	36,691
Communication and stationery	2,465	6,578	5,245	5,103	11,352	7,656	19,063	19,337
Royalty and technical assistance	129,140	124,440	-	-	-	-	129,140	124,440
Provision / (Reversal) for obsolete stock-in-trade, stores and spares	16,061	(10,020)	-	-	-	-	16,061	(10,020)
Legal and professional charges	2,445	5,198	1,236	1,893	14,342	16,009	18,023	23,100
Auditors' remuneration - note 24.2	-	-	-	-	6,317	5,657	6,317	5,657
Security and maintenance	-	-	10,195	7,533	67,759	69,365	77,953	76,898
Advertising and sales promotion	-	-	26,880	15,149	-	-	26,880	15,149
Product maintenance charges	-	-	33,054	65,161	-	-	33,054	65,161
Warranty services	-	-	4,637	10,846	-	-	4,637	10,846
Other expenses	7,985	10,136	486	5,729	12,600	16,967	21,071	32,832
	7,455,504	11,962,372	310,098	351,114	356,305	355,666	8,121,908	12,669,152
Opening stock of work in process	30,413	15,532						
Closing stock of work in process	(66,769)	(30,413)						
Cost of goods manufactured	7,419,148	11,947,491						
Opening stock of finished goods	590,773	723,362						
Closing stock of finished goods	(509,225)	(590,773)						
	7,500,696	12,080,080						
Consumption of trading goods	944,111	1,281,391						
	8,444,807	13,361,471						

24.1 Staff costs

Salaries, wages, allowances and staff welfare	674,488	598,786	165,816	157,492	132,694	121,085	972,998	877,363
Charge for defined benefit plans	42,219	44,047	11,342	8,807	9,452	8,104	63,013	60,958
Charge for defined contribution plan	11,806	11,208	4,885	4,386	3,664	3,254	20,355	18,848
	728,513	654,041	182,043	170,685	145,810	132,443	1,056,366	957,169

**NOTES TO AND FORMING PART OF
THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021**

	2021	2020
	Rupees '000	
24.2 Auditors' remuneration		
Audit fee	2,153	2,050
Fee for limited review of half yearly financial statements and other certifications	3,553	3,155
Out of pocket expenses	611	452
	<u>6,317</u>	<u>5,657</u>
25. OTHER INCOME		
Income from financial assets		
Return on PLS savings accounts	16,483	7,358
Return on deposit accounts	-	408
	<u>16,483</u>	<u>7,766</u>
Income from non-financial assets		
Gain on disposal of non-current assets	9,557	14,085
Others		
Scrap sales	27,438	21,600
Commission from group company	-	38,084
Insurance claim	-	113
Liabilities no longer required written back	7,335	-
Others	324	1,241
	<u>61,137</u>	<u>82,889</u>
26. FINANCE COST		
Exchange (gain) / loss - net	(31,452)	179,992
Mark-up on short-term borrowings	252,000	835,656
Bank charges and others	13,314	19,131
Interest on lease liability	1,265	-
	<u>235,127</u>	<u>1,034,779</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

2021 2020
Rupees '000

27. INCOME TAX EXPENSE

Current - for the year	140,662	209,560
Deferred	(16,898)	1,418
	<u>123,764</u>	<u>210,978</u>

- 27.1 In view of tax loss for the year, provision for minimum taxation has been made in accordance with section 113 of the Income Tax Ordinance, 2001 (ITO, 2001).

Minimum tax rate under section 113 of ITO-2001, for tax year 2021, is 1.5% of turnover and rate of income tax paid at import stage is 5.5% and 2% on import of parts and Completely Knocked Down (CKD) units respectively.

No numeric tax rate reconciliation is given as the Company is only liable for turnover tax under section 113 of the ITO-2001 and advance income tax paid at import stage under minimum tax regime as per section 148 of the ITO, 2001.

2021 2020

28. LOSS PER SHARE - BASIC AND DILUTED

		(Restated)
Loss after taxation attributable to ordinary shareholders (Rupees '000)	<u>(288,294)</u>	<u>(2,054,976)</u>
Number of ordinary shares (in '000) issued and subscribed at end of the year	<u>21,570</u>	<u>18,626</u>
Loss per share - basic & diluted	<u>Rs. (13.37)</u>	<u>Rs. (110.33)</u>

- 28.1 There were no dilutive potential ordinary shares in issue as at March 31, 2021 and 2020.

**NOTES TO AND FORMING PART OF
THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021**

	2021	2020
	Rupees '000	
29. CASH GENERATED FROM OPERATIONS		
Loss before taxation	(164,530)	(1,843,998)
Add / (less): Adjustments for non cash charges and other items		
Depreciation and amortisation	265,013	230,799
Gain on disposal of operating fixed assets	(9,557)	(14,085)
Retirement benefits charge	63,013	60,958
Mark-up on short-term borrowings	252,000	835,656
Interest on lease liability	1,265	-
Income on PLS savings and deposit accounts	(16,483)	(7,766)
Profit / (loss) before working capital changes	390,721	(738,436)
EFFECT ON CASH FLOW DUE TO WORKING CAPITAL CHANGES		
Decrease / (increase) in current assets		
Inventories	1,754,212	4,200,119
Trade receivables	(205,676)	590,272
Loans and advances	(22,836)	4,546
Trade deposits and prepayments	721	55,303
Refunds due from the government - sales tax	373,515	594,002
Other receivables	13,079	(14,694)
	1,913,015	5,429,548
Decrease in current liabilities		
Trade and other payables	(111,621)	(331,672)
	1,801,394	5,097,876
	2,192,115	4,359,440

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

2021 2020
Rupees '000

30. CASH AND CASH EQUIVALENTS

Cash and bank balances - note 15	396,379	138,607
Short-term borrowings - secured - note 21	-	(4,115,238)
	396,379	(3,976,631)

31. REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

The amounts charged in these financial statements for remuneration of the Chief Executive Officer (CEO), Directors and Executives of the Company are as follows:

	CHIEF EXECUTIVE OFFICER		DIRECTOR		EXECUTIVES	
	2021	2020	2021	2020	2021	2020
	Rupees '000					
Managerial remuneration						
and allowances	2,588	2,732	2,347	2,500	95,778	81,635
Bonus	-	-	-	-	12,202	14,650
Retirement benefits	-	-	-	-	15,673	13,670
Rent and utilities	-	-	-	-	27,356	23,857
Leave passage	181	197	161	176	4,149	3,617
Club expenses	-	-	-	-	1,084	978
Medical expenses	231	212	228	211	4,176	3,516
	3,000	3,141	2,736	2,887	160,418	141,923
Number of persons	1	1	1	1	25	24

31.1 The CEO, Director 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.

31.2 Consultancy fee paid to the Chairman amounts to Rs. 3.79 million (2020: Rs. 3.6 million). The Chairman is also provided with free use of Company maintained car.

31.3 In addition to above, fee paid to the Chairman and independent non - executive directors (Pakistan resident only) for attending meetings during the year amounted to Rs. 0.6 million (2020: Rs. 0.33 million) and Rs. 1.7 million (2020: Rs. 0.78 million), respectively.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

	2021	2020
	← Units →	
32. PLANT CAPACITY AND PRODUCTION		
Plant capacity (single shift without overtime)		
- Chassis	<u>6,000</u>	<u>6,000</u>
- Bodies	<u>1,800</u>	<u>1,800</u>
Actual production		
- Chassis	<u>1,040</u>	<u>1,765</u>
- Bodies	<u>285</u>	<u>342</u>

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	2021 Rupees '000	2020
i. Holding company	- Purchase of goods	70,149	90,762
	- Royalty charge	129,140	120,761
	- Technical assistance fee	-	3,679
ii. Other related parties	- Purchase of goods	2,864,473	4,811,150
	- Sale of goods	1,466,518	955,745
	- Purchase of property, plant and equipment	40,566	88,050
	- Commission earned	-	38,084
	- Payments to retirement benefit plans	96,951	77,547
iii. Key management personnel	- Salaries and other employee benefits	58,022	55,163
	- Retirement benefits	5,910	5,498

33.1 Outstanding balances with related parties as at year end have been included in trade receivables, other receivables and trade and other payables respectively. These are settled in ordinary course of business.

33.2 Key management personnel includes CEO, Directors, CFO and all Head of departments.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

33.3 Following are the related parties / associated companies with whom the Company had entered into transactions or have arrangement / agreement in place.

S. No.	Company Name	Country of Origin	Basis of association	Aggregate % of Shareholding
1	Hino Motors Limited, Japan	Japan	Parent	59.67%
2	Toyota Tsusho Corporation, Japan	Japan	Group Company	29.83%
3	Hino Motors (China) Company Limited	China	Group Company	N/A
4	Hino Motors Middle East FZE	United Arab Emirates	Group Company	N/A
5	Toyota Tsusho Asia Pacific Pte Limited	Singapore	Group Company	N/A
6	Toyotsu Machinery Corporation	Japan	Group Company	N/A
7	Indus Motor Company Limited	Pakistan	Group Company	N/A
8	JS Bank Limited	Pakistan	Common Directorship	N/A
9	Askari Bank Limited	Pakistan	Common Directorship	N/A

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			
FINANCIAL ASSETS							
Loans and advances	-	-	-	19,793	27,382	47,175	47,175
Deposits	-	-	-	24,783	7,358	32,141	32,141
Trade receivables	-	-	-	575,086	-	575,086	575,086
Other receivables	-	-	-	1,615	-	1,615	1,615
Cash and bank balances	374,374	-	374,374	22,005	-	22,005	396,379
2021	374,374	-	374,374	643,282	34,740	678,022	1,052,396
2020	118,254	-	118,254	441,994	32,290	474,284	592,538
FINANCIAL LIABILITIES							
Trade and other payables	-	-	-	1,465,161	-	1,465,161	1,465,161
Short-term borrowings	-	-	-	-	-	-	-
Unclaimed dividend	-	-	-	13,235	-	13,235	13,235
2021	-	-	-	1,478,396	-	1,478,396	1,478,396
2020	4,115,238	-	4,115,238	1,302,604	-	1,302,604	5,417,842
On statement of financial position gap							
2021	374,374	-	374,374	(835,114)	34,740	(800,374)	(426,000)
2020	(3,996,984)	-	(3,996,984)	(860,610)	32,290	(828,320)	(4,825,304)
OFF STATEMENT OF FINANCIAL POSITION FINANCIAL INSTRUMENTS							
Commitments for capital expenditure							13,067
Letters of credit							686,782
Letters of guarantee							1,780,312
2021							2,480,161
2020							3,559,151

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

(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, 2021 the Company's interest bearing financial assets amounted to Rs. 0.37 billion (2020: Rs.0.12 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. 3.74 million (2020: Rs. 1.18 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. 1.05 billion (2020: Rs. 0.59 billion).

The carrying amounts of financial assets which are neither past due nor impaired are as under:

	2021	2020
	Rupees '000	
Loans and advances	47,175	41,466
Deposits	32,141	28,361
Trade receivables	514,905	260,211
Other receivables	1,615	14,694
Cash and bank balances	396,379	138,607
	<u>992,215</u>	<u>483,339</u>

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.

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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

(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, 2021 payable exposed to foreign exchange risk is of Rs. 586.01 million (2020: Rs. 462.72 million). The liability is mainly denominated in Japanese Yen. As at March 31, 2021, if the Pak Rupee had weakened / strengthened by 9% (2020: 13%) against Japanese Yen with all other variables held constant, loss before tax for the year would have been higher / lower by Rs. 52.60 million (2020: loss before tax would have been higher / lower by Rs. 60.15 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 and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares or obtain / repay long term financing from / to financial institutions.

Consistent with others in the industry, the Company monitors capital on the basis of the debt equity ratio. This ratio is calculated as under:

Debt equity ratio = Debt divided by debt plus total equity.

The debt equity ratios as at March 31, 2021 and 2020 were as follows:

	2021	2020
	Rupees '000	
Short-term borrowings - secured	-	3,976,631
Total equity	4,317,609	1,709,088
Total	<u>4,317,609</u>	<u>5,685,719</u>
Debt equity ratio	0:100	70:30

The change in the debt equity ratio is mainly due to the repayment of borrowings and loss after tax during the current year.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

	2021	2020
36. NUMBER OF EMPLOYEES		
Number of employees at March 31		
- Permanent	372	372
- Contractual	441	453
	813	825
Average number of employees during the year		
- Permanent	366	375
- Contractual	453	516
	819	891

37. PROVIDENT FUND RELATED DISCLOSURE

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.

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 Rupees '000	Sale proceeds	Gain / (loss)	Mode of disposal	Particulars of purchaser
Motor Vehicle	2,125	531	1,594	1,878	284	Company policy	Mr. Tahir Hafeez Khan - Ex-Employee
"	2,507	253	2,254	2,429	175	"	Mr. Maseeh Ur Rehman - Ex-Employee
"	1,828	1,229	599	1,201	602	"	Mr. Muhammad Anif Khan - Employee
"	3,155	283	2,872	2,941	69	"	Mr. Muhammad Khaliluddin - Employee
"	1,663	1,118	545	1,039	494	"	Mr. Waqas Moin Siddiqi - Employee
"	1,418	879	539	774	235	"	Mr. Fahim Aijaz Sabzwari (CFO) - Employee
"	1,250	504	746	821	75	"	Mr. Fahad Salahuddin - Ex-Employee
"	3,155	495	2,660	2,772	112	"	Mr. Shaikh Abdul Qadir - Ex-Employee
"	1,753	1,178	575	1,123	548	"	Mrs. Karima Sadiq - Employee
"	1,753	1,178	575	1,125	550	"	Mr. Kamran Ahmed Khan - Employee
"	1,663	1,118	545	965	420	"	Mr. Sabir Pasha - Employee
"	3,756	1,591	2,165	4,091	1,926	Auction	Toyota Highway Motors - Karachi - Hyderabad Motorway, Sector 8 B Gulzar E Hijri Scheme 33, Karachi
"	8,658	1,163	7,495	7,922	427	"	"

39. DATE OF AUTHORISATION FOR ISSUE

These financial statements were approved and authorised for issue in the Board of Directors meeting held on June 17, 2021.


Chief Financial Officer


Director

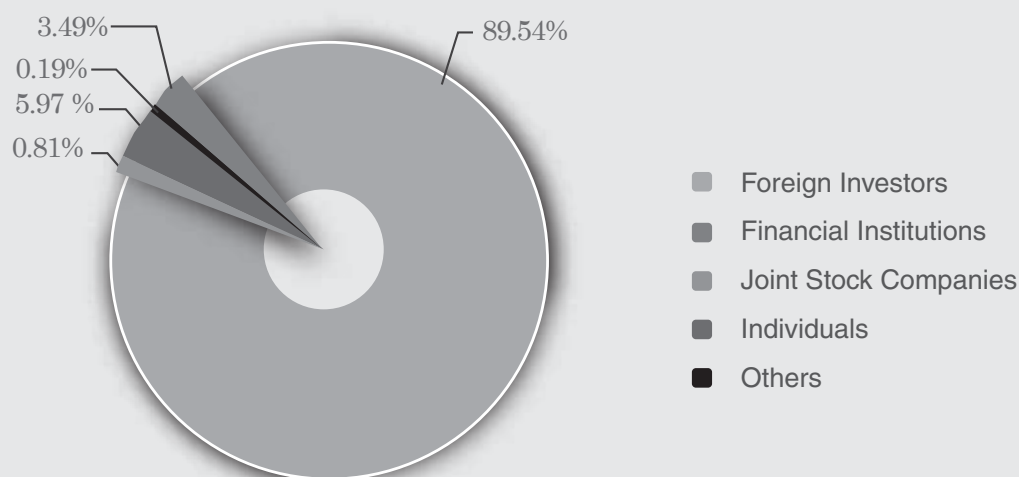

Chief Executive Officer

PATTERN OF SHAREHOLDING

AS AT MARCH 31, 2021

No of Shareholders	Shareholders		Total Shares Held
	From	To	
758	1	100	24,971
692	101	500	147,089
138	501	1000	110,335
123	1001	5000	261,974
12	5001	10000	89,500
11	10001	100000	524,267
5	100001	1000000	1,446,384
1	3000001	10000000	7,398,867
1	10000001	15000000	14,797,733
1741			24,801,120

Shareholders' Category	No. of Shareholders	No. of Shares Held	Percentage of holding
Foreign Investors	4	22,206,700	89.54%
Directors	2	20	0.00%
Financial Institutions	5	865,500	3.49%
Joint Stock Companies	13	200,884	0.81%
Individuals	1715	1,479,834	5.97%
Others	2	48,182	0.19%
Grand Total	1741	24,801,120	100.00%



PATTERN OF SHAREHOLDING

Shareholders' Category	No. of Shareholders	No. of Shares Held
<u>Directors, Chief Executive Officer, and their spouse and minor children</u>		
Mr. Mushtaq Malik	1	10
Ms. Nargis Ali Akbar Ghaloo	1	10
<u>Associated Companies, undertakings and related parties</u>		
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	14,797,733
Toyota Tsusho Corporation, Japan	1	7,398,867
<u>NIT and ICP</u>		
CDC - Trustee National Investment (Unit) Trust	1	864,984
N.B.P. Trustee Dept. Head Office	1	200
<u>Executives</u>		
Mr. Muzaffar Anjum	1	240
Mr. Naushad Riaz	1	200
<u>Banks, Development Financial Institutions, Non-Banking Financial Institutions</u>	1	286
<u>Modarabas and Mutual Funds</u>		
First Alnoor Modaraba	1	10
First Tri-Star Modaraba	1	20
<u>Share holders holding 10% or more voting interest</u>		
Hino Motors Ltd., Japan	1	14,797,733
Toyota Tsusho Corporation	1	7,398,867
<u>General Public (Individuals)</u>		
A. Local	1713	1,479,394
B. Foreign	1	100
<u>Others</u>		
Amin Tai (Private) Limited	1	108,900
Azee Securities (Private) Limited	1	40
Eleven Stars Securities (Private) Limited	1	88,000
Fikrees (Private) Limited	1	2,600
Hermez and Company (Private) Limited	1	20
Loads Limited	1	300
M. M. Securities (Private) Ltd	1	420
Maple Leaf Capital Limited	1	1
Margalla Financial (Private) Limited	1	400
S.Z. Securities (Private) Limited	1	2
Sarfraz Mahmood (Private) Limited	1	100
Sherman Securities (Private) Limited	1	1
Sofcom (Private) Limited	1	100
Tencore II Partners LP	1	10,000
Trustee National Bank of Pakistan Emp Benevolent Fund Trust	1	1,633
Trustee National Bank of Pakistan Employees Pension Fund	1	46,549

1741

24,801,120

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 36th Annual General Meeting (AGM) 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 28, 2021 at 09:30 a.m.

Due to ongoing pandemic of COVID-19, the Company has also arranged participation of shareholders through video facility. The detail procedure is mentioned later in the notes. Following businesses will be transacted during the meeting:

ORDINARY BUSINESSES

1. To receive, consider and adopt the Audited Financial statements of the Company for the year ended March 31, 2021, 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.

By order of the Board
Syed Junaid Ali
Company Secretary

Karachi:
July 07, 2021

Notes

i. Online Participation in the Annual General Meeting

Considering the ongoing COVID-19 situation, the Company has decided to facilitate its shareholders by also allowing the Shareholders to attend the meeting through video link for the safety and well-being of the shareholders. The shareholders who are interested in attending the AGM proceedings online may send the below information along with valid copy of both sides of CNIC with the subject "Registration for Hinopak Motors Limited AGM" at info@hinopak.com for their / their appointed proxy's verification. Such information should be sent from their duly registered valid email ID for the registration purposes latest by July 20, 2021.

Shareholder Name	Folio / CDC No.	No. of shares held	CNIC No.	Cell No.	Registered Email ID

A detailed procedure shall be communicated through email directly to the shareholders who have provided their valid email IDs and the same shall be placed at the Company's website <https://www.hinopak.com> in the investor relations section.

Shareholders can also provide their comments / suggestions for the agenda items of the AGM at the email address info@hinopak.com.

Members are therefore, encouraged to attend the AGM through video link or by consolidating their attendance through proxies.

ii. Closure of Share Transfer Books

The Share Transfer Books of the Company will remain closed from July 20, 2021 to July 28, 2021 (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 19, 2021, will be treated in time to attend and vote at the meeting.

iii. For Attending the Meeting

In case of individuals, the Account Holders or sub-account holders and / or the persons whose securities are in group account and their registration details are uploaded as per the Regulations, shall authenticate their identity by showing original Computerized National Identity Cards (CNIC) or original passport at the time of attending the meeting.

In case of a corporate entity, the Board of Directors' Resolution / Power of Attorney with the specimen signature of the nominee shall be produced (if it has not been provided earlier) at the time of attending the meeting.

iv. 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.

v. 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.

vi. Notice to Shareholders who have not provided their IBAN

In accordance with the provisions of Section 242 of the Companies Act, 2017, it is mandatory for a listed company to pay cash dividend to its shareholders only through electronic mode directly into the bank account designated by the entitled shareholders. Therefore, shareholders are requested to provide their bank details by filling up the Electronic Credit Mandate Form available at <https://famco.com.pk/> and send the duly filled form along with a copy of CNIC to Company's Share Registrar, M/s FAMCO Associates (Pvt.) Limited.

vii. Change of Address

The Shareholders are requested to intimate any changes in their addresses to the Share Registrar, M/s FAMCO Associates (Pvt.) Limited.

viii. Conversion of Physical Shares into Book Entry Form

In accordance with the provisions of Section 72 of the Companies Act, 2017, and subsequent directive received from the SECP for all listed companies to pursue with their physical shareholders and requiring them to convert their shares in the Book-Entry Form. In order to comply with the directives, the Physical Shareholders are once again reminded to convert their shares into Book-Entry Form through Investor Accounts Services of Central Depository Company or any Participant / TRE Certificate-holder of the Pakistan Stock Exchange Limited.

ix. 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)

x. Placement of Financial Statements on Website:

The Financial Statements of the Company for the year ended March 31, 2021 along with reports have been placed on the website of the Company: <https://www.hinopak.com/finance.htm>

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 36th Annual General Meeting of the Company to be held on
Wednesday, July 28, 2021 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 _____

Witness 2 _____

Signature _____

Signature _____

Name _____

Name _____

Address _____

Address _____

CNIC or Passport No. _____

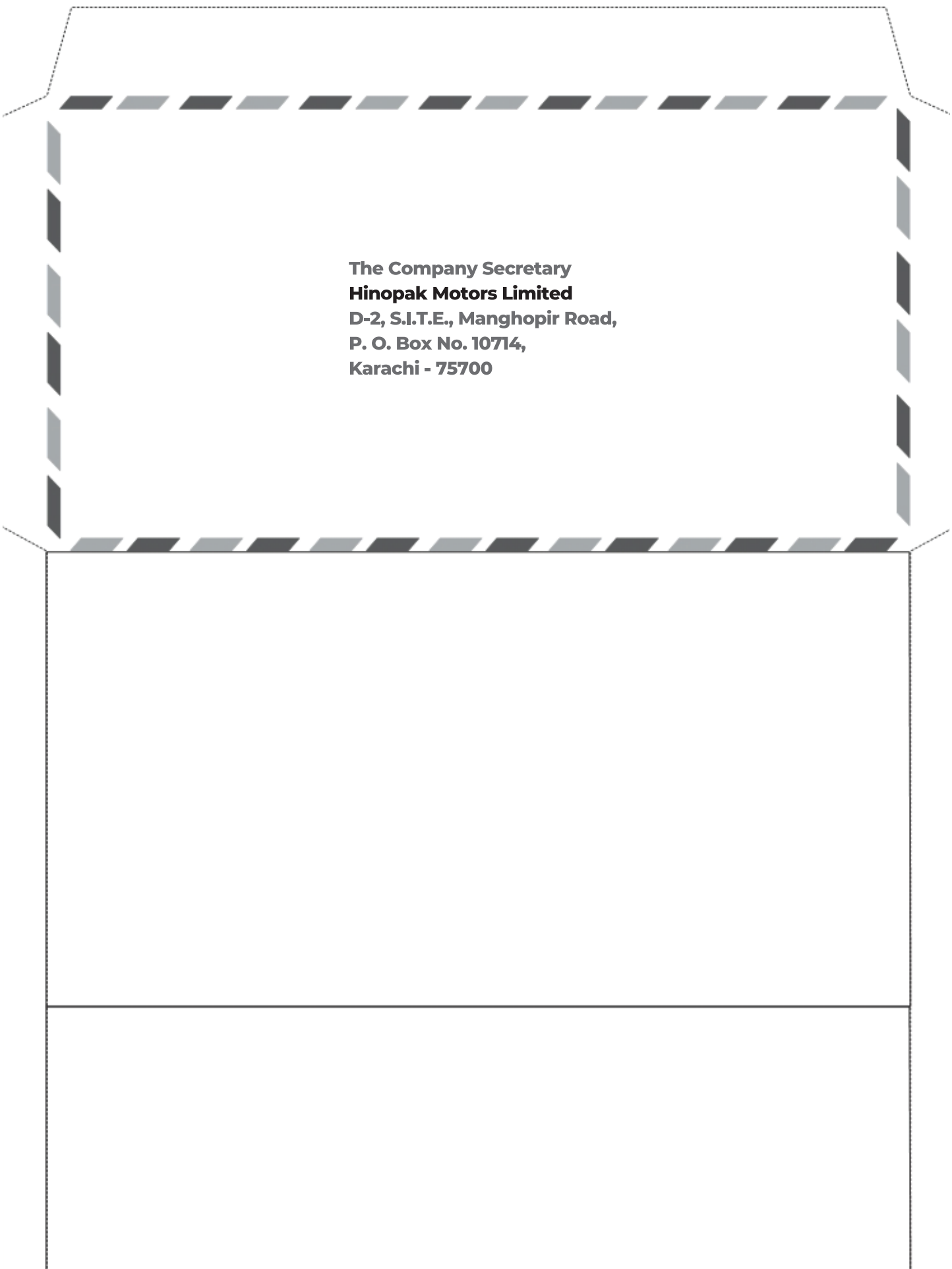
CNIC or Passport No. _____

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 along with 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 بمملکت _____ عام حصص بمطابق رجسٹرڈ فلیو نمبر _____
یا _____ CDC Participant's I.D. No. _____ اکاؤنٹ نمبر _____
مسمیٰ/مسماة _____ یا ان کی غیر موجودگی میں مسمیٰ/مسماة _____ کو اپنا/ ہمارا بطور مختار مقرر کرتا ہوں/کرتے ہیں تاکہ وہ میری/ہماری غیر موجودگی میں میری/ہماری طرف سے کمپنی کے چھتیسویں سالانہ اجلاس عام جو کہ بتاریخ 28 جولائی 2021 بروز بدھ منعقد ہو رہا ہے اور اس کے ملتی شدہ اجلاس میں شرکت کر سکے اور ووٹ ڈال سکے۔

مطلوبہ (پانچ روپے کا)
ریونیوٹکٹ چسپاں کریں

دستخط _____
(دستخط کمپنی کے پاس پہلے سے محفوظ دستخطی کے مطابق ہونے ضروری ہیں)

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

نوٹس:

- ۱- کمپنی کا ایسا حصہ دار/ممبر جو سالانہ اجلاس میں شرکت اور ووٹ ڈالنے کا اہل ہو وہ اپنی جگہ پر 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۔
- ۲- پراکسی ہولڈر کے لئے ضروری ہے کہ اس کو شراکت دار یا اس کا مجاز 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 بمع نامزد کردہ شخص کے نمونہ دستخط کے ساتھ کمپنی ہذا میں جمع کروائیں۔
- ۳- تمام نامزدگیاں اس صورت میں موثر ہوں گی جب پراکسی فارم بنام سیکریٹری رجسٹرڈ آفس D-2 سائٹ، منگھوپیر روڈ، P.O.Box No.10714 کراچی 75700 کو اجلاس کے انعقاد کے مقرر وقت سے 48 گھنٹے قبل موصول ہوں۔
- ۴- CDS میں اکاؤنٹ رکھنے والے ممبران کے لئے قومی شناختی کارڈ یا پاسپورٹ سے پہلے چار صفحات کی تصدیق شدہ کاپی کا ساتھ ہونا ضروری ہے۔ پراکسی ہولڈرز 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 بمع نامزد کردہ شخص کے نمونہ دستخط کے ساتھ بوقت شرکت اجلاس کمپنی ہذا میں پیش کرنا ضروری ہے۔

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

میں/ہم..... منجانب..... جو کہ ہینوپاک موٹرز لمیٹڈ کے رجسٹرڈ
فولیو/سی ڈی سی اکاؤنٹ نمبر..... کے تحت..... عمومی حصص کے مالک ہیں، میں/ہم وڈیو کانفرنس کی سہولت
سے استفادہ کرنا چاہتے ہیں۔

.....
ممبر (ممبران) کے دستخط

-۱۰

آڈٹ شدہ سالانہ مالیاتی گوشواروں کی ویب سائٹ پر دستیابی

کمپنی کے مالیاتی گوشوارے برائے مختتمہ مدت 31 مارچ 2021 بمع رپورٹیں کمپنی کی ویب سائٹ
<https://www.hinopak.com/finance.htm> پر اپ لوڈ کر دی گئی ہیں۔

کارپوریٹ انٹیٹی کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد/مختیار نامہ بمع نامزد فرد کے نمونہ دستخط اجلاس میں حاضری کے وقت پیش کئے جائیں گے۔

۵۔ 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/شیئرز رجسٹرار کو فراہم نہیں کی ہیں انہیں ایک مرتبہ پھر یاد دہانی کرائی جاتی ہے کہ جلد از جلد اپنی CNIC بلا واسطہ کمپنی کے شیئرز رجسٹرار میسرز فیمکو ایسوسی ایٹس (پرائیویٹ) کو ارسال کر دیں۔ درست CNIC کی نقل موصول نہ ہونے کی صورت میں کمپنیز ایکٹ 2017 کی دفعہ (3) 243 کے تحت کمپنی ایسے حصص یافتگان کے منافع منقسمہ کو روکنے پر مجبور ہوگی۔

۶۔ ان حصص یافتگان سے گزارش جنہوں نے اپنے IBAN فراہم نہیں کئے ہیں

کمپنیز ایکٹ 2017 کی دفعہ 242 کی شقوں کے تحت لسٹڈ کمپنی کے لئے لازمی ہے کہ وہ نقد منافع منقسمہ اپنے حصص یافتگان کو صرف برقی طریقے سے بلا واسطہ حقدار حصص یافتگان کے مختص کردہ اکاؤنٹ میں منتقل کرے۔ لہذا حصص یافتگان سے گزارش ہے کہ <https://famco.com.pk/> پر دستیاب الیکٹرونک کریڈیٹ مینڈیٹ فارم میں اپنے بینک کی تفصیلات پُر کریں اور باضابطہ پُر شدہ فارم کو CNIC کے ہمراہ کمپنی کے شیئرز رجسٹرار، میسرز فیمکو ایسوسی ایٹس (پرائیویٹ) لمیٹڈ کو ارسال کر دیں۔

۷۔ پتے میں تبدیلی

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

۸۔ طبعی حصص کی بک انٹری فارم میں تبدیلی

کمپنیز ایکٹ 2017 کی دفعہ 72 کی شقوں کے تحت اور SECP سے بعد از اہل موصولہ ہدایات کے مطابق تمام لسٹڈ کمپنیز اپنے طبعی حصص یافتگان کو مائل کریں اور اپنے حصص کو اور بک انٹری فارم میں تبدیل کرنے کو ضروری قرار دیں۔ ان ہدایات کی پاسداری کرتے ہوئے طبعی حصص یافتگان کو ایک مرتبہ پھر یاد دہانی کرائی جاتی ہے کہ اپنے حصص کو سینٹرل ڈپازٹری کمپنی آف پاکستان کی انویسٹر اکاؤنٹس سروسز یا پاکستان اسٹاک ایکسچینج کے کسی بھی TRE سرٹیفکیٹ ہولڈر/شریک کار کے ذریعے بک انٹری فارم میں تبدیل کروالیں۔

۹۔ ممبران کے لئے وڈیولنک کی سہولت

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

ایک تفصیلی طریقہ کار بذریعہ ای میل بلا واسطہ ان حصص یافتگان کو فراہم کیا جائے گا جنہوں نے اپنی درست ای میل آئی ڈی فراہم کر دی ہوگی اور یہ طریقہ کار کمپنی کی ویب سائٹ <https://www.hinopak.com> پر انویسٹر سے متعلق سیکشن میں بھی ڈال دیا جائے گا۔

حصص یافتگان ایجنڈے کے امور سے متعلق اپنی آراء/تجاویز ای میل ایڈریس info@hinopak.com پر فراہم کر سکتے ہیں۔

لہذا ممبران کی AGM میں وڈیولنک کے لئے ذریعہ حاضری یا پراکسی کے ذریعے اپنی حاضری کو مجموعی بنانے کی حوصلہ افزائی کی جاتی ہے۔

۲۔ حصص منتقلی کی کتابوں کی بندش

سالانہ اجلاس عام کے لئے کمپنی کی حصص منتقلی کی کتابیں 20 جولائی 2021 تا 28 جولائی 2021 (بشمول دونوں دن) بند رہیں گی۔ اس مدت کے دوران کوئی بھی حصص منتقلی قبول نہیں کی جائے گی۔ شیئرز رجسٹر آفس میسرز فیکو ایسوسی ایٹس (پرائیویٹ) لمیٹڈ میں 19 جولائی 2021 کو دفتری اوقات ختم ہونے تک موصول ہونے والی منتقلیوں کو اجلاس میں شرکت اور ووٹ کے لئے بروقت تصور کیا جائے گا۔

۳۔ اجلاس میں حاضری کے لئے

انفرادی فرد کی صورت میں کھاتے دار یا ذیلی کھاتے دار اور/یا وہ افراد جن کے حصص گروپ اکاؤنٹ کی صورت میں ہیں اور ان کی تفصیلات ریگولیشنز کے تحت اپ لوڈ کر دی گئی ہیں، وہ اپنی شناخت کے لئے اپنا اصل کمپیوٹرائزڈ قومی شناختی کارڈ (CNIC) یا اصل پاسپورٹ اجلاس میں حاضری کے وقت پیش کریں گے۔

کارپوریٹ انٹیٹی کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد/مختیار نامہ بمع نامزد فرد کے نمونہ دستخط اجلاس میں حاضری کے وقت پیش کئے جائیں گے (اگر پہلے فراہم نہ کئے ہوں)۔

۴۔ 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۔

سالانہ اجلاس عام میں شرکت کے سلسلے میں شناخت کی سہولت کے لئے حصص یافتگان جن کے حصص سینٹرل ڈپازٹری سسٹم (CDS) میں ہیں یا ان کا پراکسی اپنی شناخت کے لئے اصل CNIC یا اصل پاسپورٹ اجلاس میں حاضری کے وقت پیش کرے گا، جن کے ساتھ شریک کار کا شناختی نمبر اور حصص یافتہ کا اکاؤنٹ نمبر بھی پیش کیا جائے گا جو سینٹرل ڈپازٹری کمپنی نے مختص کیا ہو۔

نوٹس برائے سالانہ اجلاس عام

بذریعہ نوٹس ہذا مطلع کیا جاتا ہے کہ ہینوپاک موٹرز لمیٹڈ (کمپنی) کے حصص یافتگان کا چھٹیواں سالانہ اجلاس عام کمپنی کے رجسٹرڈ آفس واقع D-2، سائٹ، منگھوپیر روڈ، کراچی پر بروز بدھ 28 جولائی 2021 صبح 09:30 بجے منعقد ہوگا۔

COVID-19 کی موجودہ وباء کو مد نظر رکھتے ہوئے کمپنی نے حصص یافتگان کی شرکت کے لئے وڈیو کی سہولت کا اہتمام کیا ہے۔ تفصیلی طریقہ کار گزارشات میں بعد ازاں بیان کیا گیا ہے۔ اجلاس کے دوران مندرجہ ذیل امور انجام دیئے جائیں گے۔

عمومی امور

- ۱- کمپنی کے آڈٹ شدہ مالیاتی گوشوارے برائے مختتمہ مدت 31 مارچ 2021 کے ساتھ ڈائریکٹرز اور آڈیٹرز کی رپورٹوں کی وصولی، غور اور انہیں اختیار کرنا۔
- ۲- اگلے سال کے لئے آڈیٹ کی تقرری اور ان کا معاوضہ طے کرنا۔
- ۳- صدر مجلس کی اجازت سے مزید کوئی امور کی انجام دہی۔

بحکم بورڈ
سید جنید علی
کمپنی سیکریٹری

کراچی

7 جولائی 2021

گزارشات:

۱- سالانہ اجلاس عام میں آن لائن شرکت

COVID-19 کی موجودہ وباء کو مد نظر رکھتے ہوئے کمپنی نے حصص یافتگان کو سہولت فراہم کرنے کا فیصلہ کیا ہے جس میں حصص یافتگان کی بہبود اور تحفظ کی خاطر حصص یافتگان کو اجلاس میں وڈیو لنک کے ذریعے حاضر ہونے کی بھی اجازت دی جائے گی۔ حصص یافتگان جو کہ AGM کی کارروائی آن لائن شرکت میں دلچسپی رکھتے ہوں وہ اپنی درست CNIC کی دونوں اطراف کی نقل کے ساتھ مندرجہ ذیل معلومات عنوان ”رجسٹریشن آف ہینوپاک موٹرز لمیٹڈ AGM“ کے تحت اپنے مقرر کردہ پراکسی کی تقرری کے لئے info@hinopak.com پر فراہم کر دیں۔ یہ معلومات اپنی درست ای میل آئی ڈی کے ذریعے رجسٹریشن مقاصد کے لئے 20 جولائی 2021 تک فراہم کر دیں۔

حصص یافتگان کا نام	فولیو/سی ڈی سی نمبر	ملکیتی حصص کی تعداد	CNIC نمبر	سیل نمبر	رجسٹرڈ ای میل آئی ڈی

کمپنیز ایکٹ 2017 کے فورتھ شیڈول میں طے کردہ حد کے مطابق سالانہ رپورٹ میں اصطلاح ”ایگزیکٹو“ سے انکشاف پرایہ ملازم مشتمل ہے جس کی سالانہ بنیادی تنخواہ ایک سال میں 1.2 ملین روپے سے زیادہ ہو۔

ادارتی سماجی ذمہ داری/ ماحولیات پر اثرات

کمپنی ساہا سال سے معاشرے کی فلاح بہبود میں مختلف سماجی سرگرمیوں کے ذریعے قابل ذکر معاونت کر رہی ہے۔ CSR پالیسی کے تحت کمپنی کی بنیادی سماجی سرگرمیوں میں طبی سہولیات، کام کی جگہ، ماحولیات اور معاشرہ شامل ہے۔ اس سال لاک ڈاؤن کی پابندیوں کی وجہ سے CSR سرگرمیاں رک گئی ہیں۔

کام کی جگہ پر تحفظ کمپنی کی ہمیشہ ترجیح رہی ہے اور کمپنی کے پاس صحت و تحفظ کی ایک مستحکم پالیسی ہے۔ وبا کی مکمل مدت کے دوران مناسب اقدامات کئے گئے اور سخت پاسداری کو یقینی بنایا گیا۔ اقدامات جیسے کہ چہرے پر ماسک لگانا، سماجی فاصلہ، سینی ٹائزر گیٹ، تھرمل چیکنگ اور گھر سے کام کی سہولت نے کمپنی کے ملازمین کے تحفظ اور کاروباری تسلسل کو یقینی بنایا۔ کمپنی نے اپنے ملازمین کو مشورہ دیا ہے کہ Covid-19 کے خلاف ویکسین لگوالیں تاکہ ایک محفوظ معاشرہ جنم لے سکے۔

نان ایگزیکٹو ڈائریکٹرز کے معاوضہ کی پالیسی کے نمایاں غدوخال

بورڈ آف ڈائریکٹرز کا چیئر مین مشاورتی فیس کے علاوہ اجلاسوں میں حاضر ہونے کی فیس کا حقدار ہے۔

نان ایگزیکٹو ڈائریکٹرز بشمول آزاد ڈائریکٹرز صرف اجلاس میں حاضر ہونے کی فیس کے حقدار ہیں (سوائے غیر ملکی ڈائریکٹرز کے)

سال کے دوران پریذیڈنٹ/ چیف ایگزیکٹو کا معاوضہ 3 ملین روپے (2020 میں 3.14 ملین) رہا۔

سال کے دوران چیئر مین کا بورڈ کے اجلاس میں شرکت کا معاوضہ 0.6 ملین روپے (2020 میں 0.33 ملین روپے) اور مشاورتی فیس جوادا کی گئی وہ 3.79 ملین روپے (2020 میں 3.6 ملین روپے) رہی۔

ڈائریکٹرز بشمول چیف ایگزیکٹو کے معاوضہ کی مزید تفصیلات مالیاتی گوشواروں کے نوٹ نمبر 31 کے صفحہ نمبر 64 پر بیان کی گئی ہیں۔

چیئر مین کا جائزہ

چیئر مین کا محققہ جائزہ کمپنی کی کارکردگی، گزشتہ سال کے کاروباری نتائج سے قابل ذکر انحرافات، قابل ذکر منصوبوں اور مستقبل کی پیش بینی کا احاطہ کرتا ہے۔ بورڈ اس جائزہ کے مندرجات کی توثیق کرتا ہے۔

بحکم بورڈ

Chief Executive Officer

چیف ایگزیکٹو آفیسر

Chairman

ڈائریکٹر

تاریخ: 17 جون 2021

ادارتی نظم و ضبط کے بہترین طور طریقوں کی پاسداری

بورڈ اس بات کا مسرت کے ساتھ اظہار کرتا ہے کہ کمپنی کی انتظامیہ ادارتی نظم و ضبط کے ضابطہ کے بہترین طور 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۔

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

☆ عالمی اکاؤنٹنگ کے معیارات جو پاکستان میں نافذ ہیں ان کی مالیاتی گوشواروں کی تیاری میں پیروی 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۔

☆ پاکستان اسٹاک ایکسچینج کی رول بک کے قواعد میں بیان کردہ ادارتی نظم و ضبط کے بہترین طور طریقوں سے کوئی قابل ذکر انحراف نہیں کیا گیا۔

☆ گزشتہ چھ سالوں کا رو باری اور مالیاتی اعداد و شمار کی جھلکیاں سالانہ رپورٹ کے صفحہ 17 پر دی گئی ہیں۔

☆ 31 مارچ 2021 کو کمپنی کے پروڈنٹ، گریجویٹ اور پنشن فنڈز سے کی گئی سرمایہ کاری کی مالیت درج ذیل ہے:

روپے ہزاروں میں

279,051

301,173

499,897

فنڈ کا نام

ہینوپاک موٹرز لمیٹڈ ایمپلائز پروویڈنٹ فنڈ

ہینوپاک موٹرز لمیٹڈ ایمپلائز گریجویٹ فنڈ

ہینوپاک موٹرز لمیٹڈ ایمپلائز پنشن فنڈ

کمپنی کے حصص میں خرید و فروخت

سال ختمہ 31 مارچ 2021 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
مشتاق ملک (آزاد ڈائریکٹر)	رائٹ اجراء	5
زگس علی اکبر گھالو (آزاد ڈائریکٹر)	رائٹ اجراء	5
جناب نوشادر یاض (ایگزیکٹو)	رائٹ اجراء	100
مظفر انجم (ایگزیکٹو)	رائٹ اجراء	120

بنیادی خطرات اور غیر یقینی حالات

جبکہ معیشت بحالی کے راستے پر گامزن ہے لیکن عالمی امکانات ابھی تک انتہائی غیر یقینی کا شکار ہیں۔ امید افزانہ کے امکانات کی وجوہات میں ویکسین لگانے میں تیزی، حکومتی پالیسی کے تعاون کی حد جس میں نہ صرف یہ بلکہ لاک ڈاؤن میں نرمی بھی شامل ہے۔ دنیا بھر میں اچانک اور غیر مربوط لاک ڈاؤن کی وجہ سے سامان کی شپمنٹ میں قابل ذکر تاخیر سے رسد کی زنجیر میں رکاوٹ پیدا ہوئی۔ اگرچہ کہ کمپنی تمام آرڈر کی بروقت تکمیل میں کامیاب رہی، تاہم رسد کی زنجیر میں رکاوٹ کے خطرے کو اس غیر یقینی صورتحال میں ختم کرنے کی ضرورت ہے۔ اس کے علاوہ USD/PKR اور USD/JPY کے درمیان مبادلہ کے مساواتی نرخ کی وجہ سے کمپنی متاثر ہو سکتی ہے کیونکہ لاگت فروخت کا بڑا حصہ درآمدات پر مشتمل ہے۔

آڈیٹرز کی تقرری

موجودہ آڈیٹرز میسرز اے ایف فرگوسن اینڈ کوپارٹرڈ اکاؤنٹنٹس سکدوش ہو چکے 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 کوپارٹرڈ کی بحیثیت آڈیٹرز برائے سال 31 مارچ 2021 کی تقرری کی توثیق کی ہے جس کی شرائط و ضوابط اور معاوضہ کا تعین بعد میں کیا جائے گا۔

حصص داری کی ساخت

لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 کے تحت 31 مارچ 2021 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 ہینوموٹرز لمیٹڈ جاپان ہینوپاک موٹرز لمیٹڈ میں 59.67 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 تاکہ 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 کی جاتی ہے۔

منافع منقسمہ

کمپنی کی مالی پوزیشن کو مد نظر رکھتے ہوئے کمپنی کے ڈائریکٹرز نے کسی قسم کا نقد یا دیگر کوئی منافع منقسمہ ادا نہ کرنے کا فیصلہ کیا 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 ہوتی ہو۔

خسارہ کا اختصار

اختصار کی تفصیلات درج ذیل ہیں:

سال ختمہ	سال ختمہ	
31 مارچ 2020	31 مارچ 2021	
روپے '000 میں		
(1,843,998)	(164,530)	خسارہ قبل از انکم ٹیکس
(210,978)	(123,764)	انکم ٹیکس اخراجات
(2,054,976)	(288,294)	خسارہ بعد از انکم ٹیکس
47,981	55,133	جامدا اثاثوں کی فروخت اور اضافی فرسودگی کی مد میں جامدا اثاثوں کی از سر نو تشخیص مالیت پر اضافہ کی منتقلی
(9,526)	(9,093)	دیگر جامع خسارہ برائے سال
	(11,847)	رائٹ اجراء کی اجرائی لاگت
1,335,362	(681,159)	غیر مصرف شدہ (خسارہ) / منافع پیچھے سے لایا گیا
(681,159)	(935,260)	غیر مصرف شدہ (خسارہ) آگے لے جایا گیا
از سر نو تخمینہ شدہ		
Rs. (110.33)	Rs. (13.37)	نی حصص خسارہ

کمپنی کے کاروبار کی ترقی اور کارکردگی، خسارہ کی وجوہات اور مستقبل میں منافع کے امکانات

اگرچہ سال دشوار گزار رہا، تاہم کمپنی اپنے خسارے کو 86 فیصد (2.5 بلین سے 0.288 بلین) تک کم کرنے میں کامیاب رہی۔ جس کی بنیادی وجہ انتظامیہ کے کلیدی فیصلے جس میں رائٹ حصص کے اجراء کی رقم کے 2.9 ارب روپے شامل تھے جس میں حصص یافتگان کی طرف سے پر جوش سرگرمی دیکھی گئی۔ جس کے نتیجے میں کمپنی اپنے قرضوں کو واپس کرنے کے قابل رہی، جس سے روانیت کی صورتحال بہتر ہوئی اور مالیاتی لاگتوں کی بچت ہوئی۔ سال کے دوران کمپنی کا حجم فروخت 1639 یونٹ سے کم ہو کر 758 یونٹ رہ گیا۔ گرتی ہوئی فروخت کی وجوہات میں وباء کی مدت کے دوران گاہکوں کی کمزور قوت خرید، مسلسل معاشی سست روی اور تجارتی گاڑیوں کی صنعت پر دباؤ شامل تھا۔

محتاج مالیاتی پالیسی اور مدنی مالیاتی تعاون کی وجہ سے پاکستان کی معیشت مستحکم ہو رہی ہے۔ 20-2019 کی منفی 0.4 فیصد کے مقابلے میں اس سال نمو کی شرح 4.0 فیصد اور پالیسی نرخ کو 13.25 فیصد سے کم کر کے 7 فیصد پر برقرار رکھنے سے معاشی بحالی میں مدد ملی۔ جس سے کمپنی کی نمو کو مستحکم کرنے کے لئے مضبوط پلیٹ فارم ملا اور صنعت میں شدید مسابقت کے درمیان طویل مدتی بہتر نتائج کی پیشین گوئی ہے۔

۲- انسانی وسائل و معاوضہ کمیٹی

☆	مشتاق ملک - چیئر مین
☆	یوشیکو نامی
☆	شگیر وسوچیا
☆	کوجی ناگاٹا
☆	آکیواشییکاوا

سال کے دوران آڈٹ کمیٹی کے چار اجلاس ہوئے جن میں ہر ڈائریکٹرز کی حاضری درج ذیل رہی:

ڈائریکٹرز کے نام	حاضر اجلاسوں کی تعداد
جناب مشتاق ملک	3
مس نرگس علی اکبر گھالو	4
جناب سویشی کانیکو	4
جناب بیٹوشی اوٹومو	3
جناب آکیواشییکاوا*	0
جناب کوجی ناگاٹا*	0

جو ممبران آڈٹ کمیٹی کے اجلاسوں میں حاضر نہ ہو سکے ان کی رخصت منظور کر لی گئی۔

* سال کے دوران 17 فروری 2021 کو ڈائریکٹرز کی تقرری ہوئی، جس کے بعد سے بورڈ کا کوئی اجلاس سال کے اختتام تک نہیں ہوا۔

کمپنی کی بنیادی سرگرمیاں اور عمومی جائزہ

ہینوپاک موٹرز لمیٹڈ (کمپنی) پاکستان میں بطور پبلک لمیٹڈ کمپنی تشکیل پائی اور یہ پاکستان اسٹاک ایکسچینج میں لسٹڈ ہے۔ کمپنی کی بنیادی سرگرمی ہینو بسوں اور ٹرکوں کی اسمبلی، بتدریج تیاری اور فروخت ہے۔

سال 2020-2021 کو رونا وائرس کے عالمی پھیلاؤ کی وجہ سے انتہائی دشوار گزار رہا۔ Covid-19 کے اثرات، وباء کا خوف، مارکیٹ میں سست روی اور کاروباری سرگرمیوں اور انفرادی سرگرمیوں پر پابندیوں نے عالمی معیشت کی صورتحال کو قابل ذکر حد تک نازک بنا دیا اور جس کے نتیجے میں معاشی سرگرمیوں میں کمی ہوئی۔ کاروباروں کی زبردستی بندش کے نتیجے میں عالمی سطح پر سست روی ہوئی۔ تاہم اس بحران پر قابو پانے کے لئے حکومت اور اسٹیٹ بینک آف پاکستان نے وباء کے معاشی اثرات کو کم کرنے کے لئے امدادی اقدامات اور پالیسیاں متعارف کرائیں جس سے مقامی صنعتوں کو سہارا ملا۔

سال کے دوران کاروباری نوعیت سے متعلق کوئی تبدیلی نہیں ہوئی۔

بورڈ کے اجلاس

سال کے دوران بورڈ کے پانچ (5) اجلاس ہوئے جن میں ہر ڈائریکٹر کی حاضری درج ذیل رہی:

ڈائریکٹرز کے نام	حاضر اجلاسوں کی تعداد
جناب محمد اسلم سنجرائی	5
جناب یوشیکو نامانی	5
جناب شیکیر وسوچیا	5
جناب سویشی کانیکو *	5
مس نرگس علی اکبر گھالو	5
جناب مشتاق ملک	4
جناب ہٹوشی اوٹومو *	4
جناب کوجی ناگاٹا *	0
جناب آکیو اشیکاوا *	0
جناب اکیرا یوچیدا *	0

جو ممبران بورڈ کے اجلاسوں میں حاضر نہ ہو سکے ان کی رخصت منظور کر لی گئی۔

* رواں سال کے دوران استعفیٰ دیا اور جو casual vacancie تھیں ان کو پُر کیا گیا۔

** سال کے دوران 17 فروری 2021 کو ڈائریکٹرز کی تقرری ہوئی، جس کے بعد سے بورڈ کا کوئی اجلاس سال کے اختتام تک نہیں ہوا۔

*** مسٹر شیکیر وسوچیا کی جگہ پر یکم اپریل 2021 کو بطور ڈائریکٹر تقرری ہوئی۔

بورڈ کی کمیٹیاں

بورڈ نے دو ذیلی کمیٹیاں بنام آڈٹ کمیٹی اور انسانی وسائل و معاوضہ کمیٹی تشکیل دی ہیں۔ بورڈ نے جو کمیٹیاں تشکیل دی ہیں وہ درج ذیل افراد پر مشتمل ہیں:

۱۔ آڈٹ کمیٹی

☆ مشتاق ملک - چیئر مین

☆ نرگس علی اکبر گھالو

☆ کوجی ناگاٹا

☆ آکیو اشیکاوا

ڈائریکٹرز رپورٹ

کمپنی کے ڈائریکٹرز اپنی رپورٹ کے ساتھ کمپنی کے آڈٹ شدہ مالیاتی گوشوارے برائے ختمہ مدت 31 مارچ 2021 پیش کرتے ہوئے اظہار مسرت کرتے ہیں:

کمپنی کا بورڈ آف ڈائریکٹرز درج ذیل پر مشتمل ہے:

ڈائریکٹرز کی کل تعداد

06	مرد	۱-
01	خاتون	۲-

تشکیل بندی

	آزاد ڈائریکٹرز	۱-
01	مرد	-
01	خاتون	-
03	نان ایگزیکٹو ڈائریکٹرز	۲-
02	ایگزیکٹو ڈائریکٹرز	۳-

بورڈ میں تبدیلیاں

اتفاقی آسامیاں

سال کے دوران بورڈ میں مندرجہ ذیل اتفاقی آسامیاں پیدا ہوئیں:

نئے ڈائریکٹرز کی تاریخ تقرری	سنے آنے والے ڈائریکٹرز	جانے والے ڈائریکٹرز
17 فروری 2021	مسٹر کوجی ناگاٹا	۱- مسٹر ہٹوشی اوٹومو
17 فروری 2021	مسٹر آکیواشییکاوا	۲- مسٹر سوشی کانیکو
		یکم اپریل 2021 کو جناب شیکیر وسوچیا کی جگہ پراکیر ایوچیدا کی تقرری ہوئی۔

Covid-19 کی تیسری لہر ابھی بھی پوری دنیا اور پاکستان میں پھیل رہی ہے، مجموعی طور پر معاشی نقطہ نظر ایک اعلیٰ سطح پر غیر یقینی صورتحال سے دوچار ہے۔ نئی آٹو پالیسی کے ساتھ ساتھ زرمبادلہ کی شرح میں اتار چڑھاؤ اور مجموعی معاشی اشاریے کمپنی کی مستقبل کی کارکردگی میں کلیدی کردار ادا کریں گے۔

چیلنجز کو قابو کرنے کے تناظر - یہ کامیابی کے لئے ایک آسان سفر نہیں ہوگا، لیکن انتظامیہ پر عزم ہے اور تمام اسٹیک ہولڈرز کیلئے روشن مستقبل کا شت کرنے کا پختہ اعتقاد ہے۔

اظہار تشکر

آخر میں بورڈ آف ڈائریکٹرز کی جانب سے اس مشکل وقت میں، میں تمام حصص یافتگان کے کمپنی پر مسلسل اعتماد اور بھروسے پر ان کا مشکور ہوں۔



محمد اسلم خان

چیرمین

تاریخ: 17 جون 2021

منافع منقسمہ

کمپنی کی مالیاتی صورتحال کو مد نظر رکھتے ہوئے کمپنی کے ڈائریکٹرز نے کسی قسم کا نقد یا دیگر کوئی منافع منقسمہ تقسیم نہ کرنے کا فیصلہ کیا ہے۔

قومی خزانے میں معاونت

کمپنی نے ٹیکسوں، ڈیوٹیوں اور سیس کی مد میں حکومت کو تقریباً 1.18 بلین روپے کی ادائیگی کی۔

رائٹ حصص کا اجراء

گزشتہ سال کے دباؤ کے معاشی ماحول کے درمیان انتظامیہ نے موثر انداز میں اپنی مالیاتی انتظامی حکمت عملی موثر طور پر واضح کی اور 233.50 روپے فی حصص کی قیمت پر 100 فیصد رائٹ حصص جاری کئے۔ فیصلوں کی اثر پذیری کا ثبوت اور عکاسی موجودہ سال کے نتائج سے ہوتی ہے جس میں آج کمپنی کی بیلنس شیٹ کی تاریخ پر کسی قلیل مدتی قرضے نہ ہونا، رواں سرمائے میں بہتری اور تندرستی شامل ہے۔

ادارتی نظم و ضبط

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

لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 کے تقاضوں کے مطابق ایک باضابطہ اور موثر نظام بورڈ، بورڈ کے ممبران اور اس کی ذیلی کمیٹیوں کی سالانہ کارکردگی کی تشخیص کے لئے موجود ہے۔ بورڈ نے اس نظام کو باضابطہ تشکیل و منظور کیا ہے اور اسے کامیابی سے نافذ کیا ہے۔

بورڈ میں موزوں تعداد میں اعلیٰ تعلیم یافتہ متنوع پس منظر کے حامل ایگزیکٹو، آزاد اور نان ایگزیکٹو ڈائریکٹرز شامل ہیں۔ بورڈ نے کمپنی کے مقاصد کے حصول میں اپنا نازیر کردار ادا کیا جس میں نگرانی، رہنمائی، کلیدی سمت کی فراہمی کو پیچھے رکھنے کے کاموں کے زیر نظر مقصد کو یقینی بنایا اور کمپنی کے مقاصد کے حصول کے لئے اس کی کارکردگی کی نگرانی کی۔

ہر انفرادی ڈائریکٹر کے فیڈ بیک اور پھر ان کے مجموعی تشخیص شدہ نتائج کی بنیاد پر بورڈ کی اوسط درجہ بندی، انفرادی ڈائریکٹرز اور کمیٹیوں کی کارکردگی تسلی بخش اور موثر پائی گئی۔

مستقبل کی پیش بینی

Covid-19 بحران کی شدت کے باوجود، معیشت میں بہترین برداشت و جدوجہد دکھائی دی۔ FY2020 میں وسیع پیمانے پر پیداواری اور خدمات کے شعبوں پر وباء کے اثرات سے معاشی سرگرمی سکڑنے کے بعد بحالی کے آثار ابھرنا شروع ہوئیں۔ تاہم IMF کی رائے میں 2021-22 میں پاکستان میں GDP کی متوقع نمو 4 فیصد رہے گی۔

ہماری صنعت سے متعلق ایک خاص اہم پہلو یہ ہے کہ موجودہ آٹو ڈولپمنٹ پالیسی (ADP 2016-21) اس سال جون میں ختم ہونے والی ہے جس کی وجہ سے حکومت نئی پالیسی بنانے کی جانب گامزن ہے۔ ہم پر امید ہیں کہ نئی آٹو پالیسی مزید متوازن ہوگی اور ملک میں آٹو موٹو سیکٹر میں مسابقت اور کامیابی کی حوصلہ افزائی پر توجہ مرکوز کرے گی۔

ہینوپاک کاروبار

مارکیٹ میں حصہ اور فروخت

پاکستان کی تجارتی گاڑیوں کی صنعت کے لئے مزید ایک اور سال میں کمی اور مارکیٹ کے کل حجم میں تقریباً 29 فیصد کمی دیکھی گئی۔ کمپنی کا مارکیٹ میں حصہ 21.7 فیصد رہا جو کہ گزشتہ سال 33.2 فیصد تھا۔

سال بھر کے دوران، کمپنی کی انتظامیہ کی توجہ مارکیٹ میں قابل ذکر حصہ کا تعاقب کرنے کے بجائے قابل منافع سودوں کی سرمایہ کاری پر مرکوز رہی۔ لہذا مارکیٹ میں سکڑاؤ کے باوجود کمپنی گزشتہ سال کے خام خسارے کو خام منافع میں تبدیل کرنے میں کامیاب رہی۔

خام (خسارہ)/منافع

گزشتہ سال 170 ملین روپے کا خام خسارہ تبدیل ہو کر 687 ملین روپے کے خام منافع میں تبدیل ہو گیا جس سے مثبت سمت میں 180 ڈگری اضافے کی عکاسی ہوتی ہے، جو کہ شرح فیصد کے لحاظ سے 503 فیصد رہا۔ اس کی وجوہات گاہکوں کا اعتماد اور دشوار گزار ماحول میں انتظامیہ کے قابل منافع سودوں میں سرمایہ کاری کی کامیاب کاوشیں تھیں اور جو کہ انتہائی قابل ستائش ہیں۔

تقسیمی اور انتظامی اخراجات

لاگت کو قابو کرنے کے اقدامات طویل عرصہ رہے اور انہیں اس سال بھی موثر انداز میں نافذ کیا گیا ہے۔ تقسیمی اور انتظامی اخراجات کی مد میں سخت اقدامات کے نتیجے میں اخراجات کم ہو کر 666 ملین روپے رہ گئے جو گزشتہ سال 707 ملین روپے تھے۔

سودی لاگت

31 مارچ کو قلیل مدتی قرضوں کو مکمل طور پر مالیاتی پوزیشن کے گوشوارے سے ختم کر دیا گیا ہے جو کہ گزشتہ سال 4.12 بلین روپے تھے۔ جس کے نتیجے میں سودی لاگت کم ہو کر 252 ملین روپے رہ گئی جو کہ گزشتہ سال 836 ملین روپے تھی۔ اس کے ممکن ہونے کی وجوہات میں کمپنی کی مالیاتی انتظام کی موثر حکمت عملی تھی جس کے تحت رائٹ حصص کے اجراء کے ذریعے فنڈ جمع کئے گئے اور جمع شدہ مال کو ختم کرنے کے لئے موثر حکمت عملی اختیار کی گئی۔

خسارہ بعد از ٹیکس

کمپنی کے خسارہ بعد از ٹیکس میں 86 فیصد کمی ہوئی اور جو کہ 288 ملین روپے رہا جبکہ گزشتہ سال خسارہ بعد از ٹیکس 2.05 بلین روپے تھا۔ خسارہ فی حصص 13.37 روپے رہا جو کہ گزشتہ سال 110.33 روپے (از سر نو تخمینہ شدہ) تھا۔

سرمایہ جاتی اخراجات

انتظامیہ سرمایہ جاتی اخراجات کی اجازت دینے میں سخت رہی اور صرف ان اخراجات کی اجازت دی گئی جو کہ کاروبار کے بلا کاؤٹ تسلسل کے لئے ناگزیر ہوں۔ جامد مالیاتی اخراجات کے لحاظ سے بیرونی مالیاتی بہاؤ میں گزشتہ سال کے مقابلے میں 68 فیصد کمی ہوئی جو کہ نقدی کے بہاؤ کے گوشوارے سے عیاں ہے۔

چیسر مین کا جائزہ

بورڈ آف ڈائریکٹرز کی جانب سے میں آپ کو چھتیسویں و سالانہ اجلاس عام میں خوش آمدید کہتا ہوں اور آپ کو سالِ مختتمہ 31 مارچ 2021 کی کارکردگی سے آگاہ کرتا ہوں۔ SECP کی ہدایات کے مطابق اور کورونا وائرس کے پھیلاؤ کو روکنے کی جاری جنگ میں کمپنی نے ایک مرتبہ پھر اپنے ممبران کے بہترین مفاد کی خاطر اجلاس میں شرکت کے لئے وڈیو لنک کی سہولت فراہم کی ہے۔

پاکستان کی معیشت گزشتہ دو دہائیوں سے سست روی سے ترقی کر رہی ہے جس کی وجہ معاشی پالیسیوں میں عدم تسلسل اور معاشی نمو کے لئے برآمدات اور سرمایہ کاری پر کم انحصار ہے۔ COVID-19 وباء کے پھیلاؤ اور حرکت کو محدود کرنے کے اقدامات اختیار کرنے کے نتیجے میں معاشی سرگرمیوں میں شدید سکڑاؤ آیا ہے؛ لیکن سرنگ کے آخری سرے پر ہمیشہ ایک روشنی ہوتی ہے۔

ڈولٹی ہوئی معیشت کو سہارا دینے کے لئے ملک حال ہی میں IMF کی 39 ماہ کی توسیعی فنڈ سہولت میں داخل ہوا۔ IMF کی شرائط کی وسیع نظر میں پاسداری کرنے اور اس کے ساتھ ساتھ COVID کی تباہی کو کم کرنے کے لئے حکومت اور اسٹیٹ بینک (SBP) نے مربوط انداز میں اپنی پالیسیاں وضع کیں جس میں عوامی قرضوں میں اضافہ، احساس پروگرام کے ذریعے متاثرہ طبقے کے لئے ہدفی مالیاتی تعاون، معیشت کو سہارا دینے اور صنعتی خساروں میں کمی اور معیار حرکت میں کچھ بحالی کے لئے شرح سود میں کمی اور ملازمتوں کے خاتمے سے بچنے کے لئے عارضی قرضوں کی سہولت (روزگار اسکیم) فراہم کی گئی۔

FY2020 (جولائی - جون) میں نموسست ہو کر منفی 0.4 فیصد رہ گئی، تاہم توقع ہے کہ FY2021 میں 4 فیصد تک بہتری آئے گی۔ بیرونی کھاتہ کی صورتحال میں بہتری آئی اور 2021 کی ابتداء سے افراط زر میں مسلسل سست رفتاری رہی لیکن ابھی بھی اوسطاً 8.3 فیصد ہے۔

تاہم، بلا واسطہ ٹیکسوں کے محاذ پر خاص طور پر آٹو موٹائل کی صنعت پر موجودہ سال کے دوران 7 فیصد اضافی کسٹم ڈیوٹی عائد کر دی گئی جس سے پیداواری لاگت میں قابل ذکر اضافہ ہوا اور وسیع معنوں میں صنعت کے مصائب میں اضافہ ہوا۔

معاشی محاذ پر دشواریوں کے باوجود بورڈ نے حصص یافتگان کے بہترین مفاد میں کمپنی کی رہنمائی کی اور کچھ جرأت مندانہ اقدامات کیے جو کہ صرف رائٹ حصص کے اجراء تک ہی محدود نہ رہیں۔ درج ذیل میں بیان کیا گیا ہے کہ گزشتہ سال کے مقابلے میں مختتمہ سال 2021 میں آپ کی کمپنی کی کارکردگی کیسی رہی:

- ☆ گزشتہ سال کے 1.29 فیصد خام خسارہ کے مقابلے میں موجودہ سال میں 7.5 فیصد خام منافع ہوا
- ☆ کل جامع خسارہ میں 85.10 فیصد کمی ہوئی
- ☆ خسارہ فی حصص میں 87.88 فیصد کمی ہوئی



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