



ANNUAL REPORT

2022





HINO

Contents

Vision / Mission Statement / Corporate Strategy	2
Basic Principles of Hinopak Code of Conduct	3
Company Information	4
Board of Directors	5
Board Committees	7
Functional Committees	8
Chairman's Review	9
Directors' Report	11
Financial Highlights	17
Statement of Compliance	21
Review Report on Statement of Compliance	24
Financial Statements	26
Pattern of Shareholding	74
Notice of Annual General Meeting	76
Proxy Form	80

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., Shakra-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

2C, Second Floor, Al-Kout Tower,
Near Sarhad University, Ring Road,
Peshawar.
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
Email: hino-multan@hinopak.com

Board of Directors

Mr. 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. He is also 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.

Mr. Takayuki Kizawa

President & Chief Executive Officer

Mr. Takayuki Kizawa was appointed as the President & Chief Executive Officer of the Company and member of Human Resource and Remuneration Committee in February 2022. He joined Hino Motors Japan in April 2005 after he graduated from the university. First he worked in Overseas Parts Department for 6 years then he was transferred to North American Department. From 2014 to 2018, he was assigned abroad in Hino Motors Sales USA and returned again to North American Department. Since 2020 he worked in the Middle East Department and was in charge of the section leader of Russia market.

Mr. 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.

Mr. Mushtaq Malik

Independent Non-Executive Director

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

Ms. Nargis Ghaloo

Female Independent Non-Executive Director

Ms. Nargis Ghaloo is an Independent non-executive Director, Chairperson of Human Resource & Remuneration Committee and member of the Audit Committee of the Company. She is currently serving as an Independent Director and Chairperson of Audit Committee in JS Bank Limited and also as a Director on the Board of PPHI Sindh. 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. 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.

Mr. Koji Nagata

Non-Executive Director

Mr. Koji Nagata was appointed in February 2021 as non-executive director of the Company and member of the Audit Committee. He joined Toyota Motor Corporation, Japan in 1985.

Mr. Takuji Umemura

Non-Executive Director

Mr. Takuji Umemura was appointed in February 2022 as a non-executive director of the Company and member of the Audit Committee. He joined Hino Motors Ltd., Japan in 1992 and held various leadership roles in Hino group companies mainly in the Asian and European markets.

Mr. Abdul Basit

Company Secretary

Mr. Abdul Basit is a Chartered Accountant from the Institute of Chartered Accountants of Pakistan. He joined Hinopak Motors Limited in September 2018. In addition to the role of Company Secretary, he is working as an Assistant General Manager in Finance Department. Previously he was associated with Al Bakri Group of Companies, Saudi Arabia as Head of Internal Audit and also worked with A.F. Ferguson and Co. Chartered Accountants.

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) - Takuji Umemura (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"> - Nargis Ali Akbar Ghaloo Chairperson (Independent Director) - Mushtaq Malik (Independent Director) - Takayuki Kizawa (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"> - Takayuki Kizawa – Chairman - Akira Uchida - Masahiko Kondo - Fahim Aijaz Sabzwari - Naushad Riaz - Syed Samad Siraj - Mehmood Ahmed Khan 	<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"> - Takayuki Kizawa – Chairman - Akira Uchida - Fahim Aijaz Sabzwari - Syed Samad Siraj - Abdul Basit (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 to the 37th Annual General Meeting of the Company and hereby share with you the performance for the year ended March 31, 2022. Amongst all the challenges, your company has performed well.

Pakistan's history is filled with twisted and turning moments, and the last fiscal year was no exception. Besides all the happenings, economic activity rebounded strongly from the first waves of the ongoing COVID-19 pandemic. The Real GDP posted a growth of 5.97% mainly on account of the agricultural, industrial, and services sectors' unprecedented performance. Exports, tax receipts, and as a result, per capita income, all exceeded expectations.

A good economic recovery has gained hold since 2020, benefiting from the authorities' multifaceted policy response to the unprecedented shock of the pandemic. At the same time, external pressures also started to emerge such as rising international commodity prices, disrupted international supply, and polarisation due to Russia and Ukraine war. These elements cause a widening current account deficit and depreciation pressures on the exchange rate, which also reinforced domestic price pressures. Globally fuel and food prices have increased rapidly, but particularly in Pakistan, it acted as a pivotal reason for the change in government through parliamentary measures.

Amidst all the swirls and drifts in the economy, the unwavering and resolute efforts of the management of the Company paved the way toward success. During the financial year ended March 2022, the Company not only managed to emerge from the abyss of losses but also displayed a ray of hope in the form of a profit. Increased turnover and necessary price modifications resulted in a 37.2% increase in gross income. Visible advancement is reflected in gross profit margins from the face of the profit and loss account, which reached 9.65% from 7.53% last year. A healthy earnings per share of Rs. 16.82 as compared to a loss per share of Rs. 13.37 is like a breath of fresh air after a relentless effort of three years.

HINOPAK BUSINESS

Market Share and Sales

In the financial year ending March 2022, the commercial vehicle industry saw a substantial upturn, with the market size surging by 68%. The Company, however, capitalized only on the profitable deals as per its strategy and captured a market share of 16.6% as compared to 21.7% last year.

Gross Profit

A massive upsurge of 76% in Gross Profit was noted from the last year. During the current financial year, the gross profit surpassed Rs. 1.2 billion as compared to Rs. 687 million in last year. Our recognition is in our uncompromised quality and ever-satisfied customers. It is customers' confidence that keeps us moving even in turbulent times and helps us to cross landmarks one after another.

Distribution and Administrative Expenses

Management is continuously monitoring and making efforts to decrease distribution and administrative cost, however, due to the improvement of business activities and inflation these costs for the year ended were Rs. 732 million.

Finance Cost

The improvement in cash flows brought on through the right shares issuance last year, better working capital management and profits eventually led to the elimination of short-term borrowing and related interest charges from the Company's records. Current year's finance cost mainly represents exchange loss due to currency depreciation.

Profit after tax

After three consecutive years of losses, the Company made a profit after tax of Rs. 417.13 million, compared to a loss after tax of Rs. 288 million in the preceding year. The company reported earnings per share of Rs. 16.82, compared to a loss per share of Rs. 13.37 in the preceding year.

Capital Expenditure

Acquisition and maintenance of capital assets are imperative for the improvement of productivity and quality. During the year Rs. 296 million were spent mainly in Plant and Machineries.

Dividend

Company has again started to earn profits from this year. But considering the accumulated loss position and business sustainability & growth, the directors have not recommended dividend payment.

Contribution To National Exchequer

The Company paid Rs. 1. 65 billion approximately in taxes, duties, levies, and cess to the Government.

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 put in place for an annual evaluation of the performance of the Board, Members of the Board & its Sub-Committees. The mechanism has been duly established, approved, and successfully implemented by the Board.

The Board comprises an 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, assessing strategy & underlying purpose of actions taken by Management, and monitoring the Company's performance towards the achievement of its objectives.

On the basis of each Individual Director's feedback and thereby consolidated evaluated results, the average rating of the Board, Individual Directors & committee performance has been found satisfactory & effective.

FUTURE OUTLOOK

While the global, as well as Pakistan economy, is on recovery, another crisis unfolds in the form of the Russia-Ukraine conflict. With rising inflation, primarily due to food and fuel prices, the stumbling steps became much more staggering. The cost of production is rising across the board for all industries, and notably for our company, as the rupee continues to weaken against the dollar. The Government is also forced to impose a collection of 100 percent import margin before import due to mounting current account deficits and decreasing foreign currency reserves. For an import-based sector like ours, this puts a lot of strain on cash reserves management.

Removing political uncertainty, long-awaited structural reforms, the revival of the International Monetary Fund's (IMF) extended fund facility, the response to severe environmental changes, and Pakistan's expected removal from the Financial Action Task Force (FATF) grey list are the keys that will define Pakistan's economic direction in the coming days.

It was once said that "The most reliable way to predict the future is to create it". Blending the right mix of business strategy and initiatives with the developing situations will be our way forward and the momentum is with us.

VOTE OF THANKS

Success is the outcome of a tremendous team effort that deserves to be recognized. I appreciate the loyalty of all consumers, the support of Hino Motors Ltd. and Toyota Tsusho Corporation, the management's tireless efforts, and the Board of Directors' continuous leadership.



Muhammad Aslam Sanjrani

Chairman

Date: June 28, 2022

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, 2022.

The Board of Directors of the Company as at March 31, 2022 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. Yoshihiko Nanami	Mr. Takayuki Kizawa	February 01, 2022
b) Mr. Akio Ishikawa	Mr. Takuji Umemura	February 15, 2022

Board Meetings

During the year four (4) meetings of the Board were held in which the attendance by each Director is as follows:

Name of Directors	Number of meetings attended
Mr. Muhammad Aslam Sanjrani	4
Mr. Yoshihiko Nanami*	4
Mr. Akira Uchida	4
Ms. Nargis Ali Akbar Ghaloo	4
Mr. Mushtaq Malik	4
Mr. Koji Nagata	4
Mr. Akio Ishikawa*	4
Mr. Takayuki Kizawa**	0
Mr. Takuji Umemura***	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.

** Mr. Takayuki Kizawa was appointed on the Board on February 01, 2022, since then no meeting of the Board was held till year end.

*** Mr. Takuji Umemura was appointed on the Board on February 15, 2022, since then no meeting of the Board was held till year end.

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
- Takuji Umemura

b) HR and Remuneration Committee

- Nargis Ali Akbar Ghaloo - Chairperson
- Mushtaq Malik
- Takayuki Kizawa

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	4
Ms. Nargis Ali Akbar Ghaloo	4
Mr. Akio Ishikawa	4
Mr. Koji Nagata	4
Mr. Takuji Umemura*	0

*Mr. Takuji Umemura was appointed in the Audit Committee on February 15, 2022, 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. There have been no change concerning the nature of business.

During the year country witnessed both recovery from COVID-19 impacts and real GDP growth of 5.97%. However, the year was very challenging for automobile industry with respect to Pak Rupee devaluation, global supply chain disruptions, higher ocean freight and rising inflation. Due to these factors, the input cost became very high causing the companies to increase their selling prices.

Appropriation of Profit / (Loss)

Following are the details of appropriations:

	Year ended	
	March 31, 2022	March 31, 2021
	Rupees in '000	
Profit / (loss) before income tax	564,784	(164,530)
Income tax expense	(147,654)	(123,764)
Profit / (loss) after income tax	417,130	(288,294)
Transferred from surplus on revaluation of fixed assets on account of Incremental depreciation	55,871	55,133
Other comprehensive loss for the year	(1,039)	(9,093)
Issuance cost against right issue	-	(11,847)
Unappropriated loss brought forward	(935,260)	(681,159)
Unappropriated loss carried forward	(463,298)	(935,260)
Earnings / (Loss) per share	Rs. 16.82	Rs. (13.37)

Development & Performance of the Company's Business and Future Prospects of Profit

The eclipse breaks off into a brilliant profit after three years of continuous losses. The Company posted a profit after tax of Rs. 417.13 million as against loss after tax of Rs. 288.3 million in 2020-21 mainly due to increase in sales volume & selling prices and continuous cost monitoring & reduction activities. Creation of fresh finances through right issue, better working capital management and fruitful profit for the year resulted into the elimination of borrowings from its entirety.

Global commodity prices, international logistical disruptions, significant currency depreciation and substantial increase in fuel / electricity costs pose a risk to profitability prospects.

Despite all the odds, the Company is committed to deliver quality vehicles by introducing new and improved technology standards and enhanced level of comfort to cater the needs of its valued customers.

Principal Risks and Uncertainties

The performance of all industries would be impacted by factors such as the pace of the global economic recovery, Pakistan's ties with other countries, the rise in global prices, the current account deficit, etc. in the upcoming year. Commercial vehicles' demand, exchange rate parities and international freight prices are also crucial as the situation emerge.

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, 2023 on such terms and conditions and remuneration as to be decided.

Pattern of Shareholding

The pattern of shareholding as at March 31, 2022 and additional information thereabout required under Listed Companies (Code of Corporate Governance) Regulations, 2019 are disclosed on page 74 and page 75 respectively.

Holding Company

Since October 19, 1998, Hino Motors Ltd. Japan, is the Holding Company of Hinopak Motors Limited, presently holding 59.67% shares 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

Company has again started to earn profits from this year. But considering the accumulated loss position and business sustainability & growth, the directors have not recommended dividend payment.

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 and International Financial Reporting 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.
- The value of investments of the Company's Provident, Gratuity and Pension Funds as on March 31, 2022 were as follows:

	Rupees in '000
Hinopak Motors Limited Employees' Provident Fund	306,009
Hinopak Motors Limited Employees' Gratuity Fund	303,507
Hinopak Motors Limited Employees' Pension Fund	567,988

Trading of Shares of the Company

During the year ended March 31, 2022, the directors, executives and their spouses and minor children have not traded in the shares of the Company.

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.

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.

This year we engaged employees and worked towards environment & social cause by engaging in activities related to tree plantation, beach cleaning, HINO AAGAH (Road Safety Awareness Program) and industrial visits along with creating awareness for COVID-19. We conducted several webinars and online training to enhance employee engagement in challenging times.

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 directors 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 (2021: Rs. 3 million).

The remuneration of Chairman for attending meetings during the year amounts to Rs. 0.5 million (2021: Rs. 0.6 million) and consultancy fee paid to the Chairman amounts to Rs. 3.79 million (2021: Rs. 3.79 million).

Further details of the remuneration of directors including Chief Executive Officer is detailed in the note no. 35 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

Dated: June 28, 2022



Chief Executive Officer

Financial Highlights

	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Profit or Loss & Other Comprehensive Income (Rs. in Million)						
Revenue from contracts with customers	22,477.50	26,615.07	19,130.84	13,191.06	9,132.18	12,530.89
Gross profit / (loss)	2,466.10	3,034.44	1,113.31	(170.41)	687.37	1,209.55
Operating profit / (loss)	1,776.93	2,348.55	501.62	(809.22)	70.60	666.56
Profit / (loss) before income tax	1,696.71	1,669.55	(520.18)	(1,844.00)	(164.53)	564.78
Income tax expense	576.81	520.17	353.12	210.98	123.76	147.65
Profit / (loss) after income tax	1,119.90	1,149.38	(873.30)	(2,054.98)	(288.29)	417.13
Other comprehensive (loss) / income	(19.07)	(16.61)	(4.86)	207.70	13.13	230.92
Transfer from surplus on revaluation of fixed assets	32.25	42.00	47.24	47.98	55.13	55.87
Dividend	1,113.32	839.89	862.09	-	-	-
Unappropriated profit / (loss) carried forward	2,693.49	3,028.37	1,335.36	(879.33)	(935.26)	(463.30)
Financial Position (Rs. in Million)						
Net Assets						
Fixed assets	2,841.70	3,109.37	3,135.51	3,641.95	3,565.54	3,810.91
Other long term assets	32.62	29.29	49.98	44.04	68.49	72.03
Current assets	7,188.42	11,330.87	11,105.19	5,770.77	4,118.17	6,424.78
Less : current liabilities	5,013.91	8,885.62	10,431.95	7,444.44	3,112.45	5,172.85
Total	5,048.83	5,583.91	3,858.73	2,012.32	4,639.75	5,134.87
Financed By						
Issued, subscribed & paid up capital	124.01	124.01	124.01	124.01	248.01	248.01
Reserves / accumulated profit / (loss)	2,984.49	3,319.37	1,626.36	(390.16)	(644.26)	(172.30)
Surplus on revaluation of fixed assets	1,659.14	1,848.73	1,810.04	1,975.24	1,942.33	2,118.42
Share premium	-	-	-	-	2,771.53	2,771.53
Long term / deferred tax liabilities	281.19	291.81	298.32	303.23	322.14	169.21
Total	5,048.83	5,583.91	3,858.73	2,012.32	4,639.75	5,134.87
Cash Flow (Rs. in Million)						
Cash flows from / (used in) operating activities	586.94	2,866.99	(10,259.46)	3,229.20	1,643.77	2,848.54
Cash flows used in investing activities	(269.49)	(239.60)	(258.04)	(489.22)	(148.85)	(266.58)
Cash flows (used in) / from financing activities	(1,110.09)	(660.58)	(1,037.77)	(0.22)	2,878.09	(5.97)
Turnover (Rs. in Million)						
Hino chassis	20,382.37	23,831.54	15,185.18	10,154.14	5,743.17	7,959.01
Bus & other bodies	933.31	682.27	981.69	502.52	492.47	656.68
Spare parts	463.22	783.22	1,360.75	1,374.70	1,051.73	589.22
Others	698.60	1,318.04	1,603.22	1,159.70	1,844.80	3,325.98
Total	22,477.50	26,615.07	19,130.84	13,191.06	9,132.18	12,530.89
Production (Units)						
Hino chassis	3750	4198	2880	1592	700	979
Bus & other bodies	474	498	802	342	285	383
Hilux frame	6656	10229	10310	5978	9108	16574

Financial Highlights

	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Sales (Units)						
Hino chassis	3817	4310	2850	1639	758	973
Bus & other bodies	501	478	822	345	271	394
Hilux frame	6451	10328	10377	5897	9036	15644
No. of Employees	341	354	376	372	372	383
Investor Information						
Financial Ratios						
Gross profit / (loss) ratio	10.97%	11.40%	5.82%	(1.29%)	7.53%	9.65%
Net profit / (loss) margin	4.98%	4.32%	(4.56%)	(15.58%)	(3.16%)	3.33%
Return on assets (after tax)	11.13%	7.94%	(6.11%)	(21.73%)	(3.72%)	4.05%
Return on equity (after tax)	23.49%	21.72%	(24.53%)	(120.24%)	(6.68%)	8.40%
Debt equity ratio*	0.06	0.06	0.08	0.18	0.07	0.03
Current Ratio	1.43	1.28	1.06	0.78	1.32	1.24
Quick Ratio	0.78	0.72	0.29	0.26	0.65	0.89
Interest cover ratio	-	-	(1.77)	(1.21)	0.35	0.00
Dividend payout ratio**	75.00%	75.01%	0.00%	0.00%	0.00%	0.00%
Dividend yield ratio**	4.23%	5.99%	0.00%	0.00%	0.00%	0.00%
Dividend cover ratio**	133.34%	133.32%	0.00%	0.00%	0.00%	0.00%
Other Ratios						
Price earning ratio	17.72	12.52	(5.61)	(2.76)	(29.51)	19.09
Earning / (loss) before interest, taxes, depreciation and amortization (EBITDA)	1,962.63	2,569.97	739.05	(578.42)	335.61	936.56
EBITDA margin to sales	8.73%	9.66%	3.86%	(4.38%)	3.68%	7.47%
Total assets turnover ratio	2.23	1.84	1.34	1.39	1.18	1.22
Fixed assets turnover ratio	7.91	8.56	6.10	3.62	2.56	3.29
Return on capital employed	22.18%	20.58%	(22.63%)	(102.12%)	(6.21%)	8.12%
Inventory turnover ratio	6.64	5.77	2.79	2.26	2.85	5.84
Number of days inventory	55	63	131	162	128	63
Debtors turnover ratio	59.66	55.19	22.85	19.85	19.34	24.50
Number of days debtors	6	7	16	18	19	15
Creditors turnover ratio	3.94	3.39	2.90	3.95	2.67	2.73
Number of days creditors	93	108	126	93	137	134
Operating cycle (days)	(31)	(38)	21	87	10	(56)
Per Share Amounts (in Rupees)						
Cash dividend**	67.73	69.52	-	-	-	-
Breakup value with surplus on revaluation of fixed assets	384.47	426.76	287.12	137.82	174.09	200.22
Breakup value without surplus on revaluation of fixed assets	250.67	277.68	141.15	(21.46)	95.77	114.80
Earning / (loss) per share (restated)	90.31	92.69	(70.42)	(110.33)	(13.37)	16.82
Share price (high)	1,852.30	1,708.13	1,221.81	511.33	404.00	330.00
Share price (low)	880.21	970.00	394.20	245.50	391.00	318.00
Share price (closing)	1,600.00	1160.31	395.10	305.00	394.50	321.00
One US\$ = rupee as at period end	104.70	115.40	140.70	166.75	153.60	183.20
One JPY = rupee as at period end	0.9421	1.0851	1.2702	1.5376	1.3854	1.4976

* Debt equity ratio takes into consideration the surplus on revaluation of land and building.

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

Vertical Analysis

Operating Results	2021-22		2020-21		2019-20	
	(Rs. in million)	%	(Rs. in million)	%	(Rs. in million)	%
Revenue from contracts with customers	12,530.89	100.00	9,132.18	100.00	13,191.06	100.00
Cost of sales	(11,321.34)	(90.35)	(8,444.81)	(92.47)	(13,361.47)	(101.29)
Gross profit / (loss)	1,209.55	9.65	687.37	7.53	(170.41)	(1.29)
Distribution cost	(356.50)	(2.84)	(310.10)	(3.40)	(351.11)	(2.66)
Administration expenses	(375.98)	(3.00)	(356.31)	(3.90)	(355.67)	(2.70)
Other income	214.48	1.71	61.14	0.67	82.89	0.63
Other expenses	(24.99)	(0.20)	(11.51)	(0.13)	(14.92)	(0.11)
Profit / (loss) from operations	666.56	5.32	70.60	0.77	(809.22)	(6.13)
Finance cost	(101.77)	(0.81)	(235.13)	(2.57)	(1,034.78)	(7.84)
Profit / (loss) before income tax	564.78	4.51	(164.53)	(1.80)	(1,844.00)	(13.98)
Income tax expense	(147.65)	(1.18)	(123.76)	(1.36)	(210.98)	(1.60)
Profit / (loss) after income tax	417.13	3.33	(288.29)	(3.16)	(2,054.98)	(15.58)
Financial Position						
Property, plant and equipment	3,792.81	36.80	3,546.02	45.74	3,638.79	38.48
Other non current assets	29.30	0.28	36.08	0.47	3.16	0.03
Long-term deposits	7.99	0.08	7.36	0.10	7.23	0.08
Long-term loans and advances	40.27	0.39	27.38	0.35	25.06	0.26
Employee benefit prepayment	12.57	0.12	17.19	0.22	11.75	0.12
Current assets	6,424.78	62.33	4,118.17	53.12	5,770.77	61.03
Total assets	10,307.72	100.00	7,752.20	100.00	9,456.76	100.00
Shareholders' equity	4,965.66	48.17	4,317.61	55.70	1,709.09	18.07
Deferred taxation	126.60	1.23	117.64	1.52	135.21	1.43
Other non-current liabilities	42.61	0.41	204.50	2.64	168.02	1.78
Short term debt	-	0.00	-	-	4,115.24	43.52
Other current liabilities	5,172.85	50.18	3,112.45	40.15	3,329.21	35.20
Total equity and liabilities	10,307.72	100.00	7,752.20	100.00	9,456.77	100.00
Cash Flows						
Cash flows from operating activities	2,848.54	110.58	1,643.77	37.59	3,229.20	117.86
Cash flows used in investing activities	(266.58)	(10.35)	(148.85)	(3.40)	(489.22)	(17.86)
Cash flows from / (used) in financing activities	(5.97)	(0.23)	2,878.09	65.81	(0.22)	(0.01)
Net increase in cash and cash equivalents	2,575.99	100.00	4,373.01	100.00	2,739.76	100.00

Horizontal Analysis

	2021-22		2020-21		2019-20	
	(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	12,530.89	37.22	9,132.18	(30.77)	13,191.06	(31.05)
Cost of sales	(11,321.34)	(34.06)	(8,444.81)	(36.80)	(13,361.47)	(25.84)
Gross profit / (loss)	1,209.55	75.97	687.37	(503.36)	(170.41)	(115.34)
Distribution cost	(356.50)	(14.96)	(310.10)	(11.68)	(351.11)	(2.36)
Administration expenses	(375.98)	(5.52)	(356.30)	0.18	(355.67)	(6.11)
Other income	214.48	250.80	61.14	(26.24)	82.89	(43.86)
Other expenses	(24.99)	(117.12)	(11.51)	(22.86)	(14.92)	(28.61)
Profit / (loss) from operations	666.56	844.14	70.60	(108.72)	(809.22)	(261.32)
Finance (income) / cost	(101.77)	56.72	(235.13)	(77.28)	(1,034.78)	1.27
Profit / (loss) before income tax	564.78	443.27	(164.53)	(91.08)	(1,844.00)	254.49
Income tax expense	(147.65)	(19.30)	(123.76)	(41.34)	(210.98)	(40.25)
Profit / (loss) after income tax	417.13	244.69	(288.29)	(85.97)	(2,054.98)	135.31
Financial Position						
Property, plant and equipment	3,792.81	6.96	3,546.02	(2.55)	3,638.79	16.34
Other non current assets	29.30	(18.79)	36.08	1,041.77	3.16	(59.33)
Long-term deposits	7.99	8.56	7.36	1.80	7.23	(10.85)
Long-term loans and advances	40.27	47.08	27.38	9.26	25.06	1.54
Employee benefit prepayment	12.57	(26.85)	17.19	46.29	11.75	(31.65)
Current assets	6,424.78	56.01	4,118.17	(28.64)	5,770.77	(48.04)
Total assets	10,307.72	32.97	7,752.20	(18.02)	9,456.76	(33.83)
Shareholders' equity	4,965.66	15.01	4,317.61	152.63	1,709.09	(52.00)
Deferred taxation	126.60	7.62	117.64	(12.99)	135.21	15.63
Other non-current liabilities	42.61	(79.16)	204.50	21.71	168.02	(7.37)
Short term debt	-	-	-	(100.00)	4,115.24	(39.18)
Other current liabilities	5,172.85	66.20	3,112.45	(6.51)	3,329.21	(9.18)
Total equity and liabilities	10,307.72	32.97	7,752.20	(18.02)	9,456.77	(33.83)
Cash Flows						
Cash flows from / (used in) operating activities	2,848.54	73.29	1,643.77	(49.10)	3,229.20	131.48
Cash flows used in investing activities	(266.58)	(79.09)	(148.85)	69.57	(489.22)	(89.59)
Cash flows from / (used in) financing activities	(5.97)	(100.21)	2,878.09	1,308.32*	(0.22)	99.98
Net increase / (decrease) in cash and cash equivalents	2,575.99	(41.09)	4,373.01	59.61	2,739.76	123.71

* % in '000

Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019

FOR THE YEAR ENDED MARCH 31, 2022

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. Takuji Umemura
c) Executive Directors	02	Mr. Takayuki Kizawa 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.

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company;
4. The company has prepared a code of conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures;
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. 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;
6. 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;
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;

8. The Board has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;
9. Three out of seven 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
 - Takuji Umemura
 - b) **HR and Remuneration Committee**
 - Nargis Ali Akbar Ghaloo - Chairperson
 - Mushtaq Malik
 - Takayuki Kizawa
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, 2022
HR and Remuneration Committee	One meeting during the financial year ended March 31, 2022
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: It is encouraged that by June 30, 2021 at least 75% of the directors on their board have obtained prescribed certification under directors training program offered by the institutions, local or foreign, that meet the criteria specified by the commission and approved by it. Further, a newly appointed director on the Board may acquire the directors training program certification within a period of one year from the date of appointment as a director on the Board.	Currently, 3 out of 7 directors have obtained DTP certification. The Company will arrange training for the remaining directors including newly appointed director 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



Takayuki Kizawa
Chief Executive Officer

Date: June 28, 2022

**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, 2022 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, 2022.

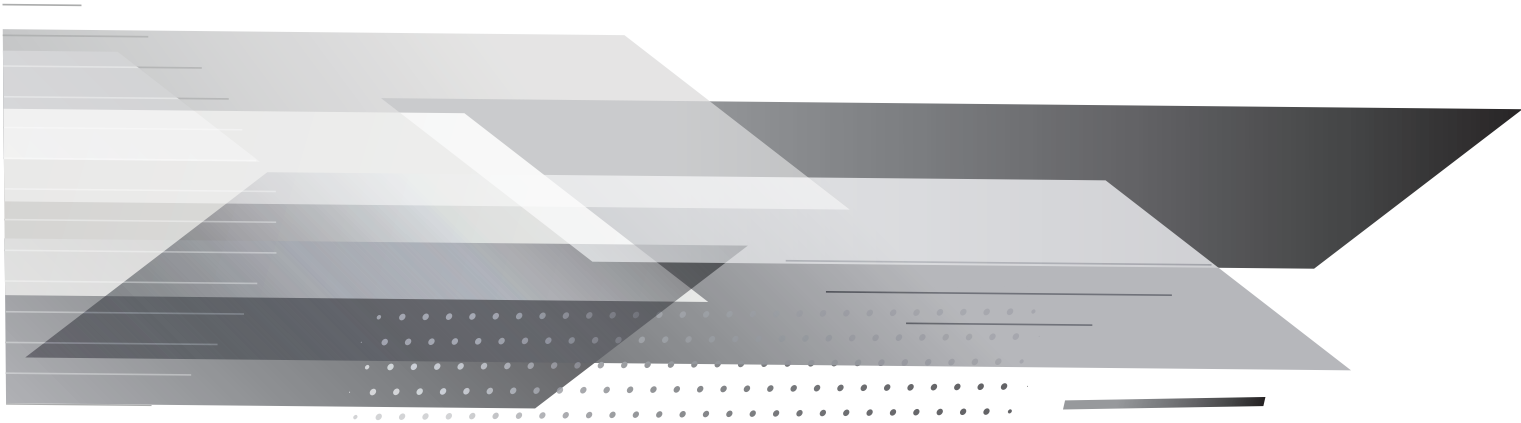


**Chartered Accountants
Karachi**

Dated: July 04, 2022

UDIN: CR202210059671jtAdkR

*A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
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Financial Statement 2022

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, 2022, 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, 2022 and of the profit 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.

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Following is the key audit matter:

S.No.	Key audit matter	How the matter was addressed in our audit
(i)	<p>Deferred Taxation</p> <p>(Refer notes 2.7 and 19 to the annexed financial statements)</p> <p>The Company has not recognized deferred tax asset on unused tax losses, unabsorbed tax depreciation and minimum tax in view of lack of current and future estimated taxable profits required to recover the asset. The Company carries out periodic assessment to determine the recoverability of deferred tax asset by estimating future taxable profits of the Company and the expected tax rate applicable to those profits. The determination of future taxable profits is most sensitive to certain key assumptions including volume of chassis and bodies and inflation rates.</p> <p>As estimating future taxable profits requires significant management judgement, we considered this a key audit matter.</p>	<p>Our audit procedures amongst others included the following:</p> <ul style="list-style-type: none"> - Considered the expected timing of utilisation of the Deferred Tax Assets (DTA) keeping in view the relevant provision of Income Tax Ordinance 2001 that apply to the utilisation of tax losses. - Determined the extent to which sufficient probable taxable profits would arise in the period within which the related losses would be available for utilisation, - Obtained financial projections from the Company's management; - Obtained understanding of the Company's process of preparing financial projections; - Evaluated the financial projections and assessed the likelihood of the Company generating sufficient future taxable profits; and - Ensured that presentation and disclosures of deferred taxation are being addressed appropriately.

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: July 04, 2022

UDIN: AR2022100593abxt09hp

STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2022

	Note	2022	2021
		Rupees '000	
ASSETS			
Non-current assets			
Property, plant and equipment	4	3,792,808	3,546,025
Right-of-use asset	5	11,192	16,565
Intangibles assets	6	18,106	19,515
Long-term investments	7	-	-
Long-term loans and advances	8	40,273	27,382
Long-term deposits		7,990	7,358
Employee benefit prepayment	20	12,573	17,189
		<u>3,882,942</u>	<u>3,634,034</u>
Current assets			
Inventories	9	1,815,805	2,083,760
Trade receivables	10	447,732	575,086
Loans and advances	11	36,393	40,835
Trade deposits and prepayments	12	28,126	33,765
Refunds due from government - sales tax	13	176,166	145,025
Other receivables	14	9,791	1,615
Taxation - payments less provision		938,393	841,705
Cash and bank balances	15	2,972,370	396,379
		<u>6,424,776</u>	<u>4,118,170</u>
Total assets		<u>10,307,718</u>	<u>7,752,204</u>
EQUITY AND LIABILITIES			
Share capital and reserves			
Issued, subscribed and paid-up capital	16	248,011	248,011
Capital Reserve			
Revaluation surplus on land and buildings	17	2,118,424	1,942,333
Share premium		2,771,525	2,771,525
Revenue Reserve			
General reserve	18	291,000	291,000
Accumulated loss		(463,298)	(935,260)
		<u>4,965,662</u>	<u>4,317,609</u>
LIABILITIES			
Non-current liabilities			
Deferred taxation	19	126,600	117,645
Employee benefit obligations	20	35,833	190,487
Lease liability	21	6,777	14,013
		<u>169,210</u>	<u>322,145</u>
Current liabilities			
Trade and other payables	22	2,823,819	1,934,338
Advances from customers	23	2,330,264	1,161,659
Short-term borrowings - secured	24	-	-
Unclaimed dividend		12,906	13,235
Current portion of lease liability	21	5,857	3,218
		<u>5,172,846</u>	<u>3,112,450</u>
Total liabilities		<u>5,342,056</u>	<u>3,434,595</u>
Commitments	25		
Total equity and liabilities		<u>10,307,718</u>	<u>7,752,204</u>

The annexed notes 1 to 44 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, 2022

	Note	2022 Rupees '000	2021 Rupees '000
Revenue from contracts with customers	26	12,530,886	9,132,180
Cost of sales	27	(11,321,335)	(8,444,807)
Gross profit		1,209,551	687,373
Distribution cost	27	(356,496)	(310,098)
Administrative expenses	27	(375,981)	(356,305)
Other income	28	214,476	61,137
Other expenses	29	(41,616)	-
Reversal / (charge) of Impairment on trade receivables and deposits		16,622	(11,510)
Operating profit		666,556	70,597
Finance cost	30	(101,772)	(235,127)
Profit / (loss) before income tax		564,784	(164,530)
Income tax expense	31	(147,654)	(123,764)
Profit / (loss) after income tax		417,130	(288,294)
Other comprehensive income / (loss) for the year:			
Items that will not be reclassified subsequently to Profit or Loss			
Loss on remeasurements of post employment benefit obligations	20	(1,463)	(12,807)
Impact of deferred tax		424	3,714
		(1,039)	(9,093)
Gain on revaluation of land and buildings		254,946	25,274
Impact of deferred tax		(22,984)	(3,049)
		231,962	22,225
Other comprehensive income for the year		230,923	13,132
Total comprehensive income / (loss) for the year		648,053	(275,162)
Earnings / (loss) per share - basic and diluted	32	Rs. 16.82	Rs. (13.37)

The annexed notes 1 to 44 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, 2022

	Issued, subscribed and paid-up capital	Capital Reserve		Revenue Reserve		Total
		Revaluation surplus on land and buildings	Share Premium	General Reserve	Accumulated loss	
	Rupees '000					
Balance at April 1, 2020	124,006	1,975,241	-	291,000	(681,159)	1,709,088
Transferred from surplus on revaluation of land & building on account of incremental depreciation - net of deferred tax	-	(55,133)	-	-	55,133	-
Total comprehensive income for the year ended March 31, 2021						
- Loss for the year ended March 31, 2021	-	-	-	-	(288,294)	(288,294)
- Other comprehensive income / (loss) 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	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
Transferred from surplus on revaluation of land & building on account of incremental depreciation - net of deferred tax	-	(55,871)	-	-	55,871	-
Total comprehensive loss for the year ended March 31, 2022						
- Profit for the year ended March 31, 2022	-	-	-	-	417,130	417,130
- Other comprehensive income / (loss) for the year ended March 31, 2022	-	231,962	-	-	(1,039)	230,923
	-	231,962	-	-	416,091	648,053
Balance at March 31, 2022	248,011	2,118,424	2,771,525	291,000	(463,298)	4,965,662

The annexed notes 1 to 44 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, 2022

	Note	2022 Rupees '000	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	33	3,192,660	2,192,115
Mark-up paid on short-term borrowings		-	(360,282)
Return on saving accounts and deposits		156,975	16,483
Income taxes paid		(257,947)	(143,305)
Employee benefits paid		(229,623)	(58,792)
Increase in long-term deposits		(632)	(131)
Increase in long-term loans and advances		(12,891)	(2,319)
Net cash generated from operating activities		2,848,542	1,643,769
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(290,676)	(167,987)
Purchase of intangible assets		(6,606)	(22,136)
Proceeds from sale of property, plant and equipment		30,698	41,275
Net cash used in investing activities		(266,584)	(148,848)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(329)	(70)
Issue of right shares - net of issuance cost		-	2,883,683
Lease rentals paid		(5,638)	(5,524)
Net cash (used in) / generated from financing activities		(5,967)	2,878,089
Net increase in cash and cash equivalents		2,575,991	4,373,010
Cash and cash equivalents at beginning of the year		396,379	(3,976,631)
Cash and cash equivalents at end of the year	34	2,972,370	396,379

The annexed notes 1 to 44 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, 2022

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. The figures are rounded off to the nearest Rupees in thousand.

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.

2.1.2 Changes in accounting standards, interpretations and pronouncements

a) Standards and amendments to 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, 2021. However, these do not have any significant impact on the Company's financial statements.

b) Standard and amendments to approved accounting standards that are not yet effective

There is a standard and certain other amendments to the accounting and reporting standards that will be mandatory for the Company's annual accounting periods beginning on or after April 1, 2022. However, these are considered either not to be relevant or to have any significant impact on the Company's financial statements and operations and, therefore, have not been disclosed in these financial statements.

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.

2.4 Intangible assets - 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. Amortisation is calculated using the straight line method over the estimated useful life.

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.

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 loss allowances for Expected Credit Losses (ECLs) in respect of financial assets measured at amortised cost.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for bank balance for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition, which are measured at 12-month ECLs.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

The expected loss rates are based on the payment profiles of sales over a period of 36 - 60 months before March 31, 2022 or April 1, 2021 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than past due for a reasonable period of time. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovery of a financial asset in its entirety or a portion thereof. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

A financial asset is considered in default when the counterparty fails to make contractual payments within one year of when they fall due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company.

The adoption of the expected loss approach has not resulted in any material change in impairment provision for any financial asset.

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.

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.

The Company carries out periodic assessment to determine the recoverability of deferred tax asset by estimating future taxable profits of the Company and the expected tax rate applicable to those profits. The determination of future taxable profits is most sensitive to certain key assumptions including volume of chassis and bodies and inflation rates.

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.

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, term deposits with 3 months maturity or less and short term borrowings availed by the Company, which are repayable on demand and form an integral part of the Company's cash management.

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.

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.

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 and can be encashed according to the Company's policy as per discretion of the employee.

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. The nature of provision is not stated in the financial statements where such is expected to materially prejudice Company's position, as allowed under the applicable accounting framework.

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. It can be availed on the discretion of the customer as per agreed terms.

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.

No element of financing is deemed present as the sales are made with a credit term of up to 180 days, which is consistent with the market practice.

2.19 Income on bank deposits and term deposits

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

2.20 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.

2.21 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 and other comprehensive income.

2.22 Dividend distribution

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

2.23 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker who is responsible for allocating resources and assessing performance of the operating segments. Based on internal management reporting structure for the year, no reportable segments were identified that were of continuing significance for decision making.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with approved accounting and reporting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are as follows:

- a) Taxation - note 2.7
- b) Defined benefit plans - note 2.12
- c) Trade receivables - note 2.9
- d) Provisions - note 2.14
- e) Property, plant and equipment - note 2.3
- f) Intangible assets - note 2.4

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.

Management believes that the change in outcome of estimates would not have a material impact on the amounts disclosed in the financial statements.

There have been no critical judgements other than those disclosed by the Company's management in applying the accounting policies that would have significant effect on the amounts recognised in the financial statements.

4. PROPERTY, PLANT AND EQUIPMENT

	Note	2022	2021
		Rupees '000	
Operating assets	4.1	3,792,808	3,540,983
Capital work-in-progress	4.9	-	5,042
		<u>3,792,808</u>	<u>3,546,025</u>

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, 2022										
Opening net book value (NBV)	1,643,187	111,856	758,820	284,033	332,628	17,985	276,952	37,926	77,596	3,540,983
Revaluation	174,347	1,344	65,720	13,535	-	-	-	-	-	254,946
Additions	-	-	2,068	-	167,009	997	92,580	5,860	27,204	295,718
Disposals - at NBV	-	-	-	-	(125)	- *	(21,820)	(186)	(41) *	(22,172)
Impairment**	-	-	-	-	-	-	(20,048)	-	-	(20,048)
Depreciation charge for the year	(36,534)	-	(37,420)	(11,147)	(86,824)	(5,361)	(42,980)	(9,857)	(26,496)	(256,619)
Closing net book value	1,781,000	113,200	789,188	286,421	412,688	13,621	284,684	33,743	78,263	3,792,808
At March 31, 2022										
Cost or revalued amount	1,781,000	113,200	808,547	287,875	1,261,314	44,462	494,067	164,688	301,601	5,256,754
Accumulated impairment	-	-	-	-	(2,735)	-	(20,048)	-	(100)	(22,883)
Accumulated depreciation	-	-	(19,359)	(1,454)	(845,891)	(30,841)	(189,335)	(130,945)	(223,238)	(1,441,063)
Net book value	1,781,000	113,200	789,188	286,421	412,688	13,621	284,684	33,743	78,263	3,792,808
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 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	(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
Useful life (years) - note 4.7	76 to 79	N/A	40	40	2 to 12	2 to 10	4 to 5	6	3 to 9	

* Assets disposed off having nil net book value.

** Due to absence of active market of tailored vehicles, the Company has not been able to dispose them off. The Company eventually will have to sell the vehicles as scrap. The recoverable amount of the said vehicles is fair value less costs to sell amounting to Rs. 7 million approximately.

The tangible assets (note 4.1) include items costing Rs. 986.34 million (2021: Rs. 882.68 million) which are fully depreciated as of March 31, 2022 but are still in active use.

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 and Multan land were revalued by an independent valuer - M/s. Sadruddin Associates (Private) Limited on March 31, 2022 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).

4.3 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).

4.4 Had there been no revaluation, the net book values of lands and buildings as at March 31, 2022 would have been Rs. 111.95 million (2021: Rs. 112.67 million) and Rs. 602.12 million (2021: Rs. 620.37 million) respectively.

4.5 Forced sales value of lands and buildings on leasehold lands as estimated by valuer is Rs. 1,515.36 million (2021: Rs. 1,404.03 million) and Rs. 860.49 million (2021: Rs. 834.28 million) respectively.

4.6 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

4.7 During the year, the Company has re-assessed the useful lives of Plant and Machinery from 2 - 10 to 2 - 12 years, Electrical Installations from 5 to 6 years and Office Equipment from 3 - 7 to 4 - 9 years based on the period over which the group of assets were available for use beyond the initially estimated useful lives which has resulted in decrease in the depreciation expense for the year by Rs. 36.7 million.

4.8 The details of operating assets disposed of, having net book value in excess of Rs. 500,000 have been disclosed in note 42.

4.9 Capital work-in-progress - at cost

	2022			2021		
	Buildings	Plant and machinery and office equipments	Total	Buildings	Plant and machinery and office equipments	Total
	Rupees '000					
Balance as at April 1	2,780	2,262	5,042	10,623	48,403	59,026
Additions during the year	-	35,136	35,136	-	1,567	1,567
Transfers / Reversals	(2,780)	(37,398)	(40,178)	(7,843)	(47,708)	(55,551)
Total	-	-	-	2,780	2,262	5,042

	2022	2021
	Rupees '000	
5. RIGHT-OF-USE ASSET		
Opening net book value	16,565	-
Addition to right-of-use asset - note 5.1	-	21,490
Depreciation for the year - note 5.2	(5,373)	(4,925)
Closing net book value	<u>11,192</u>	<u>16,565</u>
5.1	The Company has an agreement for rental premises situated at C-42, Navy Housing Scheme Clifton, Block-19, Karachi on which right-of-use asset has been recorded. Useful life for such right-of-use asset is 4 years.	
5.2	Depreciation charge on right-of-use asset has been allocated to administrative expenses.	
6. INTANGIBLE ASSETS - Computer Softwares	2022	2021
	Rupees '000	
Opening balance		
Cost	95,902	73,766
Accumulated amortisation	(76,387)	(70,603)
Net book value	<u>19,515</u>	<u>3,163</u>
Year ended March 31		
Opening net book value	19,515	3,163
Additions	6,606	22,136
Amortisation	(8,015)	(5,784)
Closing net book value	<u>18,106</u>	<u>19,515</u>
Closing balance		
Cost	102,508	95,902
Accumulated amortisation	(84,402)	(76,387)
Net book value	<u>18,106</u>	<u>19,515</u>
Useful life (years)	<u>3</u>	<u>3</u>
6.1	The intangible assets include items costing Rs. 73.77 million (2021: Rs. 69.68 million) which are fully amortised as of March 31, 2022 but are still in active use.	
6.2	Amortisation charge on intangible assets has been allocated to administrative expenses.	
7. LONG-TERM INVESTMENTS	2022	2021
	Rupees '000	
Fair value through other comprehensive income		
Arabian Sea Country Club Limited		
[500,000 (2021: 500,000) Unquoted ordinary shares of Rs.10 each, representing 6.45 percent (2021: 6.45 percent) of equity]	-	-
Automotive Testing & Training Centre (Private) Limited		
[50,000 (2021: 50,000) Unquoted ordinary shares of Rs.10 each, representing 2.77 percent (2021: 2.77 percent) of equity]	-	-
	<u>-</u>	<u>-</u>
7.1	The above investments were reassessed by the management on initial application of IFRS-9 and based on the available information and it was concluded that the fair value does not differ materially from carrying amount as at March 31, 2022.	

	2022	2021
	Rupees '000	
8. LONG-TERM LOANS AND ADVANCES – considered good, secured		
Loans and advances to employees	65,047	47,175
Less: Recoverable within one year - note 11	(24,774)	(19,793)
	40,273	27,382

- 8.1** The loans and advances are extended to employees under their terms of employment on interest free basis. During the year, the unwinding of discount of Rs. 8.08 million (2021: Rs. 3.18 million) has been recognised as part of finance cost.

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 18.34 million (2021: Rs. 5.09 million).

	2022	2021
	Rupees '000	
9. INVENTORIES		
Stores and spares	9,355	10,151
Loose tools	2,397	3,756
	11,752	13,907
Less: Provision for net realisable value - note 9.3	(2,913)	(2,250)
	8,839	11,657
Raw materials and components - note 9.1 [including in transit Rs. 548.9 million (2021: Rs. 456.4 million)]	1,384,176	1,375,579
Less: Provision for net realisable value - note 9.3	(36,835)	(10,069)
	1,347,341	1,365,510
Work-in-process	30,508	66,769
Finished goods	333,220	509,225
Trading stock - Spare parts [including in transit Rs. 12.1 million (2021: Rs. 17.1 million)]	156,599	173,769
Less: Provision for net realisable value - note 9.3	(60,702)	(43,170)
	95,897	130,599
	1,815,805	2,083,760

9.1 Raw materials include stocks held with suppliers amounting to Rs. 86.05 million (2021: Rs. 112.31 million).

9.2 As at March 31, 2022, raw materials and components costing Rs. Nil (2021: Rs. 124.72 million) have been written down by Rs. Nil (2021: Rs. 14.21 million) and finished products costing Rs. Nil (2021: Rs. 30.65 million) by Rs. Nil (2021: Rs. 1.26 million) to arrive at the net realisable value.

	Provision for stores, spares and loose tools	Provision for raw materials and components	Provision for trading stock - spare parts	Total
	Rupees '000			
Balance at beginning of the year	(2,250)	(10,069)	(43,170)	(55,489)
Charge during the year - net	(663)	(26,766)	(17,532)	(44,961)
Balance at end of the year	<u>(2,913)</u>	<u>(36,835)</u>	<u>(60,702)</u>	<u>(100,450)</u>

	2022	2021
	Rupees '000	
10. TRADE RECEIVABLES - NET		
Considered good - unsecured		
Related party - note 10.1 and 10.2		
Indus Motor Company Limited, group company	144,576	130,044
Others - note 10.3	303,156	445,042
	<u>447,732</u>	<u>575,086</u>
Considered doubtful		
Others	51,663	68,235
	<u>499,395</u>	<u>643,321</u>
Less: allowance for expected credit losses - note 10.4	(51,663)	(68,235)
	<u>447,732</u>	<u>575,086</u>

10.1 The balance from related party is not yet 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. 354.06 million (2021: Rs. 152.46 million). Moreover, the provision for doubtful debt related to the amount outstanding at March 31, 2022 amounts to Rs. 0.3 million (2021: 1.3 million).

10.3 These include amount receivable from government institutions amounting to Rs. 228.13 million (2021: Rs. 391.49 million).

	2022	2021
	Rupees '000	
10.4 Balance at beginning of the year	68,235	54,742
(Reversal) / charge during the year - net	(16,572)	13,493
Balance at end of the year	<u>51,663</u>	<u>68,235</u>

	2022	2021
	Rupees '000	
11. LOANS AND ADVANCES		
Current maturity of long term loans and advances to employees - unsecured	24,774	19,793
Advances to:		
- employees - secured, note 8.1	2,217	160
- suppliers - unsecured	16,672	28,152
	18,889	28,312
	43,663	48,105
Provision for doubtful advances to suppliers	(7,270)	(7,270)
	36,393	40,835

- 11.1** The maximum aggregate amount due from the related party at the end of any month during the year was Rs. 11.93 million (2021: Rs. 33.63 million).

	2022	2021
	Rupees '000	
12. TRADE DEPOSITS AND PREPAYMENTS		
Trade deposits	24,101	32,970
Provision for doubtful deposits - note 12.1	(8,137)	(8,187)
	15,964	24,783
Prepayments	12,162	8,982
	28,126	33,765
12.1 Balance at beginning of the year	8,187	10,170
(Reversal) during the year	(50)	(1,983)
Balance at end of the year	8,137	8,187
13. REFUNDS DUE FROM GOVERNMENT - SALES TAX		
Sales tax refundable - note 13.1	229,085	197,944
Custom duty and excise duty refundable	2,807	2,807
	231,892	200,751
Less: Provision for doubtful refunds - note 13.1	(55,726)	(55,726)
	176,166	145,025

- 13.1** This includes sales tax refundable of Rs. 47.14 million (2021: Rs. 47.14 million), net of provisional refunds of Rs. 519.05 million (2021: 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 accrued markup of Rs. 4.24 million (2021: Nil) on term deposit accounts. Accrued markup includes Rs. 1.03 million (2021: Rs. 0.12 million) from JS Bank Limited a related party of the Company.

	2022	2021
	Rupees '000	
15. CASH AND BANK BALANCES		
Balances with banks:		
- on term deposit accounts - note 15.1	1,900,000	-
- on current accounts - note 15.3	13,643	17,982
- on PLS savings accounts - note 15.2 & 15.3	1,017,440	374,374
Cheques in hand	41,216	4,010
Cash in hand	71	13
	2,972,370	396,379

15.1 At March 31, 2022, this comprise of term deposit receipts (TDRs) for which the rates of profit range from 6.6% to 11.1% per annum (2021: Nil). These TDRs have a tenure ranging from one to three months. This includes Rs. 600 million (2021: Nil) with JS Bank Limited a related party of the Company. At March 31, 2022, the rate of profit on such investment is 11.1%. The maximum aggregate amount at the end of any month during the year was Rs. 600 million (2021: Nil).

15.2 At March 31, 2022, the rate of profit on savings accounts range from 5.5% to 8.25% per annum (2021: 5.5% per annum).

15.3 Cash and bank balances includes Rs. 20.79 million (2021: Rs. 9.16 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. 80.28 million (2021: Rs. 9.16 million).

16. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2022	2021		2022	2021
(Number of shares)			Rupees '000	
Authorised share capital				
<u>100,000,000</u>	<u>100,000,000</u>	Ordinary shares of Rs. 10 each	<u>1,000,000</u>	<u>1,000,000</u>
Issued, subscribed and paid-up capital				
Ordinary shares of				
Rs. 10 each				
18,600,840	18,600,840	Shares issued for consideration paid in cash	186,008	186,008
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>24,801,120</u>		<u>248,011</u>	<u>248,011</u>

16.1 All ordinary shares rank equally with regard to the Company's residual assets. Holders of these shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company.

16.2 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 (2021: 14,797,733) and 7,398,867 (2021: 7,398,867) ordinary shares of Rs. 10 each representing 59.67 percent (2021: 59.67 percent) and 29.83 percent (2021: 29.83 percent) of total ordinary shares.

16.3 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. REVALUATION SURPLUS ON LAND AND BUILDINGS

The revaluation surplus represents net cumulative increase in the carrying amount as a result of revaluation of property, plant and equipment carried at revalued amount.

	2022	2021
	Rupees '000	
Revaluation surplus at beginning of the year	1,942,333	1,975,241
Surplus arising on revaluation :		
- Leasehold land	174,347	10,988
- Freehold land	1,344	3,774
- Building on Leasehold land	65,720	6,071
- Building on Freehold land	13,535	4,441
	254,946	25,274
Deferred tax liability on revaluation surplus	(22,984)	(3,049)
	2,174,295	1,997,466
Net amount transferred to unappropriated loss on account of		
- Incremental depreciation	(64,059)	(63,125)
- Deferred tax on incremental depreciation	8,188	7,992
	(55,871)	(55,133)
	2,118,424	1,942,333

18. GENERAL RESERVE

General reserve is maintained for fulfilling various business needs including meeting contingencies, offsetting future losses, enhancing the working capital and paying dividends.

19. DEFERRED TAXATION

The deferred tax assets and the deferred tax liabilities relate to income tax in the same jurisdiction, and the law allows net settlement. Therefore, they have been offset in the statement of financial position as follows:

	2022	2021
	Rupees '000	
Deferred tax asset	(109,951)	(104,133)
Deferred tax liability	236,551	221,778
	<u>126,600</u>	<u>117,645</u>

19.1 Analysis of change in deferred taxation

	Accelerated tax depreciation	Surplus on revaluation	Provision for inventory obsolescence	Provision for doubtful receivables, deposits and advances	Provision for retirement benefits	Provision for warranty	Total
	Rupees '000						
April 1, 2021	99,257	122,521	(16,092)	(40,453)	(33,999)	(13,589)	117,645
(Charge) / credit to profit or loss	(19)	(8,192)	(13,038)	4,821	-	2,823	(13,605)
Charge to other comprehensive income	-	-	-	-	(424)	-	(424)
Charge to equity	-	22,984	-	-	-	-	22,984
March 31, 2022	<u>99,238</u>	<u>137,313</u>	<u>(29,130)</u>	<u>(35,632)</u>	<u>(34,423)</u>	<u>(10,766)</u>	<u>126,600</u>
April 1, 2020	95,640	127,464	(11,434)	(37,115)	(26,494)	(12,852)	135,209
Credit / (charge) to profit or loss	3,617	(7,991)	(4,658)	(3,338)	(3,791)	(737)	(16,898)
Charge / (reversal) to / from other comprehensive income	-	-	-	-	(3,714)	-	(3,714)
Charge to equity	-	3,048	-	-	-	-	3,048
March 31, 2021	<u>99,257</u>	<u>122,521</u>	<u>(16,092)</u>	<u>(40,453)</u>	<u>(33,999)</u>	<u>(13,589)</u>	<u>117,645</u>

19.2 Deferred tax asset has not been recognised on unused tax losses and unabsorbed tax depreciation amounting to Rs. 399.43 million (2021: Rs. 587.75 million) and Rs. 101.46 million (2021: 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.

19.3 Under the Finance Act, 2019, corporate rate of tax has been fixed at 29% for tax year 2019 and onwards. Therefore, deferred tax assets and liabilities have been recognised accordingly using the expected applicable rate of 29%.

20. EMPLOYEE BENEFIT OBLIGATIONS - RETIREMENT BENEFITS

20.1 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, 2022.

20.2 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.

20.3 The Company faces the following risks on account of defined benefit and defined contribution plan:

Longevity Risk - The risk arises when the actual lifetime of retirees is longer than expectation. This risk is measured at the plan level over the entire retiree population.

Final Salary Risk - The most common type of retirement benefit is one where the benefit is linked with final salary. The risk arises when the actual increases are higher than expectation and impacts the liability accordingly.

Withdrawal risk - The risk of actual withdrawals varying with the actuarial assumptions can impose a risk to the benefit obligation. The movement of the liability can go either way.

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

	2022			2021		
	Funded		Unfunded Gratuity	Funded		Unfunded Gratuity
	Gratuity	Pension		Gratuity	Pension	
	Fund	Fund		Fund	Fund	
	Rupees '000					
20.5	Movement in (asset) / liability					
Opening balance	(17,189)	21,509	168,978	(11,750)	17,991	150,029
Charge for the year	16,392	20,574	41,156	15,260	17,536	30,217
Remeasurements recognised in Other Comprehensive Income	19,644	(13,667)	(4,514)	(11,472)	28,222	(3,943)
Payments during the year	(17,005)	(40,989)	(188,818)	(9,227)	(42,240)	(7,325)
Withdrawals	17,189	-	-	-	-	-
Closing balance	19,031	(12,573)	16,802	(17,189)	21,509	168,978
20.6	Balance sheet reconciliation as at March 31					
Fair value of plan assets	(303,507)	(567,988)	-	(301,173)	(499,897)	-
Present value of obligations	322,538	555,415	16,802	283,984	521,406	168,978
Recognised (asset) / liability	19,031	(12,573)	16,802	(17,189)	21,509	168,978

		2022			2021		
		Funded		Unfunded Gratuity	Funded		Unfunded Gratuity
		Gratuity Fund	Pension Fund		Gratuity Fund	Pension Fund	
		Rupees '000					
20.7	Remeasurement recognised in Other Comprehensive Income						
	Remeasurement losses / (gains) on obligation						
	- Financial Assumptions	4,502	(28,630)	(334)	(642)	10,490	(1,409)
	- Demographic Assumptions	-	-	-	-	-	-
	Experience (gains) / losses	-	-	(4,180)	-	-	(2,534)
	Remeasurement losses / (gains) on fair value of plan assets	15,142	14,963	-	(10,830)	17,732	-
		<u>19,644</u>	<u>(13,667)</u>	<u>(4,514)</u>	<u>(11,472)</u>	<u>28,222</u>	<u>(3,943)</u>
20.8	Charge for the year						
	Current service cost	18,072	25,672	12,929	17,101	22,749	13,751
	Interest cost	27,132	50,192	1,356	27,971	49,778	16,466
	Employee contribution	-	(4,955)	-	-	(4,602)	-
	Expected return on plan assets	(28,812)	(50,335)	-	(29,812)	(50,389)	-
	Curtailment loss	-	-	26,871	-	-	-
		<u>16,392</u>	<u>20,574</u>	<u>41,156</u>	<u>15,260</u>	<u>17,536</u>	<u>30,217</u>
20.9	Movement in the present value of obligation						
	Opening balance	283,984	521,406	168,978	257,704	446,547	150,029
	Current service cost	18,072	25,672	12,929	17,101	22,749	13,751
	Interest cost	27,132	50,192	1,356	27,971	49,778	16,466
	Remeasurement	4,502	(28,630)	(4,514)	(642)	10,490	(3,943)
	Benefits paid	(11,152)	(13,225)	(188,818)	(18,150)	(8,158)	(7,325)
	Curtailment loss	-	-	26,871	-	-	-
	Closing balance	<u>322,538</u>	<u>555,415</u>	<u>16,802</u>	<u>283,984</u>	<u>521,406</u>	<u>168,978</u>
20.10	Movement in fair value of plan assets						
	Opening balance	301,173	499,897	-	269,454	428,556	-
	Expected return on plan assets	28,812	50,335	-	29,812	50,389	-
	Remeasurement	(15,142)	(14,963)	-	10,830	(17,732)	-
	Employer contributions	17,005	40,989	-	9,227	42,439	-
	Employee contributions	-	4,955	-	-	4,403	-
	Withdrawals	(17,189)	-	-	-	-	-
	Benefits paid	(11,152)	(13,225)	-	(18,150)	(8,158)	-
	Closing balance	<u>303,507</u>	<u>567,988</u>	<u>-</u>	<u>301,173</u>	<u>499,897</u>	<u>-</u>

		2022			2021		
		Funded		Unfunded Gratuity	Funded		Unfunded Gratuity
		Gratuity Fund	Pension Fund		Gratuity Fund	Pension Fund	
		Rupees '000					
20.11	Plan assets comprise of:						
	Government bonds	196,085	297,362	-	202,173	281,823	-
	Mutual funds	39,705	56,259	-	30,878	56,621	-
	Bank deposits	63,551	210,072	-	67,178	159,730	-
	Cash at bank	4,166	4,295	-	944	1,723	-
		303,507	567,988	-	301,173	499,897	-
20.12	Key actuarial assumptions used:						
	Expected rate of return on plan assets (%)	11.75	11.75	-	9.75	9.75	-
	Future salary increase (%)	11.50	11.50	11.00	8.50	8.50	8.50
	Discount rate at March 31 (%)	11.75	11.75	11.75	9.75	9.75	9.75
	Retirement age (years)	60	60	60	60	60	60
20.13	Pre-retirement mortality was assumed to be SLIC (2001-2005) for males and females, as the case may be, rated down one year.						
20.14	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 2022 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.						
20.15	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.

20.16 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%	61,577	(70,776)
Future salary increases	1.00%	56,486	(51,111)

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.

20.17 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.

20.18 Based on actuary's advice, the amount of expected contribution to gratuity and pension funds in 2022-23 will be Rs. 20.77 million and Rs. 10.72 million respectively.

20.19 The weighted average duration of pension fund, funded gratuity and unfunded gratuity is 7.40 years.

20.20 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, 2022						
Retirement benefit plans	83,783	79,705	367,476	640,204	6,452,167	7,623,335

21. LEASE LIABILITY

2022 2021
Rupees '000

Lease liability under IFRS 16	12,634	17,231
Non current portion	6,777	14,013
Current portion	5,857	3,218

21.1 Finance cost on lease liabilities for the year ended March 31, 2022 was Rs. 1.04 million (2021: Rs. 1.27 million). Total cash outflow for leases was Rs. 5.64 million (2021: Rs. 5.08 million).

21.2 The lease liabilities are discounted using incremental rate of borrowing of 8.64%.

21.3

	2022			2021		
	Present Value of Minimum Lease Payment	Financial Charge for the future	Minimum Lease Payment	Present Value of Minimum Lease Payment	Financial Charge for the future	Minimum Lease Payment
	(Rupees in '000)					
Not Later than one year	5,857	595	6,452	3,218	1,042	4,260
Later than one year but not later than five year	6,777	46	6,823	14,013	641	14,654
	12,634	641	13,275	17,231	1,683	18,914

22. TRADE AND OTHER PAYABLES

2022 2021
Rupees '000

Creditors	288,677	288,551
Bills payable to		
- Toyota Tsusho Corporation, Japan, group company	803,606	399,438
- Hino Motors Limited, Japan - holding company	4,967	4,021
- Toyota Tsusho, Asia Pacific PTE Ltd, Singapore, group company	167,138	69,245
- Hino Motors Asia Limited, Thailand, group company	15,163	-
Accrued liabilities - note 22.1	1,007,776	582,884
Workers welfare fund	11,296	-
Royalty payable to Hino Motors, Ltd. Japan, holding company - note 22.2	58,494	113,307
Security deposits from dealers - note 22.3	35,000	37,000
Employees related obligation - note 22.4	90,392	85,998
Tax deducted at source and payable to statutory authorities	6,633	3,435
Sindh sales tax on services	7,604	15,016
Interest payable - note 22.5	-	-
Provisions - note 22.6	320,617	327,728
Others	6,456	7,715
	2,823,819	1,934,338

- 22.1** This includes an amount of Rs. 384 million on account of additional custom duty on the import of CKD, MSPs and IMV frames levied through notifications issued by Federal Board of Revenue. The Company has filed a petition in the Sindh High Court against such additional duty and has obtained a stay order in this regard.
- 22.2** During the year, royalty amounting to Rs. 227.3 million (2021: Rs. 78.8 million) has been paid by the Company to Hino Motors, Ltd. Japan- Parent Company, having registered office at 1-1 Hinda 3-chome, Hino-shi, Tokyo.
- 22.3** These represent amounts received from dealers of the Company, which are utilised for the purpose of business in accordance with the related agreements.
- 22.4** This represents contributions made by employees towards the sale price of vehicles provided to them by the Company in accordance with the Company's vehicle policy.

22.5 Provisions	2022	2021
	Rupees '000	
Provision for compensated absences - note 2.13	124,744	122,119
Provision for warranty services - note 2.16	37,123	46,859
Provision for custom duties - 22.5.1.1	158,750	158,750
	320,617	327,728

22.5.1 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, 2021	122,119	46,859	-	158,750	327,728
Recognised during the year	38,649	17,049	-	-	55,698
Payments / reversals / expenses against provision	(36,024)	(26,785)	-	-	(62,809)
Balance as at March 31, 2022	124,744	37,123	-	158,750	320,617

	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	122,119	46,859	-	158,750	327,728

- 22.5.1.1** These represent demands raised by Collector of customs in respect of custom duty provision made against CKD kids imported in 1993 and between 1998 to 2006 the same have been appealed against at appropriate levels and reply from authorities is awaited.

23. ADVANCES FROM CUSTOMERS

During the year, the Company recognised revenue amounting to Rs. 1.13 billion (2021: Rs. 1.52 billion) out of the advances from customers balance outstanding at the beginning of the year.

24. SHORT-TERM BORROWINGS - Secured

24.1 The facilities for running finance under mark-up arrangements with various banks as at March 31, 2022 amounted to Rs. 3.87 billion (2021: Rs. 11.92 billion) of which the amount remaining unutilised at the year end was Rs. 3.87 billion (2021: Rs. 11.92 billion). The rates of mark-up applicable on running finance are based on KIBOR and range from one month KIBOR + 0.5% to three month KIBOR + 0.75% per annum.

24.2 The facilities for opening the letters of credit and guarantees as at March 31, 2022 amounted to Rs. 13.67 billion (2021: Rs. 12.67 billion) of which the amount remaining unutilised at the year end was Rs. 9.86 billion (2021: Rs. 10.20 billion).

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

25. COMMITMENTS

25.1 Commitments for capital expenditure as at March 31, 2022 amounted to Rs. 11.17 million (2021: Rs 13.07 million).

25.2 The Company as at March 31, 2022 has issued bank guarantees amounting to Rs. 2,041.83 million (2021: Rs. 280.93 million) in relation to advances from customers.

	2022	2021
	Rupees '000	
26. REVENUE FROM CONTRACTS WITH CUTOMERS		
Gross sales	14,966,972	11,022,942
Sales tax	(2,169,216)	(1,598,539)
	<u>12,797,756</u>	<u>9,424,403</u>
Commission and discounts	(266,527)	(284,506)
Sales returns	(343)	(7,717)
	<u>12,530,886</u>	<u>9,132,180</u>

26.1 Sales to Government institutions of Rs. 3.69 billion (2021: Rs. 2.30 billion) account for 29.47 percent (2021: 25.15 percent) of the net sales.

26.2 Sales to Indus Motor Company Limited, a related party of the Company, amount to Rs. 2.56 billion (2021: Rs. 1.38 billion) account for 20.41 percent (2021: 15.11 percent) of the net sales.

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

	COST OF SALES		DISTRIBUTION COST		ADMINISTRATIVE EXPENSES		TOTAL	
	2022	2021	2022	2021	2022	2021	2022	2021
	← Rupees '000 →							
Raw materials consumed	9,118,916	6,231,855	-	-	-	-	9,118,916	6,231,855
Staff costs - note 27.1	878,533	728,513	210,486	182,043	165,832	145,810	1,254,851	1,056,366
Depreciation and amortisation	201,098	205,283	22,736	14,865	46,172	44,864	270,006	265,012
Impairment of fixed assets - note 4.1	-	-	-	-	20,048	-	20,048	-
Rent, rates and taxes	1,226	6,211	6,911	858	-	7,853	8,137	14,923
Insurance	9,906	9,059	3,618	2,769	2,931	5,617	16,455	17,445
Vehicle running and maintenance	23,397	14,262	20,431	15,117	17,321	12,992	61,149	42,371
Fuel and power	88,773	77,687	4,653	3,456	13,872	16,221	107,298	97,364
Travelling and entertainment	901	703	6,763	6,803	3,047	3,086	10,711	10,592
Repair and maintenance	75,774	23,835	2,056	2,454	7,733	7,488	85,563	33,778
Communication and stationery	5,469	2,465	4,607	5,245	12,453	11,352	22,529	19,063
Royalty and technical assistance	158,759	129,140	-	-	-	-	158,759	129,140
Provision for obsolete stock-in-trade, stores and spares	44,960	16,061	-	-	-	-	44,960	16,061
Legal and professional charges	2,449	2,445	1,193	1,236	11,466	14,342	15,108	18,023
Auditors' remuneration - note 27.2	-	-	-	-	6,158	6,317	6,158	6,317
Security and maintenance	23,530	-	13,275	10,195	45,227	67,759	82,032	77,953
Advertising and sales promotion	-	-	10,800	26,880	-	-	10,800	26,880
Product maintenance charges	-	-	44,937	33,054	-	-	44,937	33,054
Warranty services	-	-	(2,286)	4,637	-	-	(2,286)	4,637
Other expenses	8,992	7,985	6,316	486	23,721	12,604	39,029	21,074
	10,642,683	7,455,504	356,496	310,098	375,981	356,305	11,375,160	8,121,908
Opening stock of work in process	66,769	30,413						
Closing stock of work in process	(30,508)	(66,769)						
Cost of goods manufactured	10,678,944	7,419,148						
Opening stock of finished goods	509,225	590,773						
Closing stock of finished goods	(333,220)	(509,225)						
	10,854,949	7,500,696						
Consumption of trading goods	466,386	944,111						
	11,321,335	8,444,807						

27.1 Staff costs

Salaries, wages, allowances and staff welfare	822,413	674,488	199,373	165,816	154,943	132,694	1,176,729	972,998
Charge for defined benefit plans	44,187	42,219	6,476	11,342	6,885	9,452	57,548	63,013
Charge for defined contribution plan	11,933	11,806	4,637	4,885	4,004	3,664	20,574	20,355
	878,533	728,513	210,486	182,043	165,832	145,810	1,254,851	1,056,366

	2022	2021
	Rupees '000	
27.2 Auditors' remuneration		
Audit fee	2,260	2,153
Fee for limited review of half yearly financial statements and other certifications	3,656	3,553
Out of pocket expenses	242	611
	<u>6,158</u>	<u>6,317</u>
28. OTHER INCOME		
Income from financial assets		
Return on PLS savings accounts	40,144	16,483
Return on deposit accounts	116,831	-
	<u>156,975</u>	<u>16,483</u>
Income from non-financial assets		
Gain on disposal of non-current assets	8,526	9,557
Others		
Scrap sales	45,265	27,438
Liabilities no longer required written back	2,202	7,335
Others	1,508	324
	<u>214,476</u>	<u>61,137</u>
28.1	Return on PLS saving accounts include Rs. 1.31 million (2021: Rs. 0.1 million) from JS Bank Limited a related party of the Company.	
28.2	Return on deposit accounts include Rs. 22.71 million (2021: Rs. Nil) from JS Bank Limited a related party of the Company.	
	2022	2021
	Rupees '000	
29. OTHER EXPENSES		
Workers' Profits Participation Fund	30,320	-
Workers' Welfare Fund	11,296	-
	<u>41,616</u>	<u>-</u>
30. FINANCE COST		
Exchange loss / (gain) - net	78,497	(31,452)
Mark-up on short-term borrowings	-	252,000
Bank charges and others	22,233	13,314
Interest on lease liability	1,042	1,265
	<u>101,772</u>	<u>235,127</u>

	2022	2021
	Rupees '000	
31. INCOME TAX EXPENSE		
Current - for the year	161,259	140,662
Deferred	(13,605)	(16,898)
	<u>147,654</u>	<u>123,764</u>

- 31.1** During 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 2022, is 1.25% 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 minimum 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.

	2022	2021
32. EARNING / (LOSS) PER SHARE - BASIC AND DILUTED		
Profit / (loss) after taxation attributable to ordinary shareholders (Rupees '000)	<u>417,130</u>	<u>(288,294)</u>
Weighted average number of ordinary shares outstanding at end of the year (Number in '000)	<u>24,801</u>	<u>21,570</u>
Profit / (loss) per share - basic & diluted	<u>Rs. 16.82</u>	<u>Rs. (13.37)</u>

- 32.1** There were no dilutive potential ordinary shares in issue as at March 31, 2022 and 2021.

2022 2021
Rupees '000

33. CASH GENERATED FROM OPERATIONS

Profit / (loss) before taxation	564,784	(164,530)
Add / (less): Adjustments for non cash charges and other items		
Depreciation and amortisation	270,006	265,013
Impairment of fixed assets	20,048	-
Gain on disposal of operating fixed assets	(8,526)	(9,557)
Retirement benefits charge	78,122	63,013
Mark-up on short-term borrowings	-	252,000
Interest on lease liability	1,042	1,265
Income on PLS saving and deposit accounts	(156,976)	(16,483)
Profit before working capital changes	768,500	390,721

EFFECT ON CASH FLOW DUE TO WORKING CAPITAL CHANGES

Decrease / (increase) in current assets

Inventories	267,955	1,754,212
Trade receivables	127,354	(205,676)
Loans and advances	4,442	(22,836)
Trade deposits and prepayments	5,639	721
Refunds due from the government - sales tax	(31,141)	373,515
Other receivables	(8,175)	13,079
	366,074	1,913,015

Increase / (decrease) in current liabilities

Trade and other payables	2,058,086	(111,621)
	2,424,160	1,801,394
	3,192,660	2,192,115

2022 2021
Rupees '000

34. CASH AND CASH EQUIVALENTS

Cash and bank balances - note 15	2,972,370	396,379
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35. 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	
	2022	2021	2022	2021	2022	2021
	Rupees '000					
Managerial remuneration and allowances	2,535	2,588	2,185	2,347	108,056	95,778
Bonus	-	-	-	-	24,926	12,202
Retirement benefits	-	-	-	-	14,566	15,673
Rent and utilities	-	-	-	-	28,894	27,356
Leave passage	182	181	162	161	4,395	4,149
Club expenses	-	-	-	-	1,229	1,084
Medical expenses	227	231	202	228	4,543	4,176
	2,944	3,000	2,549	2,736	186,609	160,418
Number of persons	1	1	1	1	27	25

35.1 In addition to the above, 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.

35.2 Consultancy fee paid to the Chairman amounts to Rs. 3.79 million (2021: Rs. 3.79 million). The Chairman is also provided with free use of Company maintained car.

35.3 In addition to above, fee paid to the Chairman and independent directors (Pakistan resident only) for attending meetings during the year amounted to Rs. 0.5 million (2021: Rs. 0.6 million) and Rs. 1.7 million (2021: Rs. 1.7 million) respectively.

2022 2021
 ← Units →

36. 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>1,075</u>	<u>1,040</u>
- Bodies	<u>383</u>	<u>285</u>

36.1 Chassis and bodies production during the year was as per market demand.

37. RELATED PARTY DISCLOSURES

The related parties comprise the Holding Company, Group Companies, Directors of the Company, key management personnel and staff retirement funds. The Company continues to have a policy whereby transactions with related parties are entered into at commercial terms, approved policy and at rate agreed under a contract / arrangement / agreement. The contribution to defined contribution plan (provident fund) are made as per the terms of employment and contribution to the defined benefit plan (gratuity fund) are made on the basis of latest actuarial advice. Remuneration of key management personnel are in accordance with their terms of engagements.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company. The Company considers its Chief Executive Officer, Chief Financial Officer, Company Secretary, Non-Executive Directors and Departmental Heads to be its key management personnel. There are no transactions with key management personnel other than their terms of employment / entitlement.

37.1 Transactions with related parties

Relationship	Nature of transaction	2022	2021
		Rupees '000	
i. Holding company	- Purchase of goods	78,605	70,149
	- Royalty charge	158,759	129,140
ii. Other related parties	- Purchase of goods	6,076,897	2,864,473
	- Sale of goods	3,760,508	1,466,518
	- Purchase of property, plant and equipment	32,007	40,566
	- Payments to retirement benefit plans	90,551	96,951
iii. Key management personnel	- Salaries and other employee benefits	62,838	58,022
	- Retirement benefits	4,919	5,910

37.2 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.

37.3 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	Hino Motors Asia Limited	Thailand	Group Company	N/A
6	Toyota Tsusho Asia Pacific Pte Limited	Singapore	Group Company	N/A
7	Toyotsu Machinery Corporation	Japan	Group Company	N/A
8	Indus Motor Company Limited	Pakistan	Group Company	N/A
9	JS Bank Limited	Pakistan	Common Directorship	N/A
10	Askari Bank Limited	Pakistan	Common Directorship	N/A

38. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

Financial assets and liabilities

	2022						
	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	-	-	-	24,774	40,273	65,047	65,047
Deposits	-	-	-	15,964	7,990	23,954	23,954
Trade receivables	-	-	-	447,732	-	447,732	447,732
Other receivables	-	-	-	9,791	-	9,791	9,791
Cash and bank balances	2,917,440	-	2,917,440	54,930	-	54,930	2,972,370
2022	2,917,440	-	2,917,440	553,191	48,263	601,454	3,518,894
FINANCIAL LIABILITIES							
Trade and other payables	-	-	-	2,352,278	-	2,352,278	2,352,278
Unclaimed dividend	-	-	-	12,906	-	12,906	12,906
Lease liability	5,857	6,777	12,634	-	-	-	12,634
2022	5,857	6,777	12,634	2,365,184	-	2,365,184	2,377,818
On statement of financial position gap							
2022	2,911,583	(6,777)	2,904,806	(1,811,993)	48,263	(1,763,730)	1,141,076

	2021							
	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	
FINANCIAL LIABILITIES								
Trade and other payables	-	-	-	1,465,161	-	1,465,161	1,465,161	
Unclaimed dividend	-	-	-	13,235	-	13,235	13,235	
2021	-	-	-	1,478,396	-	1,478,396	1,478,396	

On statement of financial position gap

2021	374,374	-	374,374	(835,114)	34,740	(800,374)	(426,000)
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OFF STATEMENT OF FINANCIAL POSITION FINANCIAL INSTRUMENTS

Commitments for capital expenditure	11,171
Letters of credit	1,259,890
Letters of guarantee	2,549,973
2022	3,821,034
2021	2,480,161

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

(i) Interest / Mark-up rate risk

Interest / mark-up rate risk is the risk that the value of a financial instrument will fluctuate due to changes in the market interest rates. As at March 31, 2022 the Company's interest bearing financial assets amounted to Rs. 2.92 billion (2021: Rs.0.37 billion), and had the interest rates varied by 100 basis points with all the other variables held constant, profit / (loss) before tax for the year would have been approximately higher / lower by Rs. 29.17 million (2021: Rs. 3.74 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. 3.52 billion (2021: Rs. 1.05 billion).

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

	Note	2022 Rupees '000	2021
Loans and advances	8 & 11	65,047	47,175
Deposits	12	23,954	32,141
Trade receivables	10	447,732	575,086
Other receivables	14	9,791	1,615
Cash and bank balances	15	2,972,370	396,379
		<u>3,518,893</u>	<u>1,052,396</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.

Cash is held only with reputable banks with high quality external credit rating assessed by external rating agencies. Following are the credit ratings of banks within which balances are held, investments are made or credit lines available:

Bank balances

Bank	Rating Agency	Rating	
		Short term	Long term
National Bank of Pakistan	PACRA	A-1+	AAA
Habib Bank Limited	VIS	A-1+	AAA
United Bank Limited	VIS	A-1+	AAA
Habib Metropolitan Bank Limited	PACRA	A-1+	AA+
Citibank N.A.	MOODY'S	P-1	AA3
Bank Alfalah Limited	PACRA	A-1+	AA+
Standard Chartered Bank Limited	PACRA	A-1+	AAA
Muslim Commercial Bank Limited	PACRA	A-1+	AAA
Bank Al Habib Limited	PACRA	A-1+	AAA
JS Bank Limited	PACRA	A-1+	AA-
Allied Bank Limited	PACRA	A-1+	AAA

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

(iii) Liquidity risk

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

(iv) Foreign exchange risk

Foreign exchange risk arises mainly when receivables and payables exist due to transactions based on currencies other than Pak Rupee. As at March 31, 2022 payable exposed to foreign exchange risk is of Rs. 1,049.37 million (2021: Rs. 586.01 million). The liability is mainly denominated in Japanese Yen.

As at March 31, 2022, if the Pak Rupee had weakened / strengthened by 10% (2021: 9%) against Japanese Yen with all other variables held constant, profit before tax for the year would have been higher / lower by Rs. 109.88 million (2021: loss before tax would have been higher / lower by Rs. 52.60 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.

39. 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. However, the Company as at March 31, 2022 does not have any borrowings from financial institutions.

	2022	2021
40. NUMBER OF EMPLOYEES		
Number of employees at March 31		
- Permanent	383	372
- Contractual	329	441
	<u>712</u>	<u>813</u>
Average number of employees during the year		
- Permanent	383	366
- Contractual	385	453
	<u>768</u>	<u>819</u>

41. 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.

42. DETAILS OF OPERATING ASSETS SOLD

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


Description	Cost	Accumulated depreciation	Book value	Sale proceeds	Gain / (loss)	Mode of disposal	Particulars of purchaser
	← Rupees '000 →						
Motor Vehicle	2,030	91	1,939	1,953	14	Company policy	Mr. Nameer Ahmed
"	1,863	1,252	611	1,109	498	Company policy	Mr. Muzaffar Anjum
"	3,765	856	2,909	3,706	797	Tender	Mr. Shayan Sohail Nisar
"	2,775	653	2,122	2,228	106	Insurance Claim	Mr. Asad Wazir
"	1,804	909	894	1,232	338	Company policy	Mr. Syed Junaid Ali
"	8,658	2,505	6,153	6,288	135	Company policy	Mr. Adil Mohiuddin Shah

43. SUBSEQUENT EVENT - NON ADJUSTING

The Board of Directors in its meeting held on June 28, 2022 proposed a cash dividend of Rs. Nil per share (2021: Rs. Nil) amounting to Rs. Nil million (2021: Rs. Nil million) subject to approval of members at the forthcoming annual general meeting.

44. DATE OF AUTHORISATION FOR ISSUE

These financial statements were approved and authorised for issue in the Board of Directors meeting held on June 28, 2022.



Chief Financial Officer



Director



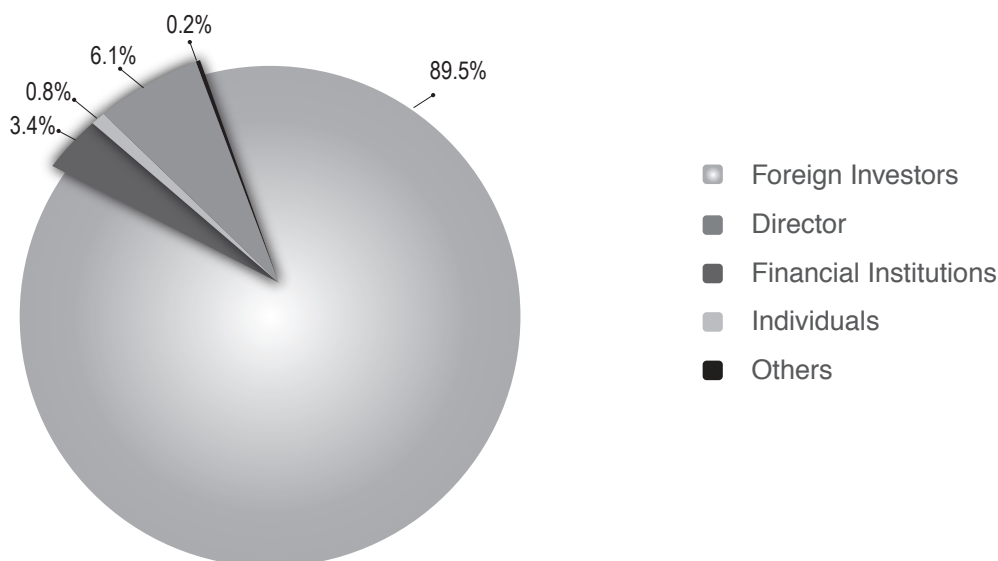
Chief Executive Officer

Pattern of Shareholding

AS AT MARCH 31, 2022

No of Shareholders	Shareholders		Total Shares Held
	From	To	
783	1	100	28,141
671	101	500	143,716
109	501	1000	85,021
85	1001	5000	185,951
11	5001	10000	82,540
9	10001	100000	425,867
5	100001	1000000	1,653,284
1	3000001	10000000	7,398,867
1	10000001	15000000	14,797,733
1675			24,801,120

Shareholders' Category	No. of Shareholders	No. of Shares Held	Percentage of holding
Foreign Investors	4	22,206,700	89.5%
Directors	2	20	0.0%
Financial Institutions	5	839,300	3.4%
Joint Stock Companies	15	204,345	0.8%
Individuals	1647	1,502,573	6.1%
Others	2	48,182	0.2%
Grand Total	1675	24,801,120	100.0%



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	838,784
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	1645	1,502,133
B. Foreign	1	100
<u>Others</u>	18	262,527
	1675	24,801,120

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 37th 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 Thursday, July 28, 2022 at 09:30 a.m.

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 BUSINESSSES

1. To receive, consider and adopt the Audited Financial statements of the Company for the year ended March 31, 2022, 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
ABDUL BASIT
Company Secretary

Karachi:
July 07, 2022

Notes

i. Online Participation in the Annual General Meeting

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, 2022.

Shareholder Name	Folio / CDC No. 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, 2022 to July 28, 2022 (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, 2022, 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, 2022 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 37th Annual General Meeting of the Company to be
held on Thursday, July 28, 2022 and at any adjournment thereof.

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

Affix Revenue
Stamp of five
rupees

Witness 1 _____
Signature _____
Name _____
Address _____

CNIC or Passport No. _____

Witness 2 _____
Signature _____
Name _____
Address _____

CNIC or Passport No. _____

NOTES:

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

A proxy need not be a member of the Company.
2. The instrument appointing a proxy should be signed by the Shareholder or by his/her Attorney, duly authorised in writing and person appointed proxy. In case of corporate entity, the Board of Directors resolution/power of attorney with specimen signature shall be submitted 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 بینو پاک موٹرز لمیٹڈ بمملکت _____ عام حصص بر مطابق رجسٹرڈ فو لیو 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 سینٹیوواں سالانہ اجلاس عام جو کہ بتاریخ، 28 جولائی 2022
بروز جمعرات منعقد ہو رہا ہے اور اس کے ملتوی شدہ اجلاس میں شرکت کر سکے اور ووٹ ڈال سکے۔

مطلوبہ (پانچ روپے کا)
ریونیٹلٹ چسپاں کریں

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

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

نوٹس:

- ۱- کمیٹی 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 شرکت دار یا اس کا مجاز ذکیل 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 نامزد گئیاں اس صورت میں موثر ہونگی 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۔

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 ویڈیو 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 2022، بمع رپورٹس، کمپنی کی ویب سائٹ <https://www.hinopak.com/finance.htm> پر
اپ لوڈ کر دی گئی ہیں۔

۵۔ ان حصص یافتگان سے گزارش جنہوں نے اپنے CNIC فراہم نہیں کیے ہیں

وہ انفرادی ممبران جنہوں نے ابھی تک اپنے موثر کمپیوٹرائزڈ قومی شناختی کارڈ (CNIC) کی فوٹوکاپی، کمپنی / شیئر رجسٹرار کو فراہم نہیں کی ہیں، انہیں ایک مرتبہ پھر یاد دہانی کروائی جاتی ہے کہ جلد از جلد اپنے CNIC کی فوٹوکاپی کمپنی کے شیئر رجسٹرار میسرز فیمکو ایسوسی ایٹس (پرائیویٹ) کو ارسال کریں۔ موثر CNIC کی فوٹوکاپی 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 کیے ہیں

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

۷۔ پتے میں تبدیلی

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

۸۔ طبعی حصص کی بگ انٹری فارم میں تبدیلی

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

۹۔ ممبران کیلئے ویڈیولنک کی سہولت

اگر کمپنی کو کسی ممبر / ممبران سے اجلاس میں بذریعہ ویڈیولنک شرکت کرنے کی درخواست 7 دن قبل موصول ہو جن کے کمپنی میں 10 فیصد حصص ہیں اور وہ کسی ایک شہر میں رہائش پذیر ہوں تو کمپنی ان کیلئے ویڈیولنک کی سہولت کا اہتمام کرے گی بشرطیکہ اس شہر میں یہ سہولت دستیاب ہو۔ اس سہولت سے استفادہ کیلئے شیئر رجسٹرار میسرز فیمکو ایسوسی ایٹس (پرائیویٹ) لمیٹڈ کو مندرجہ ذیل معلومات فراہم کریں:

ان حصص یافتگان کو ایک تفصیلی طریقہ کار ای میل کے ذریعے براہ راست بھیج دیا جائے گا، جنہوں نے اپنی درست ای میل آئی ڈی فراہم کی ہیں، نیز اس تفصیلی طریقہ کار کو کمپنی کی ویب سائٹ <https://www.hinopak.com> کے انویسٹر ریلیشنز سیکشن میں بھی رکھ دیا جائے گا۔

حصص یافتگان سالانہ اجلاس عام کے ایجنڈے کے یا امور سے متعلق اپنی رائے / مشورے ای میل ایڈرس info@hinopak.com پر بھی فراہم کر سکتے ہیں۔

اراکین کی بہر حال، حوصلہ افزائی کی جاتی ہے کہ وہ بذریعہ ویڈیولنک، ذاتی طور پر یا بذریعہ کسی سالانہ اجلاس عام میں اپنی شرکت کو یقینی بنائیں۔

۲۔ حصص منتقلی کی کتابوں کی بندش

سالانہ اجلاس عام کیلئے کمپنی کے حصص منتقلی کی کتابیں 20 جولائی 2022 سے 28 جولائی 2022 تک (بشمول دونوں دن) بند رہیں گی۔ اس مدت کے دوران کسی بھی حصص کی منتقلی کی رجسٹریشن قبول نہیں کی جائے گی۔ شیئر رجسٹر آفس میسرز فیمکو ایسوسی ایٹس (پرائیویٹ) لمیٹڈ میں 19 جولائی 2022 کو دفتری اوقات ختم ہونے تک موصول ہونے والی منتقلیوں کو اجلاس عام میں شرکت اور ووٹ دینے کے حق کو بروقت تصور کیا جائے گا۔

۳۔ اجلاس میں حاضری کیلئے

انفرادی فرد ہونے 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 کیلئے اپنا اصل کمپیوٹرائزڈ قومی شناختی کارڈ (CNIC) یا اصل پاسپورٹ اجلاس میں حاضری کے وقت پیش کریں گے۔ کارپوریٹ ادارہ ہونے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد / مختار نامہ بمع نامزد فرد کے نمونہ دستخط اجلاس عام میں حاضری کے وقت (اگر پہلے سے فراہم نہ کیے گئے ہوں) پیش کیے جائیں گے۔

۴۔ پراکسی

ایک ممبر جو اجلاس میں شرکت اور ووٹ دینے کا اختیار رکھتا ہے وہ اجلاس میں اپنی جگہ کسی دوسرے شخص کو بطور پراکسی مقرر کر سکتا ہے جسے اس ممبر کی جگہ شرکت کرنے، بولنے اور ووٹ دینے کا اختیار ہوگا۔ پراکسیز کو موثر ہونے کیلئے ان کا کمپنی کے رجسٹرڈ آفس میں اجلاس کے وقت سے 48 گھنٹے قبل موصول ہونا ضروری ہے۔

سالانہ اجلاس عام میں شرکت کے سلسلے میں شناخت کی سہولت کیلئے حصص یافتگان کے حصص سینٹرل ڈپازٹری سسٹم (CDS) میں ہیں یا ان کا پراکسی اپنی شناخت کیلئے اصل CNIC یا اصل پاسپورٹ اجلاس عام 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 کمیٹی نے مختص کیا ہو۔

کارپوریٹ ادارہ ہونے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد / مختار نامہ بمع نامزد فرد کے نمونہ دستخط اجلاس عام میں حاضری کے وقت پیش کیے جائیں گے۔

نوٹس برائے سالانہ اجلاس عام

بذریعہ اطلاع دی جاتی ہے کہ ہینو پاک موٹرز لمیٹڈ (کمپنی) کے حصص یافتگان کاسنتیسواں سالانہ اجلاس عام کمپنی کے رجسٹرڈ آفس واقع D-2، سائٹ، منگھوپیر روڈ، کراچی پر بروز جمعرات 28 جولائی 2022، کو صبح 09:30 بجے منعقد ہوگا۔

کمپنی نے حصص یافتگان کی شرکت کیلئے ویڈیو سہولت کا اہتمام کیا ہے۔ تفصیلی طریقہ کار کا ذکر بعد ازاں نوٹس میں بیان کیا گیا ہے۔ اجلاس کے دوران مندرجہ ذیل امور انجام دیے جائیں گے۔

عمومی امور

۱۔ کمپنی کے آڈٹ شدہ مالیاتی گوشوارے برائے مختتمہ مدت 31 مارچ 2022 کے ساتھ ڈائریکٹرز اور آڈیٹرز کی رپورٹوں کی وصولی، غور اور انہیں اختیار کرنا۔

۲۔ اگلے سال کیلئے آڈیٹرز کی تقرری اور ان کا معاوضہ طے کرنا۔

۳۔ صدر مجلس کی اجازت سے مزید دیگر امور کی انجام دہی۔

بحکم بورڈ

عبدالباسط

کمپنی سیکریٹری

کراچی

07 جولائی 2022

گزارشات

۱۔ سالانہ اجلاس عام میں آن لائن شرکت

کمپنی نے حصص یافتگان کی بہبود اور تحفظ کی خاطر انہیں سہولت فراہم کرنے کا فیصلہ کرتے ہوئے اجلاس عام میں ویڈیولنک کے ذریعے حاضر ہونے کی اجازت دی جائے گی۔ حصص یافتگان جو سالانہ اجلاس عام (AGM) کی آن لائن کارروائی میں دلچسپی رکھتے ہیں، وہ اپنے درست کمپیوٹرائزڈ شناختی کارڈ کی دونوں اطراف کی نقل (اسکین کر کے یا تصویر کھینچ کر) عنوان میں ”رجسٹریشن آف ہینو پاک موٹرز لمیٹڈ A G M“ درج کر کے اپنے مقرر کردہ پراسس توثیق کیلئے info@hinopak.com پر بھیج دیں۔ رجسٹریشن کے مقصد کیلئے اس قسم کی معلومات باقاعدہ رجسٹرڈ درست ای میل آئی ڈی کے ذریعے 20 جولائی 2022 تک فراہم کر دی جائیں۔

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

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 ڈائریکٹر بشمول آزاد ڈائریکٹر صرف اجلاس میں حاضر ہونے کی فیس کے حقدار ہیں (ماسوائے غیر ملکی ڈائریکٹرز کے)۔

سال کے دوران پریزیڈنٹ/چیف ایگزیکٹو آفیسر کا معاوضہ 3 ملین روپے (2021 میں 3 ملین روپے) رہا۔

سال کے دوران چیئر مین کے اجلاس میں شرکت کا معاوضہ 0.5 ملین روپے (2021 میں 0.6 ملین روپے) اور مشاورتی فیس جو ادا کی گئی وہ 3.79 ملین روپے (2021 میں 3.79 ملین روپے) رہی۔

ڈائریکٹر بشمول چیف ایگزیکٹو کے معاوضہ کی مزید تفصیلات مالیاتی گوشواروں کے نوٹ نمبر 35 میں بیان کی گئی ہیں۔

چیئر مین کا جائزہ

چیئر مین کا ملحقہ 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۔

حسب الحکم بورڈ

水澤隆二

چیف ایگزیکٹو آفیسر



ڈائریکٹر

تاریخ 28 جون 2022

- اندرونی کنٹرول کا نظام مضبوط طرز پر بنایا گیا ہے اور اس کا موثر طریقے سے نفاذ کیا گیا ہے اور اس کی 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 نسق کے بہترین طور طریقوں سے کوئی قابل ذکر انحراف نہیں کیا گیا۔
- گذشتہ چھ سال کے کاروباری اور مالیاتی اعداد و شمار کی جھلکیاں صفحہ 17 پر دی گئی ہیں۔
- 31 مارچ 2022 تک کمپنی کے پروویڈنٹ، گریجویٹ اور پنشن فنڈ کی سرمایہ کاری کی مالیت حسب ذیل ہے:

فونڈ کا نام	روپے ہزاروں میں
ہیونپاک موٹرز لمیٹڈ ایمپلائز پروویڈنٹ فنڈ	309,009
ہیونپاک موٹرز لمیٹڈ ایمپلائز گریجویٹ فنڈ	303,507
ہیونپاک موٹرز لمیٹڈ ایمپلائز پنشن فنڈ	567,988

کمپنی کے حصص کی خرید و فروخت

سال ختمہ 31 مارچ 2022 کے دوران ڈائریکٹرز، ایگزیکٹوز اور ان کے شریک حیات اور نابالغ بچوں نے کمپنی کے حصص میں کوئی خرید و فروخت نہیں کی۔ کمپنیز ایکٹ 2017 کے فورتھ شیڈول میں طے کردہ ہد کے مطابق سالانہ رپورٹ میں اصطلاح ”ایگزیکٹو“ سے مراد ایسا ملازم ہے، جس کی سالانہ بنیادی تنخواہ 1.2 ملین روپے سے زیادہ ہو۔

کارپوریٹ سماجی ذمہ داریاں / ماحول پر اثرات

کمپنی سالہا سال سے معاشرے کی فلاح و بہبود میں مختلف سماجی سرگرمیوں کے ذریعے قابل ذکر معانت کر رہی ہے۔ CSR پالیسی کے تحت کمپنی کی بنیادی سرگرمیوں میں صحت کی سہولتیں، مقام ملازمت، ماحول اور معاشرہ شامل ہے۔

مقام ملازمت یعنی کام کے جگہ پر تحفظ کمپنی کی ہمیشہ ترجیح رہی ہے اور کمپنی صحت و تحفظ کی ایک مستحکم پالیسی پر عمل پیرا ہے۔ وبا کی مکمل مدت کے دوران مناسب اقدامات کیے گئے اور سخت عمل درآمد کو یقینی بنایا گیا۔ اقدامات جیسے کہ چہرے پر ماسک لگانا، سماجی فاصلہ برقرار رکھنا، سینی ٹائزر رکھنا، 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 وہ Covid-19 کے خلاف ویکسین لگوائیں تاکہ ایک محفوظ معاشرہ جنم لے سکے۔

اس سال ہم نے ملازمین کو مختلف سرگرمیوں میں مشغول کیا جیسے کہ Covid-19 کے بارے میں آگاہی پیدا کرنے کے ساتھ ساتھ درخت لگانے، ساحل سمندر کی صفائی، ہینو آگہی (روڈ سیفٹی آگاہی پروگرام) اور صنعتی دوروں سے متعلق سرگرمیوں میں شامل ہو کر ماحولیات اور سماجی فلاح کے لیے کام کیا۔ ہم نے مشکل دور میں ملازمین کی مصروفیت کو بڑھانے کے لیے کئی ویبنارز اور آن لائن ٹریننگ کا انعقاد کیا۔

آڈیٹرز کی تقرری

موجودہ آڈیٹرز میسرز ایف فرگوسن اینڈ کو، چارٹرڈ اکاؤنٹنٹس سکدش ہو چکے ہیں تاہم اہلیت کے باعث انہوں نے دوبارہ تقرری کی پیشکش کی ہے۔ ڈائریکٹرز نے آڈٹ کمیٹی کی سفارش پر میسرز ایف فرگوسن اینڈ کو، کی بحیثیت آڈیٹرز برائے سال 31 مارچ 2023 کی تقرری کی توثیق کی ہے، جس کی شرائط و ضوابط اور معاوضہ کو تعین بعد میں کیا جائے گا۔

حصص داری کی ساخت

لسٹڈ کمپنی (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 کے تحت 31 مارچ 2022 کو حصص داری کی ساخت اور دیگر اضافی معلومات کو بالترتیب صفحہ 74 تا صفحہ 75 پر منکشف کیا گیا ہے۔

ہولڈنگ کمپنی

19 اکتوبر 1998 سے ہینوپاک موٹرز لمیٹڈ جاپان ہینوپاک موٹرز لمیٹڈ کی ہولڈنگ کمپنی ہے جسکی موجودہ حصص داری 59.67 فیصد ہے۔

اندرونی کنٹرول کے نظام کی موزونیت

کمپنی کا بورڈ کمپنی کے اندرونی کنٹرول 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 پُر اعتماد ہے کہ اندرونی کنٹرول کے نظام کی شکل مضبوط ہے اور موثر انداز میں نافذ العمل ہے اور اس کی نگرانی کی جاتی ہے۔

منافع منقسمہ

کمپنی نے اس سال سے دوبارہ منافع کمانا شروع کر دیا ہے۔ تاہم جمع شدہ خساروں کی پوزیشن اور کاروبار کی پائیداری و نمو کو مد نظر رکھتے ہوئے، ڈائریکٹرز نے منافع منقسمہ کی ادائیگی کی سفارش نہیں کی 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۔

ادارتی نظم و ضبط کے بہترین طور طریقوں کی پاسداری

بورڈ اس بات کا مسرت کے ساتھ اظہار کرتا ہے کہ کمپنی کی انتظامیہ کارپوریٹ نظم و ضبط کے بہترین طور طریقوں کی پاسداری کرتی ہے۔ بورڈ کارپوریٹ اور مالیاتی رپورٹنگ کے فریم ورک کے سلسلے میں اپنی ذمہ داری کو تسلیم کرتا ہے اور لہذا بیان کرتا ہے کہ:

- کمپنی کی انتظامیہ کی طرف سے تیار کردہ مالیاتی گوشوارے، کمپنی کی حالت، اس کی سرگرمیوں، امور کے نتائج، حصص میں تبدیلی اور کیش فلو کی شفاف عکاسی کرتے ہیں۔
- کمپنی کے کھاتوں کی کتابیں مناسب انداز میں تیار کی گئی ہیں۔
- مناسب اکاؤنٹنگ پالیسیوں کو مالیاتی گوشواروں کی تیاری میں مسلسل لاگو کیا گیا ہے سوائے اس کے کہ ظاہر کیا گیا ہو اور اکاؤنٹنگ تخمینے معقول اور دانشمندانہ فیصلے پر مبنی ہوں۔
- بین الاقوامی اکاؤنٹنگ معیارات اور بین الاقوامی مالیاتی رپورٹنگ کے معیارات، جیسا کہ پاکستان میں لاگو ہوتا ہے، کی مالی گوشواروں کی تیاری میں پیروی کی گئی ہے۔

منافع/(خسارہ) کا اختصار

اختصار کی تفصیلات درج ذیل ہیں:

سال ختمہ	سال ختمہ	
31 مارچ 2021	31 مارچ 2022	
روپے '000 میں		
(164,530)	564,784	منافع/(خسارہ) قبل از انکم ٹیکس
(123,764)	(147,654)	انکم ٹیکس اخراجات
(288,294)	417,130	منافع/(خسارہ) بعد از انکم ٹیکس
55,133	55,871	اضافی فرسودگی کی مد میں جامدا اثاثوں کی از سر نو تشخیصی مالیت پر اضافہ کی منتقلی
(9,093)	(1,039)	دیگر جامع خسارہ برائے سال
(11,847)	-	رائٹ اجراء کی اجرائی لاگت
(681,159)	(935,260)	غیر مصرف شدہ (خسارہ)/منافع پیچھے سے لایا گیا
(935,260)	(463,298)	غیر مصرف شدہ (خسارہ) آگے لے جایا گیا
Rs. (13.37)	Rs. 16.82	فی حصص منافع/(خسارہ)

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

تین سال کے مسلسل خساروں کے بعد ہواؤں کا رخ بدلا اور خسارہ شاندار منافع میں تبدیل ہوا۔ کمپنی نے بعد از ٹیکس Rs. 417.13 ملین روپے منافع حاصل کیا جو 2020-21 میں 288.3 ملین روپے بعد از ٹیکس خسارہ تھا، جس کی بنیادی وجوہات میں فروخت کے حجم اور فروخت کی قیمتوں میں اضافہ، لاگت کی مسلسل نگرانی اور کمی کی سرگرمیاں شامل تھیں۔ رائٹ ایشو کے ذریعے تازہ مالیات کی تشکیل، بہتر ورکنگ کیپیٹل مینجمنٹ اور سال کے لیے نتیجہ خیز منافع کے نتیجے میں قرضوں سے مکمل نجات حاصل ہوئی۔

اجناس کی عالمی قیمتیں، بین الاقوامی لاجسٹک بندشیں، روپے کی قدر میں کمی اور ایندھن/بجلی کے اخراجات میں خاطر خواہ اضافہ منافع کے امکانات کے لیے خطرہ کا باعث بن سکتے ہیں۔

تمام تر مشکلات کے باوجود، کمپنی اپنے قابل قدر کسٹمرز کی ضروریات کو پورا کرنے کے لیے نئی اور بہتر ٹیکنالوجی کے معیارات متعارف کرواتے ہوئے اور آرام دہ ہونے کا لیول بڑھاتے ہوئے معیاری گاڑیاں فراہم کرنے کیلئے پرعزم ہے۔

بنیادی خطرات اور غیر یقینی حالات

آنے والے برسوں میں تمام صنعتوں کی کارکردگی عالمی اقتصادی بحالی کی رفتار، دیگر ممالک کے ساتھ پاکستان کے تعلقات، عالمی قیمتوں میں اضافہ، کرنٹ اکاؤنٹ خسارہ وغیرہ جیسے عوامل سے متاثر ہوگی۔ تجارتی گاڑیوں کی طلب، شرح مبادلہ کی برابری اور بین الاقوامی فریٹ قیمتیں درپیش صورتحال میں بہت اہم ہیں۔

۲۔ انسانی وسائل و معاوضہ کمیٹی

- نرگس علی اکبر گھالو۔ چیئر پرسن
- مشتاق ملک
- تانا کاپو کی کیزاوا

سال کے دوران آڈٹ کمیٹی کے 14 اجلاس ہوئے، جن میں ہر ڈائریکٹر کی حاضری درج ذیل رہی:

ڈائریکٹر کا نام	حاضر اجلاسوں کی تعداد
جناب مشتاق ملک	4
مس نرگس علی اکبر گھالو	4
جناب اکیواشی کاوا	4
جناب کوجی ناگاٹا	4
جناب تاکو جی او میمورا*	0

* جناب تاکو جی او میمورا کی بورڈ میں 15 فروری 2022 کو تقرری ہوئی، جس کے بعد سے بورڈ کا کوئی اجلاس سال کے اختتام تک منعقد نہیں ہوا۔

کمپنی کی بنیادی سرگرمیاں اور عمومی جائزہ

ہینو پاک 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 کے دوران کاروباری نوعیت سے متعلق کوئی تبدیلی نہیں ہوئی۔

سال کے دوران ملک نے Covid-19 کے اثرات سے بحالی اور 5.97% کی حقیقی GDP نمود و نمونوں کا مشاہدہ کیا۔ تاہم، پاکستانی روپے کی قدر میں کمی، عالمی سپلائی چین میں خلل، سمندری فریٹ چارجز میں اضافہ اور بڑھتی ہوئی مہنگائی کے حوالے سے یہ سال آٹوموبائل انڈسٹری کیلئے بہت مشکل تھا۔ ان عوامل کی وجہ سے پیداواری لاگت بہت زیادہ ہو گئی، ان وجوہات کی بنا پر کمپنیوں کو اپنی قیمت فروخت بڑھانی پڑی۔

بورڈ کے اجلاس
اس سال بورڈ کے 14 اجلاس منعقد ہوئے، جن میں ہر ڈائریکٹر کی حاضری درج ذیل رہی:

ڈائریکٹر کے نام	حاضر اجلاسوں کی تعداد
جناب محمد اسلم سحرانی	4
جناب پوشپیکو نانامی *	4
جناب اکیر اوچیدا	4
مس نرگس علی اکبر گھالو	4
جناب مشتاق ملک	4
جناب کوجی ناگاٹا	4
جناب اکیواشییکا وا	4
جناب تاکایو کی کیزاوا **	0
جناب تاکوجی او میمورا ***	0

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

* سال کے دوران مستعفی ہو گئے اور مذکورہ بالا بیان کردہ اتفاقی آسمائیں پر کر لی گئیں۔

** جناب تاکایو کی کیزاوا کی بورڈ میں یکم فروری 2022 کو تقرری ہوئی، جس کے بعد سے بورڈ کا کوئی اجلاس سال کے اختتام تک منعقد نہیں ہوا۔

*** جناب تاکوجی او میمورا کی بورڈ میں 15 فروری 2022 کو تقرری ہوئی، جس کے بعد سے بورڈ کا کوئی اجلاس سال کے اختتام تک منعقد نہیں ہوا۔

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:

1۔ آڈٹ کمیٹی

- مشتاق ملک۔ چیئر مین
- نرگس علی اکبر گھالو
- کوجی ناگاٹا
- تاکوجی او میمورا

ڈائریکٹرز رپورٹ

کمپنی کے ڈائریکٹرز اپنی رپورٹ کے ساتھ کمپنی کے آڈٹ شدہ مالیاتی گوشوارے برائے ختمہ مدت 31 مارچ 2022 پیش کرتے ہوئے اظہارِ مسرت کرتے ہیں:

کمپنی کا بورڈ آف ڈائریکٹرز درج ذیل پر مشتمل ہے:

ڈائریکٹرز کی کل تعداد

06	۱۔ مرد
01	۲۔ خاتون

تشکیل بندی

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

بورڈ میں تبدیلیاں

اتفاقی آسامیاں

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

نئے آنے والے ڈائریکٹرز	نئے ڈائریکٹرز کی تاریخ تقرری	جانے والے ڈائریکٹرز
جناب تاکا یو کی کیزاوا	یکم فروری 2022	۱۔ جناب یوشیکو نانامی
جناب تاکو جی او میورا	15 فروری 2022	۲۔ جناب اکیواشییکاوا

بورڈ میں متنوع پس منظر سے تعلق رکھنے والے اعلیٰ تعلیم یافتہ اراکین کے ساتھ ایگزیکٹو، آزاد، اور غیر ایگزیکٹو ڈائریکٹرز کی موزوں تعداد شامل ہے۔ بورڈ نے نگرانی، رہنمائی، اسٹریٹجک ڈائریکشن، حکمت عملی فراہم کرتے ہوئے اور انتظامیہ کی جانب سے کیے گئے اقدامات کے بنیادی مقصد کا تعین کر کے کمپنی کی کارکردگی کی نگرانی کے ذریعے کمپنی کے مقاصد کے حصول میں ایک ناگزیر کردار ادا کیا۔

ہر انفرادی ڈائریکٹر کی رائے اور 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 ہے۔

مستقبل کا منظر نامہ

جہاں عالمی اور پاکستانی معیشت بحالی کی جانب گامزن ہے، ایک اور بحران روس اور یوکرین کے تنازع کی صورت میں سامنے آرہا ہے۔ بڑھتی ہوئی مہنگائی کے ساتھ، بنیادی طور پر خوراک اور ایندھن کی قیمتوں کی وجہ سے، سنبھلتے ہوئے قدم پھر سے ڈمگانے لگے ہیں۔ تمام صنعتوں کے لیے پیداواری لاگت بڑھ رہی ہے، اور خاص طور پر ہماری کمپنی کے لیے، کیونکہ روپیہ ڈالر کے مقابلے میں مسلسل کمزور ہو رہا ہے۔ بڑھتے ہوئے کرنٹ اکاؤنٹ خسارے اور غیر ملکی کرنسی کے ذخائر میں کمی کی وجہ سے حکومت درآمد سے پہلے 100 فیصد درآمدی مارجن کی وصولی پر بھی مجبور ہے۔ ہمارے جیسے درآمدی شعبے پر انحصار کرنے والی کمپنیوں پر، اس نقد ذخائر کی انتظام کاری سے بہت دباؤ پڑتا ہے۔

سیاسی غیر یقینی صورتحال کو دور کرنے، طویل عرصے سے منتظر اسٹریٹجکل اصلاحات، بین الاقوامی مالیاتی فنڈ (آئی ایم ایف) کے توسیعی فنڈ سہولت کی بحالی، شدید ماحولیاتی تبدیلیوں کے رد عمل، اور فنانشل ایکشن ٹاسک فورس (ایف اے ٹی ایف) کی گروپ سے پاکستان کا متوقع اخراج، وہ اہم معاملات ہیں جو آنے والے دنوں میں پاکستان کی معاشی سمت کا تعین کریں گے۔

کسی نے کیا خوب کہا ہے کہ "مستقبل کی پیش گوئی کرنے کا سب سے قابل اعتماد طریقہ یہ ہے کہ اسے خود تخلیق کیا جائے"۔ ترقی پذیر حالات میں کاروباری حکمت عملی اور اقدامات کا صحیح امتزاج ہماری آگے کی منزل کو وضع کرے گا اور قوت و رفتار ہمارے ساتھ ہے۔

اظہار تشکر

ہماری تمام تر کامیابی ہماری زبردست ٹیم کی کاوشوں کا نتیجہ ہے جو تسلیم کیے جانے کی مستحق ہے۔ میں تمام صارفین کی کرم فرمائی، ہیومنورز لمیٹڈ اور یوٹا سوشوکارپوریشن کے تعاون، انتظامیہ کی انتھک کوششوں اور بورڈ آف ڈائریکٹرز کی مسلسل قیادت کا معترف اور مشکور ہوں۔



محمد اسلم سنجرائی

چیئرمین

تاریخ: 28 جون 2022

تقسیمی اور انتظامی اخراجات

انتظامیہ مسلسل تقسیمی و انتظامی لاگت کو کم کرنے کے لئے نگرانی اور کوششیں کر رہی ہے، تاہم، کاروباری سرگرمیوں میں بہتری اور افراط زر کی وجہ سے یہ اخراجات ختم ہونے والے سال کے لیے 732 ملین روپے تھے۔

مالیاتی لاگت

گزشتہ سال رائٹ حصص کے اجراء کے ذریعے کیش فلو میں بہتری، ورکنگ کیپٹل کی بہتر انتظام کاری اور منافع بالآخر کمپنی کے ریکارڈز سے قلیل مدتی قرض لینے اور متعلقہ سود کے چارجز کو ختم کرنے کا باعث بنا۔ رواں سال کی مالیاتی لاگت، بنیادی طور پر کرنسی کی قدر میں کمی کی وجہ سے تبادلے کے خسارے کی نمائندگی کرتی ہے۔

بعد از ٹیکس منافع

مسلسل تین سال کے خساروں کے بعد، کمپنی نے بعد از ٹیکس 417.13 ملین روپے کا منافع حاصل کیا، جو کہ سال گزشتہ میں 288 ملین روپے بعد از ٹیکس خسارہ کی صورت ہمارے سامنے تھا۔ کمپنی نے 16.82 روپے فی حصص آمدنی کو رپورٹ کیا، جو گزشتہ سال 13.37 روپے فی حصص خسارے کی صورت موجود تھا۔

سرمایہ جاتی اخراجات

پیداواری صلاحیت اور معیار کی بہتری کے لیے سرمائے کے اثاثوں کا حصول اور دیکھ بھال ضروری ہے۔ بنیادی طور پر سال کے دوران 296 ملین روپے پلانٹ اور مشینری پر خرچ کیے گئے۔

منافع منقسمہ

کمپنی نے اس سال سے دوبارہ منافع کمانا شروع کر دیا ہے۔ تاہم جمع شدہ خساروں کی پوزیشن اور کاروبار کی پائیداری و نمو کو مد نظر رکھتے ہوئے، ڈائریکٹرز نے منافع منقسمہ کی ادائیگی کی سفارش نہیں کی ہے۔

قومی خزانے میں حصہ داری

کمپنی نے حکومت کو ٹیکسوں، ڈیویڈنڈوں، لیویز اور سیس کی مد میں تقریباً 1.65 بلین روپے ادا کیے۔

کارپوریٹ 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، بورڈ، ممبران بورڈ اور اس کی ذیلی کمیٹیوں کی کارکردگی کا سالانہ جائزہ لینے کیلئے ایک باضابطہ اور موثر نظام وضع کیا گیا ہے۔ بورڈ کی طرف سے اس نظام کو باقاعدہ قائم، منظور اور کامیابی کے ساتھ نافذ کیا گیا ہے۔

چیرمین کا جائزہ

بورڈ آف ڈائریکٹرز کی جانب سے، میں آپ کو کمپنی کے سینتیسویں سالانہ اجلاس عام میں خوش آمدید کہتا ہوں اور 31 مارچ 2022 کو ختم ہونے والے سال کی کارکردگی سے آپ کو آگاہ کرتا ہوں۔ تمام ترجیلیں کے درمیان، آپ کی کمپنی نے بہتر کارکردگی کا مظاہرہ کیا ہے۔

پاکستان کی تاریخ اتار چڑھاؤ سے بھری پڑی ہے اور گزشتہ مالی سال بھی اس سے مستثنیٰ نہیں تھا۔ تمام تر واقعات کے علاوہ جاری Covid-19 وبائی بیماری کی پہلی لہروں کے باوجود معاشی سرگرمیاں مضبوطی سے بحال ہوئیں۔ زرعی، صنعتی اور خدمات کے شعبوں کی بے مثال کارکردگی کی وجہ سے حقیقی جی ڈی پی 5.97 فیصد تک جا پہنچی۔ برآمدات، ٹیکس کی وصولیاں، اور اس کے نتیجے میں فی کس آمدنی، سبھی توقعات سے تجاوز کر گئیں۔

حکام کے کثیر جہتی پالیسی کے رد عمل سے فائدہ اٹھاتے ہوئے، وبائی مرض کے بے مثال مسائل کے باوجود 2020 کے بعد سے ایک اچھی معاشی بحالی دیکھنے میں آئی۔ اس کے ساتھ ساتھ بیرونی دباؤ بھی سامنے آنا شروع ہو گئے، جن میں اجناس کی بین الاقوامی قیمتوں میں اضافہ، بین الاقوامی سپلائی میں خلل، اور روس اور یوکرین کی جنگ کی وجہ سے پولرائزیشن شامل ہیں۔ یہ عناصر کرنٹ اکاؤنٹ خسارہ بڑھانے اور شرح مبادلہ پر فرسودگی کے دباؤ کا باعث بنے ہیں، جس سے ملکی قیمتوں پر پڑنے والے دباؤ کو بھی تقویت ملی ہے۔ عالمی سطح پر ایندھن اور اشیائے خورد و نوش کی قیمتوں میں تیزی سے اضافہ ہوا ہے، لیکن خاص طور پر پاکستان میں اس نے پارلیمانی اقدامات کے ذریعے حکومت کی تبدیلی کی ایک اہم وجہ کے طور پر کام کیا۔

معیشت کے تمام تر اتار چڑھاؤ کے درمیان، کمپنی کی انتظامیہ کی غیر متزلزل اور پر عزم کوششوں نے کامیابی کی راہ ہموار کی۔ 31 مارچ 2022 کو ختم ہونے والے مالی سال کے دوران کمپنی نہ صرف خسارے کے غبار سے نکلنے میں کامیاب ہوئی بلکہ اس نے منافع کی صورت میں امید کی کرن بھی دکھائی۔ ٹرن اوور میں اضافہ اور قیمتوں میں ضروری تبدیلیوں کے نتیجے میں مجموعی آمدنی میں 37.2 فیصد اضافہ ہوا۔ نفع و خسارہ کے کھاتے کے خام منافع کے مارجن میں نمایاں پیش رفت ظاہر ہوتی ہے، جو پچھلے سال 7.53 فیصد کے مقابلے میں بڑھ کر 9.65 فیصد تک پہنچ گئی۔ تین سال کی انتھک کوشش کے بعد فی حصص 13.37 روپے فی شیئر نقصان کے مقابلے میں 16.82 روپے کی صحت مند آمدنی تازہ ہوا کے جھونکے کی مانند ہے۔

ہینوپاک کاروبار

مارکیٹ شیئر اور فروخت

مارچ 2022 کو ختم ہونے والے مالی سال میں، کمرشل گاڑیوں کی صنعت نے کافی تیزی دیکھی، جس میں مارکیٹ کے ساز میں 68 فیصد اضافہ ہوا۔ تاہم، کمپنی نے اپنی حکمت عملی کے تحت صرف منافع بخش سودوں میں سرمایہ کاری کی اور گزشتہ سال 21.7 فیصد کے مقابلے میں 16.6 فیصد مارکیٹ شیئر حاصل کیا۔

خام منافع

رواں سال میں خام منافع میں 76 فیصد کا زبردست اضافہ دیکھنے میں آیا۔ گزشتہ سال 687 ملین روپے کے مقابلے میں رواں مالی سال خام منافع 1.2 بلین روپے سے تجاوز کر گیا۔ ہماری پہچان ہمارے غیر سمجھوتہ شدہ معیار اور ہمارے ہر پل مطمئن صارفین میں ہے۔ یہ صارفین کا اعتماد ہے جو ہمیں مشکل وقت میں بھی آگے سے آگے گامزن رکھتا ہے اور ایک کے بعد ایک سنگ میل عبور کرنے میں ہماری مدد کرتا ہے۔



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