



**A GLOBAL BRAND FOR
ALL CUSTOMERS**

ANNUAL REPORT 2018



A Global Brand For All Customers

As a Global Brand, our Company is focused on enriching the world for present and future generations by providing means of carrying people and goods safely and efficiently. We provide customers with products optimally suited to their needs, and we help our customers make the most of their HINO trucks and buses by providing comprehensive follow-up service in the spirit of "Total Support."

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A Global Brand For All Customers

VISION

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

MISSION STATEMENT / CORPORATE STRATEGY

TO PURSUE OUR VISION, WE COMMIT OURSELVES:

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



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BASIC PRINCIPLES OF HINOPAK CODE OF CONDUCT

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

COMPANY INFORMATION

BANKERS

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

AUDITORS

A. F. Ferguson & Co. Chartered Accountants

LEGAL ADVISOR

Sayeed & Sayeed

REGISTERED OFFICE

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

SHARE REGISTRAR

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

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



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HINO

OUR ORGANOGRAM

BOARD OF DIRECTORS

MANAGING DIRECTOR & CEO

DEPUTY MANAGING DIRECTOR

HR,
ADMINISTRATION & HSE

FINANCE & IT

SALES &
MARKETING

PARTS

SERVICE

CHASSIS ASSEMBLY

BODY

SENIOR DIVISIONAL HEAD

SENIOR DIVISIONAL HEAD

DIVISIONAL HEAD

DIVISIONAL HEAD

DIVISIONAL HEAD

DIVISIONAL HEAD

DIVISIONAL HEAD

DIVISIONAL HEAD

DI

DEPUTY GENERAL
MANAGER

DEPUTY
DIVISIONAL HEAD

DEPUTY
DIVISIONAL HEAD

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DIVISIONAL HEAD

DEPUTY
DIVISIONAL HEAD

DI

AUDIT COMMITTEE

DIRECTOR PRODUCTION
& PLANT MANAGER

MANUFACTURING

ENGINEERING &
DEVELOPMENT

PRODUCTION PLANNING
& MANAGEMENT

SUPPLY CHAIN

MATERIAL OPERATIONS

QUALITY
ASSURANCE

SENIOR DIVISIONAL HEAD

DIVISIONAL HEAD

DIVISIONAL HEAD

DIVISIONAL HEAD

DIVISIONAL HEAD

DIVISIONAL HEAD

DIVISIONAL HEAD

DEPUTY
DIVISIONAL HEAD

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DIVISIONAL HEAD

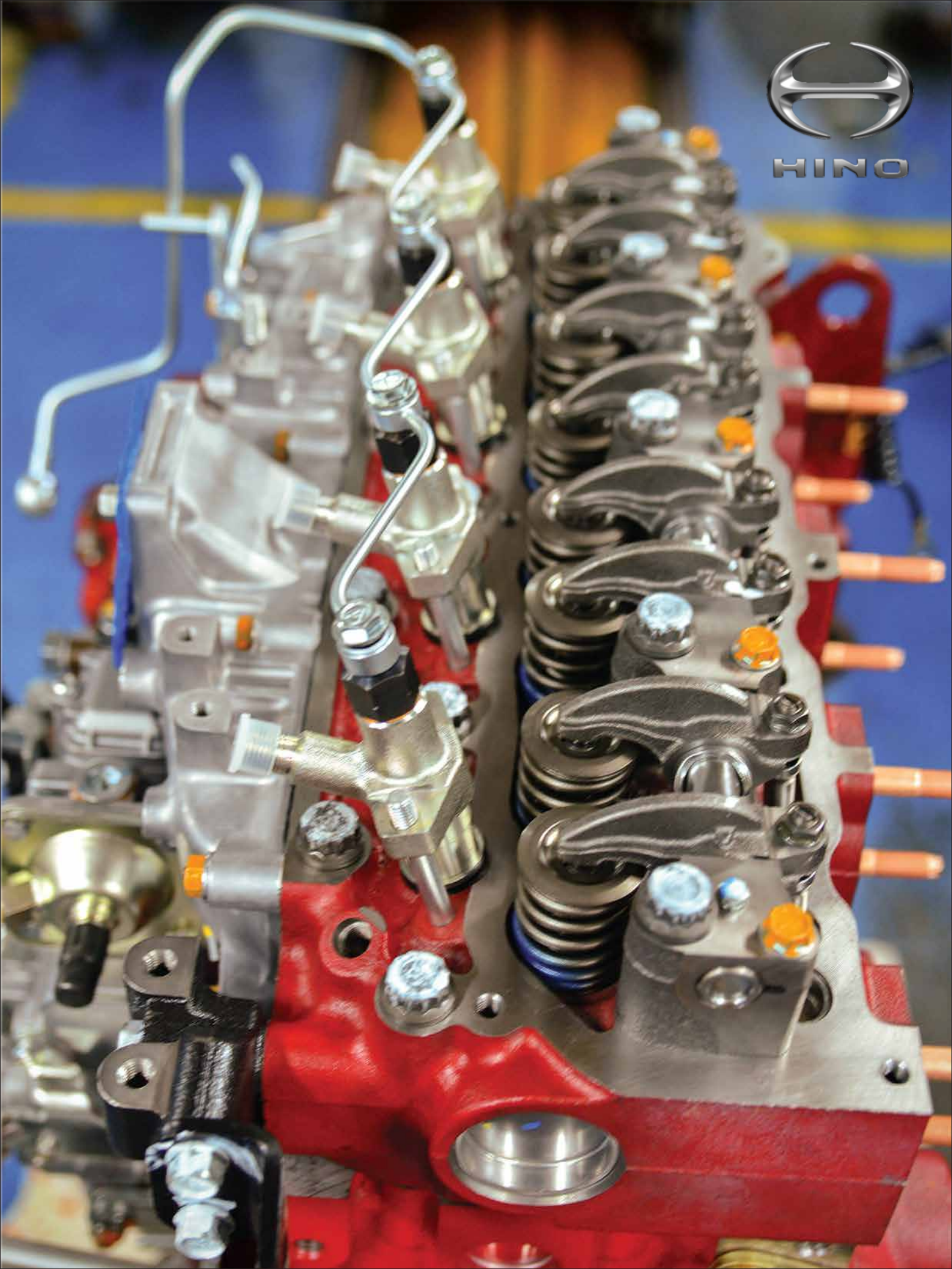
DEPUTY
DIVISIONAL HEAD

HEAD OF INTERNAL AUDIT



IT
HSE
HR

Information Technology
Health, Safety & Environment
Human Resource



BOARD OF DIRECTORS



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

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

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



**MUHAMMAD
ASLAM SANJRANI**

Chairman

Mr. Tatsuhei Muto is the Managing Director and Chief Executive Officer of the Company. He has been associated with the Company since February 2016. He joined Hino Motors Ltd., Japan in 1988. He served Hino Group in different countries in multiple roles including General Manager of Middle East & West Asia Division and Director of Hino Motors Manufacturing Indonesia.



TATSUHEI MUTO

Managing Director & CEO

BOARD OF DIRECTORS

Mr. Yoshihiro Kondo has been appointed as the Deputy Managing Director of the Company in April 2014. He joined Toyota Tsusho Corporation in 1984 and used to be in charge of African market, Asian market, Oceania market as well as KD projects for Egypt, Kazakhstan and other countries as a General Manager for KD Business Department.



YOSHIHIRO KONDO
Deputy Managing Director

Mr. Ghafoor Mirza was appointed as independent non-executive director of the Company and Chairman of the Audit Committee in November 2013. He is at present, also, the director of the Zarai Taraqiati Bank Limited.

He performed a variety of roles for various Ministries of the Government of Pakistan and became Federal Secretary, Ministry of Finance in 1998. His last assignment with the Government of Pakistan includes advisor (with the status of a minister of state) to Ministry of Finance and Revenue in 2008. He was part of numerous negotiations of ministry of finance with International Monetary Fund (IMF) and World Bank, Asian Development Bank and member countries of Aid-to-Pakistan Consortium including Canada, Japan, France, West Germany, Italy, United Kingdom and Switzerland.



GHAFOOR MIRZA
Independent Non-Executive Director

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



SHUICHI KANEKO
Non-Executive Director

Mr. Takehito Sasaki was appointed as the Director of the Company in March 2015. He joined Hino Motors Ltd., Japan in 1988. He has a rich experience in production techniques and production investigation activities.



TAKEHITO SASAKI
Director

Mr. Makoto Sensui was appointed in April 2018 as non-executive director of the Company, member of the Audit Committee and Human Resource and Remuneration Committee. He joined Hino Motors Ltd., Japan in 1983.



MAKOTO SENSUI
Non-Executive Director

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



SATOSHI SASE
Non-Executive Director

Mr. Hiroshi Semba was appointed in April 2017 as non-executive director of the Company, member of the Audit Committee and Human Resource and Remuneration Committee. He joined Hino Motors Ltd., Japan in 1983.



HIROSHI SEMBA
Non-Executive Director

Mr. Fahim Aijaz Sabzwari is the Operating Officer of Finance, IT, HR, Admin and HSE Divisions. Fahim is the fellow member of the Institute of Chartered Accountants of Pakistan. He joined Hinopak Motors Limited in 2005. Previously, he has worked with A.F.Ferguson & Co., Deloitte Kingdom of Saudi Arabia and Al Ghurair Group, Dubai.



FAHIM AIJAZ SABZWARI
Company Secretary

Mr. Fahim Aijaz Sabzwari is the Operating Officer of Finance, IT, HR, Admin and HSE Divisions. Fahim is the fellow member of the Institute of Chartered Accountants of Pakistan. He joined Hinopak Motors Limited in 2005. Previously, he has worked with A.F.Ferguson & Co., Deloitte Kingdom of Saudi Arabia and Al Ghurair Group, Dubai.



FAHIM AIJAZ SABZWARI

Operating Officer
Finance & IT Division, HR, Admin
& HSE Division

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



NAUSHAD RIAZ

Operating Officer
Production Operations & Planning

Mr. Nishat Zafar is the Senior General Manager of Quality Assurance division. He has been associated with the company since 1986 and has served in different roles mainly production related areas.



NISHAT ZAFAR

Senior General Manager
Quality Assurance Division

MANAGEMENT TEAM

Mr. Adil Mohiuddin Shah is the Senior General Manager Sales, Marketing, Parts and Service Divisions. In this role he led the Hinopak's marketing efforts, overseeing team marketing and sales professionals along with after sales service.

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



ADIL MOHIUDDIN SHAH

Senior General Manager
Sales & Marketing Division,
Parts and Service Division

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



MAKOTO HOSODA

General Manager
Supply Chain Division

Mr. Yoshihito Inuma joined Hino Motors Ltd., Japan in 1980 as a Service Specialist Trainer in Human Resource Development.

He moved to Service Division of Hino Motors and served there as Regional Service Incharge - Asia Group. He was incharge in various countries during his stay at Overseas Distribution.



YOSHIHITO IINUMA

General Manager
Customer Support Division

Mr. Mehmood Ahmed Khan is the General Manager Sales & Marketing Division.

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



MEHMOOD AHMED KHAN

General Manager
Sales & Marketing Division

Board Committees

Audit Committee	Terms of Reference
<p>Ghafoor Mirza - Chairman (Non - Executive Director)</p> <p>Hiroshi Semba (Non - Executive Director)</p> <p>Satoshi Sase (Non - Executive Director)</p> <p>Makoto Sensui (Non - Executive Director)</p> <p>Shuichi Kaneko (Non - Executive Director)</p> <p>Muhammad Shoaib Akhtar (Secretary)</p>	<ol style="list-style-type: none"> a. Determination of appropriate measures to safeguard Company's assets; b. Review of quarterly, half-yearly and annual financial statements of the Company, prior to the approval by the Board of Directors; c. Review of management letter issued by external auditors and management's response thereto and monitor the action plan to improve the control environment; d. 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; e. Ascertaining that the internal control system including financial and operational controls, accounting system and reporting structure are adequate and effective; f. 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; and g. Monitoring compliance with relevant statutes and best practices of Corporate Governance.

Human Resource & Remuneration Committee	Terms of Reference
<p>Ghafoor Mirza - Chairman (Non - Executive Director)</p> <p>Tatsuhei Muto</p> <p>Satoshi Sase (Non - Executive Director)</p> <p>Yoshihiro Kondo</p> <p>Hiroshi Semba (Non - Executive Director)</p> <p>Shuichi Kaneko (Non - Executive Director)</p> <p>Makoto Sensui (Non - Executive Director)</p> <p>Fahim Ajjaz Sabzwari (Secretary)</p>	<ol style="list-style-type: none"> a. Recommending human resource management policies to the board; b. Recommending to the board the selection, evaluation, compensation (including retirement benefits) and succession planning of the CEO; c. Recommending to the board the selection, evaluation, compensation (including retirement benefits) of CFO, Company Secretary and Head of Internal Audit; d. Considering and approving on recommendations of CEO on such matters for key management positions who report directly to CEO; e. Ensure annual evaluation of members of the board and board committees; and f. Recommend to the Chairman of the board the performance evaluation of the board as whole.

Functional Committees

Management Committee	Terms of Reference
<p>Tatsuhei Muto - Chairman</p> <p>Yoshihiro Kondo</p> <p>Takehito Sasaki</p> <p>Fahim Ajjaz Sabzwari</p> <p>Naushad Riaz</p> <p>Nishat Zafar</p> <p>Adil M. Shah</p> <p>Makoto Hosoda</p> <p>Yoshihito Iinuma</p> <p>Ahsan Waseem Akhtar (Secretary)</p>	<ol style="list-style-type: none"> a. Managing the day to day operations of the Company; b. Developing the business and marketing strategy of the Company; c. Reviewing budgetary proposals and the necessary actions to implement the business plan; d. Monitoring profitability and deviations from business plan; and e. Handling the major business issues and other urgent matters on behalf of the Board.

Global Compact & CSR Committee

Tatsuhei Muto - Chairman
Yoshihiro Kondo
Takehito Sasaki
Fahim Ajjaz Sabzwari
Naushad Riaz
Adil M. Shah
Ahsan Waseem Akhtar
Muhammad Khaliluddin (Secretary)

Terms of Reference

- a. Review and approve the budget for CSR activities;
- b. Monitor the following CSR related activities directly or through sub committees:
 - Compliance and Good Governance (Internal Control System, Risk Management and SOA compliance activities);
 - Environment Management;
 - Creating safe and decent work place; and
 - Social activities and contribution to local communities (Activities in the field of education, health, safety, sports and creating awareness).
- c. Monitor Global Compact internalization and implementation plan; and
- d. CSR and Global Compact reporting.

Information Technology Steering Committee

Fahim Ajjaz Sabzwari - Chairman
Naushad Riaz
Adil M. Shah
Muhammad Zahid Hasan
Waseem uz Zaman Siddiqui
(Secretary)

Terms of Reference

- a. Reviewing the long and short term plans;
- b. Approving and monitoring major projects;
- c. Reviewing and approving the major acquisitions;
- d. Ensuring liaison between IT and the user departments; and
- e. Reviewing the adequacy and allocation of resources.

Human Resource Development Committee

Tatsuhei Muto - Chairman
Yoshihiro Kondo
Takehito Sasaki
Fahim Ajjaz Sabzwari
Ahsan Waseem Akhtar (Secretary)

Terms of Reference

- a. Developing and implementing policies for management of human capital;
- b. Establishing performance management system, developing and reviewing performance goals and objectives; and
- c. Reviewing compensation system and practices.

Industrial Relations Committee

Fahim Aijaz Sabzwari - Chairman
Ahsan Waseem Akhtar
Arshad Khan
Waseem Ahmed
Muhammad Khaliluddin (Secretary)

Terms of Reference

- a. Promoting labour management relationship;
- b. Reviewing grievance handling mechanism; and
- c. Reviewing employee involvement in continuous improvement activities.

Health, Safety & Environment Systems Steering Committee

Takehito Sasaki - Chairman
Fahim Aijaz Sabzwari
Naushad Riaz
Nishat Zafar
Syed Samad Siraj
Ahsan Waseem Akhtar
Waseem Ahmed
Secretariat Members
Nabila M. Faisal (Secretary)

Terms of Reference

- a. Reviewing compliances with the Company policies related to HSE;
- b. Overseeing the effective maintenance of ISO 14001 and OHSAS 18001 Standards Company wide;
- c. Reviewing major Health, Safety & Environmental Projects and ensure their implementations;
- d. Monitoring the effectiveness of awareness and training programs to educate employees on HSE matters / issues; and
- e. Providing leadership and guidance and periodic review of the progress and performance of HSE through audits and Management Review for continual improvement.

Quality Management Systems Steering Committee (ISO 9001 : 2008)

Takehito Sasaki - Chairman
Tatsuhei Muto
Fahim Aijaz Sabzwari
Naushad Riaz
Nishat Zafar
Makoto Hosoda
Ahsan Waseem Akhtar
Secretariat Members
Sarwar Karim (Secretary)

Terms of Reference

- a. Establishing, implementing and maintaining Environmental Management System (EMS) and Quality Management System (QMS) against ISO 9001:2008 and ISO 14001:2004 Standards Company wide; and
- b. Providing leadership and guidance and periodic review of the progress and performance of QMS, EMS through audits and management reviews for the continual improvement.

Cost Control And Monitoring Committee

Yoshihiro Kondo - Chairman
Takehito Sasaki
Fahim Ajjaz Sabzwari
Naushad Riaz
Adil M. Shah
Makoto Hosoda
Muhammad Zahid Hasan (Secretary)

Terms of Reference

- a. Monitoring cost being incurred in all functional areas;
- b. Recommending, proposing methods, ways to control and minimize cost to the top management for approval; and
- c. Monitoring implementation of cost control processes / methods.

Whistle Blowing Committee

Tatsuhei Muto - Chairman
Yoshihiro Kondo
Fahim Ajjaz Sabzwari
Syed Junaid Ali (Secretary)

Terms of Reference

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

Production Planning & Control Steering Committee

Takehito Sasaki - Chairman
Tatsuhei Muto
Yoshihiro Kondo
Fahim Ajjaz Sabzwari
Naushad Riaz
Nishat Zafar
Adil M. Shah
Makoto Hosoda
Salman Abdul Wahab (Secretary)

Terms of Reference

- a. Reviewing the status of production periodically;
- b. Scheduling the future production and projects;
- c. Analyzing the plant occupancy status; and
- d. Reviewing the efficiency level of product for steady improvement.



MANAGING DIRECTOR & CEO

TATSUHEI MUTO

Assalam O Alaikum!

The year 2017-18 was a year of remarkable achievements in the history of Hinopak as the company recorded highest profit after tax for the fifth consecutive year, highest turnover in vehicles and parts sales and sustained its position as the leading commercial vehicles assembler and manufacturer in Pakistan.

I would like to express my sincere appreciation to our valuable customers, business partners and shareholders for their continued support and patronage. I would also like to convey my heartfelt gratitude to each member of Hino family for their consistent endeavors to make 2017-18 a successful year.



DEPUTY MANAGING DIRECTOR

YOSHIHIRO KONDO

Greetings!

I feel honored to announce that the company has yet again upheld its market leadership for over 30 years in a row. Despite various challenges including fluctuating exchange rate and intense competition in the industry, our overall performance was remarkable. Notably the company has attained highest revenue and after tax profit for consecutive five years.

I would like to thank our customers for their patronage and appreciate their confidence in our product; our customers are our real strength. I would also like to extend my sincere gratitude to our employees for their hard work and dedication, to our principals Hino Motors Ltd. and Toyota Tsusho Corporation for their continued support and co-operation.



CHAIRMAN'S REVIEW

I welcome you all to the 33rd Annual General Meeting of the Company and like the last four years it's an honor to present review on the Company's hallmark performance for the year ended March 31, 2018, and to state it's my privilege to announce that the Company has surpassed preceding records for the 5th successive year in a row by attaining highest ever after-tax profit of Rs. 1,149 million. Aside from achieving highest profit, the Company has also achieved milestones of record breaking production and sales volumes. Simultaneously, the Company has continued to enjoy its market leadership in the commercial vehicle industry. Altogether, we all are overjoyed & elated.



HINOPAK BUSINESS

Market Share and Sales

In an era of promising and incessant transition of economic indicators, commercial vehicle industry of Pakistan also continued to exhibit signs of encouraging progress with an increased market size by witnessing an overwhelming demand of commercial vehicles.

Despite facing strong competition from new entrants and adverse foreign exchange parities, the Company sustained its eminence as market leader.

In the truck segment, the Company prevailed the market share with a share of 43%, however, in the bus segment, the Company dominated the market with a share of 38%. Concurrently, the Company also accomplished a new landmark by recording highest ever sales revenue of Rs. 26,615 million as against Rs. 22,477 million in the previous year.

Gross Profit

The gross margin stood at Rs. 3,034 million as against Rs. 2,466 million in the last year.

Distribution and Administrative Expenses

Distribution and administrative expenses stood at Rs. 861 million as compared to Rs. 813 million of previous year.

Finance Cost

Appreciation of US Dollar in the last quarter of financial year resulted in substantive Exchange Loss of Rs. 637 million compared to Exchange Loss of Rs. 51 million of last year.

Profit after Tax

The Company has yet again managed to raise its performance bar by posting highest ever after-tax profit of Rs. 1,149 million as compared to previous year after tax profit of Rs. 1,119 million. Earnings per share also increased to Rs. 92.69 as compared to Rs. 90.31 in last year.

Capital Expenditure

The Company invested Rs. 254 million in its capital goods to encourage greater safety and quality standards, boost productivity and advance technology.

Cash Flow and Working Capital Management

Through enhanced sales volume and timely recovery of trade debts, the Company generated Rs. 2,867 million from operating activities and incurred Capital Expenditure of Rs. 254 million. The Company also paid taxes amounting Rs. 581 million. The increase in cash and cash equivalent was Rs. 1,967 million.

Dividend

As a result of another year of impressive achievements of the Company, the Board of Directors is pleased to propose 75% of profit after tax, to the shareholders as dividend, which is Rs. 69.52 per share as compare to Rs. 67.73 per share in the last year.



MANUFACTURING FACILITIES

Chassis Assembly Division (CAD)

One of the major business objective of an organization is to achieve manufacturing excellence in their respective domain by making boundless efforts. Chassis Assembly Division (CAD), which is the core business unit of the Company played a fundamental role by producing top quality chassis for our valued customers through focusing and employing contemporary technologies and techniques. Our extra-ordinary production facilities accompanied by extra-mile efforts resulted in record breaking production volume, which was 4,495 units (Chassis) compared to 3,750 units (Chassis) in the preceding year; also, no less than, 10,229 IMV (Hilux) frames were produced for Indus Motors Company.



Body Manufacturing Division (BMD)

During the year, BMD produced 498 bodies of different & specialized varieties. The productivity of plant (BMD) has been continually enhancing due to usage of advanced manufacturing practices.

Moreover, it is worth mentioning that Hinopak is the only commercial vehicle company to have a contemporary Body Manufacturing Facility, alongside its Chassis Assembly Division (CAD) in Pakistan.

BUSINESS PROCESS IMPROVEMENT AND PRODUCT DEVELOPMENT

In order to maintain the product's reliability, it is important for an organization to consistently evolve its technology and business processes to always move ahead of your competitors. Keeping in view, Hinopak always believes and makes every effort to be at the utmost by deploying most advanced and up to date product development techniques to sustain healthy relationship with customers by satisfying their needs.

The focus of Hinopak always is, on achieving excellence by maintaining the high quality standards and add value to the existing processes; during the current year, the Company invested Rs. 68m to augment the production process. To further emphasize the consideration of quality by the Company, a Vendors' Convention was held at Karachi in December 2017. The theme of the event was set as "Achieving Global Standards" to stress the criticality of meeting global quality challenges for business sustainability.

AFTER SALES SUPPORT

At Hinopak, we believe that our success is dependent on our customer's satisfaction. Therefore, the Company devotes all its resource and man power to facilitate our customers by providing exceptional after sales service. As Hinopak operates on customer driven strategy, we aim to provide our customers with "Total Support", through country-wide dealership network.

Continuing the legacy of Customer satisfaction, "Knocking the Door" project was also continued during the year with over 2,500 customer visits. Our efforts in servicing, meeting customer needs and customer confidence has resulted in highest Parts Sales performance surpassing all the previous sales, thus setting a company record. Other important initiatives include Skill Contest for dealers' technical staff, Free Service Camps, Eco-Drive Seminars, and Training sessions for customer awareness with respect to service, maintenance & genuine parts. Furthermore, in order to acknowledge and appreciate the performance of our dealers, a Dealer Conference was also organized during the year.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Without a sense of caring, there can be no sense of community, therefore, "Ethics" is the new competitive environment of today's corporate world. Having a strong legacy of giving back, the Company has always considered CSR as a creative opportunity to fundamentally strengthen their business while contributing to society at the same time. The Company continued its practice of supporting the under-privileged by providing monthly contributions to "DAR-UL-SAKUN" and by donating a Bus to "The Citizen Foundation".

Other welfare activities includes support for education sector that include scholarships for needy students, internship and research projects, industrial visits, computer literacy program for government school kids, road safety awareness campaigns in educational institutes, facility improvement program for government schools, technical assistance for engineering students, free medical camps and learn and fun summer camps for kids.



HUMAN RESOURCE DEVELOPMENT

At Hinopak, our most valuable resource is “Human Resource”. Hence, being a forward-thinking organization, Hinopak fosters a culture of continuous learning and thereby always focuses on developing the most superior workforce in competitive marketplace.

During the year numerous on job trainings, formal & informal learning sessions, in-house & public programs and foreign trainings, focusing on quality improvement, leadership & management development, professional, technical skills & life skills (i.e. soft skills) and process improvement were organized and a total of 22,000 training man hours were achieved, acknowledging Company’s zeal to develop its people.

OCCUPATIONAL HEALTH & SAFETY

At Hinopak, we heartily believe that Safety First is Safety always. Therefore, we endeavor for promoting and sustaining a safe and healthy working environment for our employees and other interested parties.

During the year, the Company organized various safety awareness sessions at “Safety Dojo Center”, where employees were provided with “First Hand Feel” of work related hazards. Moreover, in order to promote Environmental Awareness, a Tree Plantation activity was organized where by around 1200 trees plus were planted at various Government Schools.

In addition, to enhance awareness of health related issues, different health awareness sessions such as ‘Obesity & Overweight’ and ‘Workplace Stress & Related Heart Diseases’ were organized during the year.

Top Management also mirrors their commitment by conducting Safety Gamba (Inspection) from time to time on the shop floor to visually check safety issues of the workplace and by participating in various environmental, safety and health awareness programs.

CONTRIBUTION TO NATIONAL EXCHEQUER

The Company paid Rs. 3.2 billion approximately in taxes, duties and cess to the Government.



CORPORATE GOVERNANCE

Board Evaluation

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

- Board & Committees Composition and Scope etc.
- Strategy & Planning
- Ethics & Compliance
- Leadership & Professional Development
- Measuring & Monitoring of Company's Performance
- Overall Board Effectiveness

Board Performance & Role in achieving Company's Objectives

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

- Attend Board meetings and actively participate in its proceedings, wherein various strategic discussions are held
- Ensures that the Company comply with all the regulatory requirements and best practices.

- Proactively monitors & evaluates company's operational & financial performance as against of stated objectives, plans & budgets
- Ensures Company's commitment to its sustainability strategy based on social, economic and environmental factors
- Closely monitors and provide guidance over major capital expenditure projects
- Ensures adequate systems and controls are in place for identification and reprisal of grievances arising from unethical practices
- Ensures appropriate measures are in place for safeguarding of Company's assets
- Ensures adequacy of internal control system (including operational & financial controls).





FUTURE OUTLOOK

The overall economic indicators of Pakistan present a very positive vibe. Considering controlled inflation, completion of numerous China Pakistan Economic Corridor (CPEC) projects, improved infrastructure, stable law & order situation, higher bank financing, lower interest rates, overall future economic growth seems to be very promising. Resultantly, ample opportunities for business growth are anticipated for commercial vehicle industry.

The continued decline of Pak rupee to dollar in the 2nd half of the financial year manifested a pile of exchange losses to various industries adversely impacting these industries to slide towards the bottom line of their financial performance, as this addition of adverse exchange parities has resulted in higher cost of production; and to add to it, the present (as of today) political instability, intense competition due to new entrants, plus the interim government to come without any mandate to address commerce issues, elections period, and time it takes for the new government to get into place and stabilize are but a fragment of issues that would EFFECT top notch quality products and services on sustainable and affordable price. All of these, plus the unforeseen, will be the crucial challenges that the company will face in the future. To add to this, recent measures taken by the government in the (recently) announced budget (like imposition of additional custom duty and restriction for non-filer to register vehicle) are glaring factors that are likely to IMPACT the sales of the company.

Despite the roller-coaster ride of exchange rate parities along with other risks, management is determined that the Company will continue to uphold its market leadership through cutting of (wherever possible!) costs without compromising (since "compromise" is an alien word for us) top-notch quality products and services.

OUR RESOLVE

With an anticipated expansion of commercial vehicle industry in sight and immense growth opportunities ahead,

the Company has set the foundation for long-term sustainable success and is of the view that it will further strengthen its market leadership by facilitating their customers with its ever-reliable product range and incomparable after sales support.

VOTE OF THANKS

On behalf of the Board of Directors, I would like to acknowledge and express my appreciation for our Shareholders for their absolute confidence, our Vendors & Suppliers for maintaining sustained and quality supplies, our parent and associated companies, Hino Motors Limited & Toyota Tsusho Corporation for their continuous guidance and support, our valued Customers for their un-paralleled reliance in Company's illustrious product line, the Regulators including Federal & Provincial Governments for their understanding and our Dealers, Bankers & Other Business Partners for keeping-up their belief in us. ALL OF WHAT WE HAVE ACHIEVED, would not have been possible but for the combined efforts of all and our "ONENESS"; I would accordingly, put on record my utmost thanks to the Board of Directors for their contribution, the MANAGEMENT for their persistent and untiring EFFORT TO ACHIEVE THE SET GOALS through their Leadership, AND our COMMENDABLE Work Force's for their extra-ordinary FOCUSED, targeted, and enthusiastic HARD WORK, these ENVIABLE results would not have been achieved.

May the SUCCESS of Hinopak Motors Limited continue to have the common link of "ONENESS".

Muhammad Aslam Sanjrani
Chairman
Date: May 29, 2018

| Hinopak Values



H

Honesty at all cost
and in all spheres of business

I

Integrity we do what we say
at personal & corporate level

N

Non bureaucratic pragmatic
in systems & processes

O

Openness to customers,
markets & criticism

P

Purpose oriented always
keeping the end in mind

A

Altruism fostering relationship
with society & environment

K

Kaizen continuous
improvement



Directors' Report

The Directors take pleasure in presenting this report, together with the Audited Financial Statements of the Company for the year ended March 31, 2018.

The Board of Directors of the Company as at March 31, 2018 consists of:

Total number of directors:	
a) Male	09
b) Female	-

Composition	
i. Independent Directors	01
i. Other non-executive directors	05
i. Executive directors	03

The names of the directors as at March 31, 2018 are as follows

- Mr. Muhammad Aslam Sanjrani
- Mr. Tatsuhei Muto
- Mr. Yoshihiro Kondo
- Mr. Ghafoor Mirza
- Mr. Takehito Sasaki
- Mr. Mikio Segawa
- Mr. Sachio Yotsukura
- Mr. Hiroshi Semba
- Mr. Shuichi Kaneko

Changes in Board

During the year, three casual vacancies occurred in the Board which were filled by continuing directors within 90 days by appointing Mr. Shuichi Kaneko, Mr. Hiroshi Semba and Mr. Sachio Yotsukura as directors in place of Mr. Takeshi Yasuda, Mr. Akihito Yamanaka and Mr. Toyoki Kuno respectively who resigned.

Subsequent to the year end two casual vacancies occurred on the Board which were also filled by continuing directors within 90 days by appointing Mr. Satoshi Sase and Mr. Makoto Sensui in place of Mr. Sachio Yotsukura and Mr. Mikio Segawa respectively.

Committees of the Board

The board has formed two sub committees namely Audit Committee and Human Resource and Remuneration Committee. The composition of both these committees are disclosed on page number 22.

Principal Activities of the Company

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.

Development & Performance of the Company's Business

	March 2018	March 2017	Variation
	PKR Million		%
Sales	26,615	22,477	18.41%
Cost of sales	(23,581)	(20,011)	17.84%
Gross profit	3,034	2,466	23.03%
Profit from operations	2,349	1,777	32.19%
Profit after taxation	1,149	1,120	2.59%

Hinopak Motors Limited is committed to provide quality commercial vehicles to its customers. The Company aims to maintain its aggressive stance to enhance market share and to continue to invest on brand building initiatives. The results of the Company are a reflection of the unrelenting commitment and contribution of its people and the trust placed in the Company by its customers, suppliers, service providers and shareholders.

Change in accounting policy

The current year financial statements have been restated due to change in accounting policy for recording of revaluation surplus on property, plant and equipment as part of equity. This change is due to the fact that the provision in Companies Ordinance, 1984 requiring to record the revaluation surplus as a separate financial statement line item has not been carry forward in the Companies Act, 2017, thereby aligning the treatment with International Accounting Standard - 16 (IAS-16). As a result of this share capital and reserves i.e. equity has increased by Rs. 1.65 billion and Rs. 1.19 billion for the year ended March 31, 2017 and March 31, 2016 respectively. Further, gain on revaluation surplus net of deferred tax amounting to Rs. 491.83 million has been recorded in other comprehensive income for the year ended March 31, 2017 to comply with the requirements of IAS-16.

Principal Risks and Uncertainties

Despite the fact that the Company's financial performance is exceptional from the past few years and the Company successfully crossed all the barriers in its way to continue to write its journey of success, still competition and exchange rate will be vital factors that may have an impact on the future financial statements of the Company.

Appropriation of Profit

Following are the details of appropriations:

Year ended
March 31,
2018

Year ended
March 31,
2017

	Rupees in '000	
Profit before taxation	1,669,548	1,696,710
Taxation	(520,173)	(576,809)
Profit after taxation	1,149,375	1,119,901
Transferred from surplus on revaluation of fixed assets on account of Incremental depreciation and disposal of fixed assets	41,997	31,048
Realisation of surplus on revaluation of fixed assets on disposal - net of deferred tax	-	1,203
Other comprehensive loss for the year	(16,610)	(19,067)
Unappropriated profit brought forward	2,693,494	2,673,733
Profit available for appropriation	3,868,256	3,806,818
Final cash dividend paid during the year	(839,890)	(1,113,324)
Unappropriated profit carried forward	3,028,366	2,693,494
EPS	Rs. 92.69	Rs. 90.31

Dividend

The Board of Directors in its meeting held on May 29, 2018 proposed a cash dividend of Rs. Rs. 69.52 per share (2017: Rs. 67.73 per share) amounting to Rs. 862.09 million (2017: 839.89 million) subject to the approval of the members at the forthcoming annual general meeting of the Company. The undistributed profit for the year of Rs. 287.29 million will add on in the revenue reserves of the Company.

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, 2019 on such terms and conditions and remuneration as to be decided.

Pattern of Shareholding

The pattern of shareholding as at March 31, 2018 and additional information thereabout required under Code of Corporate Governance are disclosed on page 96 and page 97 respectively.

Holding Company

Since October 19, 1998, Hino Motors Ltd. Japan, is the Holding Company of Hinopak Motors Limited, by virtue of its 59.3% shareholding in the Company.

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

As required under the Code of Corporate Governance incorporated in the Listing Rules of the Stock Exchange, the Board is pleased to state that the management of the Company is compliant with the best practices of corporate governance. The Board acknowledges its responsibility in respect of the corporate and financial reporting framework and thus states that:

- The financial statements prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of account of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.

- International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no significant doubts upon the Company's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- The highlights of operating and financial data for the last six years are given on page 40.
- The value of investments of Company's Provident, Gratuity and Pension Funds as on March 31, 2018 were as follows:

	Rupees in '000
Hinopak Motors Limited Employees' Provident Fund	<u>219,072</u>
Hinopak Motors Limited Employees' Gratuity Fund	<u>196,929</u>
Hinopak Motors Limited Employees' Pension Fund	<u>348,565</u>

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

Name of Directors

Number of meetings attended

Mr. Muhammad Aslam Sanjrani	3
Mr. Tatsuhei Muto	4
Mr. Yoshihiro Kondo	4
Mr. Takehito Sasaki	4
Mr. Ghafoor Mirza	3
Mr. Mikio Segawa	1
Mr. Hiroshi Semba	0
Mr. Toyoki Kuno	0
Mr. Shuichi Kaneko	1
Mr. Sachio Yotsukura	2

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

Name of Directors

Number of meetings attended

Mr. Ghafoor Mirza	4
Mr. Hiroshi Semba	0
Mr. Toyoki Kuno	0
Mr. Mikio Segawa	1
Mr. Shuichi Kaneko	1
Mr. Sachio Yotsukura	3

Trading of Shares of the Company

During the year ended March 31, 2018, the directors, executives and their spouses and minor children have not traded in the shares of the Company. The threshold set by the Directors, for disclosure of the term "executive", in annual report, constitutes employee whose annual basic salary exceeds Rs. 1.2 million in a year.

Corporate Social Responsibility / Impact on environment

The detailed report on corporate social responsibility along with report on the environment management is detailed on page numbers 46 to 59.

Significant features of remuneration policy of non-executive directors

Chairman of the board of director is entitled for consultancy fee alongwith fee for attending the meetings.

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

Chairman's Review

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

By order of the Board



Director

Dated: May 29, 2018



Managing Director & CEO

Financial Highlights

	2012-13 (Re-stated)	2013-14	2014-15	2015-16	2016-17	2017-18
Profit & Loss Account (Rs. in Million)						
Sales	7,528.14	9,208.42	12,636.29	18,086.85	22,477.50	26,615.07
Gross Profit	809.68	1,331.50	1,973.38	2,762.08	2,466.10	3,034.44
Operating Profit	373.08	854.55	1,434.42	2,031.75	1,776.93	2,348.55
Profit Before Tax	48.08	935.00	1,552.59	1,727.04	1,696.71	1,669.55
Taxation	18.89	311.06	479.37	613.67	576.81	520.17
Profit After Tax	29.19	623.94	1,073.22	1,113.38	1,119.90	1,149.38
Other Comprehensive Loss	19.65	11.57	2.60	20.51	19.07	16.61
Transfer From Surplus on Revaluation of Fixed Assets	23.26	26.86	33.43	31.10	32.25	42.00
Dividend	19.22	20.31	468.00	804.92	1,113.32	839.89
Unappropriated Profit Carried Forward	1,099.72	1,718.64	2,354.69	2,673.73	2,693.49	3,028.37
Balance Sheet (Rs. in Million)						
Net Assets						
Fixed Assets	1,714.95	1,969.74	2,006.19	2,207.72	2,841.70	3,109.37
Other Long Term Assets	24.16	23.33	34.01	20.59	32.62	29.29
Current Assets	3,321.87	5,543.36	6,181.54	7,436.02	7,188.42	11,330.87
Less : Current Liabilities	2,382.38	3,995.94	4,054.27	5,134.31	5,013.91	8,885.62
Total Net Assets	2,678.60	3,540.49	4,167.47	4,530.02	5,048.83	5,583.91
Financed By:						
Issued, Subscribed & Paid Up Capital	124.01	124.01	124.01	124.01	124.01	124.01
Reserves / Accumulated Profit	1,393.60	2,011.09	2,645.92	2,964.73	2,984.49	3,319.37
Surplus on Revaluation of Fixed Assets	1,002.99	1,249.58	1,216.15	1,199.56	1,659.14	1,848.73
Long Term / Deferred Tax Liabilities	158.01	155.81	181.39	241.72	281.19	291.81
Total Funds Invested	2,678.60	3,540.49	4,167.47	4,530.02	5,048.83	5,583.91
Cash Flow (Rs. in Million)						
Cash Flows From Operating Activities	712.15	1,992.60	1,876.13	2,144.21	586.94	2,866.99
Cash Flows Used in Investing Activities	(51.81)	(80.28)	(163.17)	(343.55)	(269.49)	(239.60)
Cash Flows Used in Financing Activities	(19.13)	(20.23)	(466.45)	(801.95)	(1,110.09)	(660.58)
Turnover (Rs. in Million)						
Hino Chassis (Including Exports)	6,170.86	7,683.42	9,555.82	16,179.82	20,382.37	23,831.54
Bus & Other Bodies (Including Exports)	668.21	648.03	1,077.54	960.56	933.31	682.27
Spare Parts	183.53	165.24	248.79	353.90	463.22	783.22
Others	505.54	711.73	1,754.14	592.57	698.60	1,318.04
Total	7,528.14	9,208.42	12,636.29	18,086.85	22,477.50	26,615.07
Production (Units)						
Hino Chassis	1259	1417	1714	2999	3750	4198
Bus & Other Bodies	305	627	1517	470	474	498
Hilux Frame	4260	4068	4496	5304	6656	10229

	2012-13 (Re-stated)	2013-14	2014-15	2015-16	2016-17	2017-18
Sales (Units)						
Hino Chassis (Including Exports)	1262	1452	1771	2962	3817	4,310
Bus & Other Bodies (Including Exports)	368	607	1547	461	501	478
Hilux Frame	4126	4160	4455	5360	6451	10,328
No. Of Employees	302	310	323	318	341	354
Investor Information						
Financial Ratios						
Gross Profit Ratio	10.76%	14.46%	15.62%	15.27%	10.97%	11.40%
Net Profit Margin	0.39%	6.78%	8.49%	6.16%	4.98%	4.32%
Return on Assets (After Tax)	0.58%	8.28%	13.05%	11.52%	11.13%	7.94%
Return on Equity (After Tax)***	1.16%	18.43%	26.92%	25.96%	23.49%	21.72%
Debt Equity Ratio*	0.06	0.05	0.05	0.06	0.06	0.06
Current Ratio	1.39	1.39	1.52	1.45	1.43	1.28
Quick Ratio	0.48	0.71	1.07	0.91	0.78	0.72
Interest Cover Ratio	1.43	199.77	-	-	-	-
Dividend Payout Ratio**	69.58%	75.01%	75.00%	100.00%	75.00%	75.01%
Dividend Yield Ratio**	1.87%	8.82%	7.63%	9.16%	4.23%	5.99%
Dividend Cover Ratio**	144%	133%	133%	100%	133%	133%
Other Ratios						
Price Earning Ratio	37.27	8.51	9.83	10.92	17.72	12.52
Earning Before Interest, Taxes, Depreciation and Amortization (EBITDA)	496.87	973.90	1,567.43	2,183.74	1,962.63	2,569.97
EBITDA Margin to Sales	6.60%	10.58%	12.40%	12.07%	8.73%	9.66%
Total Assets Turnover Ratio	1.49	1.22	1.54	1.87	2.23	1.84
Fixed Assets Turnover Ratio	4.39	4.67	6.30	8.19	7.91	8.56
Return on Capital Employed	1.09%	17.62%	25.75%	24.58%	22.18%	20.58%
Inventory Turnover Ratio	2.94	3.27	4.77	6.69	6.64	5.77
Number of Days Inventory	124	112	77	55	55	63
Debtors Turnover Ratio	7.17	18.27	12.52	20.20	59.66	55.19
Number of Days Debtors	51	20	29	18	6	7
Creditors Turnover Ratio	3.04	2.76	2.65	3.34	3.94	3.39
Number of Days Creditors	120	132	138	109	93	108
Operating Cycle (Days)	55	-	(32)	(36)	(31)	(38)
Per Share Amounts (In Rupees)						
Cash Dividend**	1.64	37.74	64.91	89.78	67.73	69.52
Breakup Value with Surplus on Revaluation of Fixed Assets	203.26	272.94	321.44	345.81	384.47	426.76
Breakup Value without Surplus on Revaluation of Fixed Assets	122.38	172.18	223.37	249.08	250.67	277.68
Earning Per Share	2.35	50.32	86.54	89.78	90.31	92.69
Share Price (High)	95.25	465.80	999.35	1,265.31	1,852.30	1,708.13
Share Price (Low)	64.11	82.00	397.36	836.59	880.21	970.00
Share Price (Closing)	87.74	428.00	850.73	980.00	1,600.00	1,160.31
One US\$ = Rupee as at Period End	98.30	97.90	101.70	104.80	104.70	115.40
One JPY = Rupee as at Period End	1.0446	0.9518	0.8459	0.9331	0.9421	1.0851

* 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.

*** Corresponding figures have been recomputed.

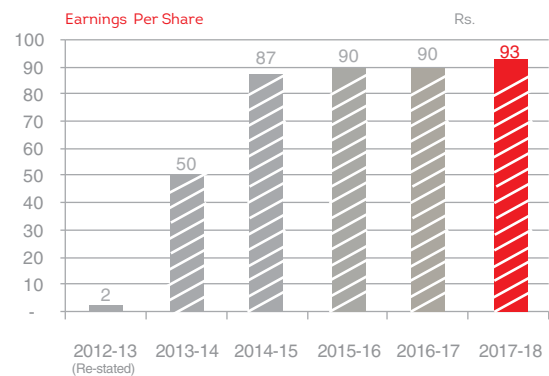
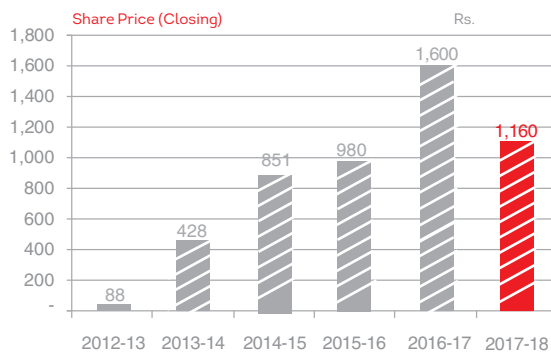
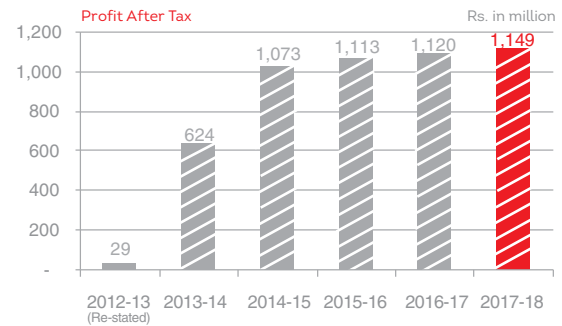
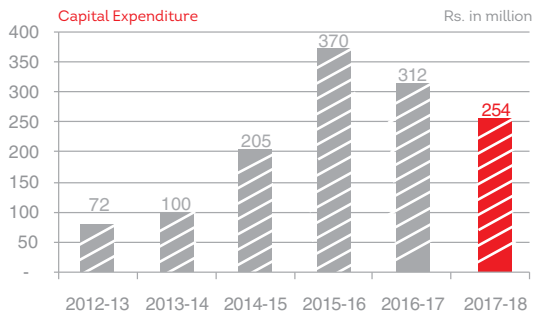
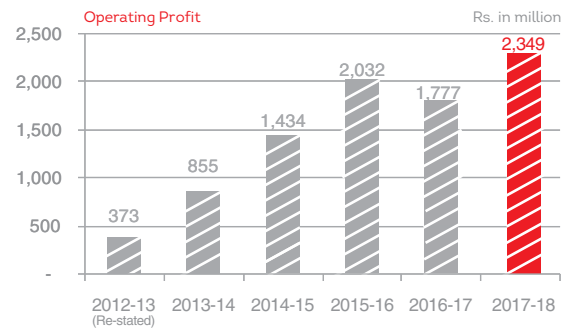
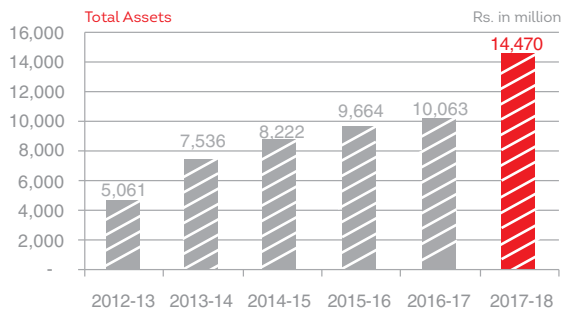
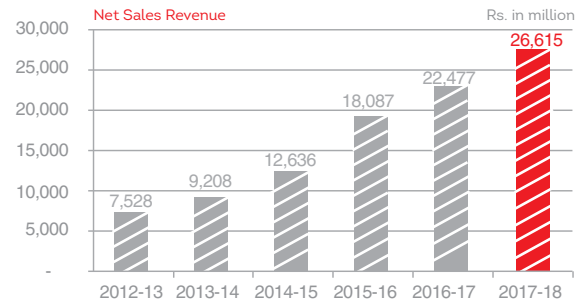
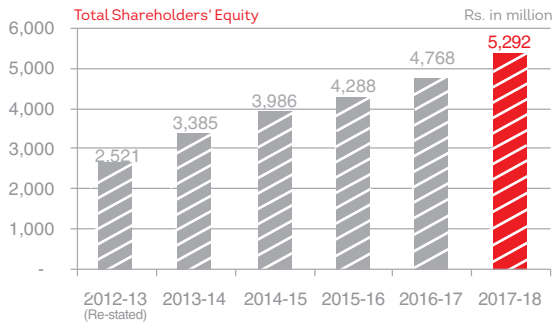
Vertical Analysis

	2017-18		2016-17		2015-16	
	(Rs. in million)	%	(Rs. in million)	%	(Rs. in million)	%
Operating Results						
Sales	26,615.07	100.00	22,477.50	100.00	18,086.85	100.00
Cost of sales	23,580.63	88.60	20,011.40	89.03	15,324.77	84.73
Gross profit	3,034.44	11.40	2,466.10	10.97	2,762.08	15.27
Distribution cost	440.15	1.65	427.30	1.90	397.96	2.20
Administrative expenses	420.59	1.58	385.65	1.72	393.84	2.18
Other income	300.79	1.13	254.51	1.13	192.66	1.07
Other expenses	125.95	0.46	130.72	0.57	131.19	0.73
Profit from operations	2,348.55	8.82	1,776.93	7.91	2,031.75	11.23
Finance cost	679.00	2.55	80.22	0.36	304.70	1.68
Profit before taxation	1,669.55	6.27	1,696.71	7.55	1,727.04	9.55
Taxation	520.17	1.95	576.81	2.57	613.67	3.39
Profit after taxation	1,149.38	4.32	1,119.90	4.98	1,113.38	6.16
Balance Sheet						
Property, plant and equipment	3,096.03	21.40	2,823.97	28.06	2,187.35	22.63
Other non current assets	13.34	0.09	17.73	0.18	20.37	0.21
Long-term investments	0.07	0.00	0.07	0.00	0.07	0.00
Long-term deposits	7.77	0.05	6.92	0.07	6.54	0.07
Long-term loans and advances	21.45	0.15	23.66	0.24	13.98	0.15
Staff retirement benefit - prepayment	-	0.00	1.97	0.01	-	0.00
Current assets (excluding investments)	11,330.87	78.31	7,188.42	71.44	7,436.02	76.94
Total assets	14,469.53	100.00	10,062.74	100.00	9,664.33	100.00
Shareholders' equity*	5,292.10	36.57	4,767.64	47.38	4,288.30	44.37
Deferred taxation	123.44	0.85	126.27	1.25	95.81	0.99
Other non-current liabilities	168.38	1.16	154.92	1.54	145.91	1.51
Other current liabilities (trade, interest and tax)	8,885.62	61.41	5,013.91	49.83	5,134.31	53.13
Total equity and liabilities	14,469.53	100.00	10,062.74	100.00	9,664.33	100.00
Cash Flows						
Cash flows from operating activities	2,866.99	145.77	586.94	(74.05)	2,144.21	214.70
Cash flows used in investing activities	(239.60)	(12.18)	(269.49)	34.00	(343.55)	(34.40)
Cash flows used in financing activities	(660.58)	(33.59)	(1,110.09)	140.05	(801.95)	(80.30)
Net increase / (decrease) in cash and cash equivalents	1,966.81	100.00	(792.64)	100.00	998.71	100.00
* Corresponding figures have been recomputed.						

Horizontal Analysis

	2017-18		2016-17		2015-16	
	(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						
Sales	26,615.07	18.41	22,477.50	24.28	18,086.85	43.13
Cost of sales	23,580.63	17.84	20,011.40	30.58	15,324.77	43.72
Gross profit	3,034.44	23.05	2,466.10	(10.72)	2,762.08	39.97
Distribution cost	440.15	3.01	427.30	7.37	397.96	31.24
Administrative expenses	420.59	9.06	385.65	(2.08)	393.84	9.68
Other income	300.79	18.19	254.51	32.10	192.66	(26.20)
Other expenses	125.95	(3.65)	130.72	(0.36)	131.19	(4.73)
Profit from operations	2,348.55	32.17	1,776.93	(12.54)	2,031.75	41.64
Finance cost	679.00	746.38	80.22	(73.67)	304.70	357.85
Profit before taxation	1,669.55	(1.60)	1,696.71	(1.76)	1,727.04	11.24
Taxation	520.17	(9.82)	576.81	(6.01)	613.67	28.02
Profit after taxation	1,149.38	2.63	1,119.90	0.59	1,113.38	3.74
Balance Sheet						
Property, plant and equipment	3,096.03	9.63	2,823.97	29.10	2,187.35	9.61
Other non current assets	13.34	(24.80)	17.73	(12.96)	20.37	91.27
Long-term investments	0.07	0.00	0.07	0.00	0.07	(83.33)
Long-term deposits	7.77	12.27	6.92	5.81	6.54	(4.11)
Long-term loans and advances	21.45	(9.33)	23.66	69.25	13.98	(1.76)
Staff retirement benefit - prepayment	-	100.00	1.97	0.00	-	100.00
Current assets (excluding investments)	11,330.87	57.63	7,188.42	(3.33)	7,436.02	20.29
Total assets	14,469.53	43.79	10,062.74	4.12	9,664.33	17.55
Shareholders' equity*	5,292.10	11.00	4,767.64	11.18	4,288.30	7.58
Deferred taxation	123.44	(2.24)	126.27	31.79	95.81	25.90
Other non-current liabilities	168.38	8.69	154.92	6.17	145.91	38.58
Other current liabilities (trade, interest and tax)	8,885.62	77.22	5,013.91	(2.35)	5,134.31	26.64
Total equity and liabilities	14,469.53	43.79	10,062.74	4.12	9,664.33	17.55
Cash Flows						
Cash flows from operating activities	2,866.99	388.47	586.94	(72.63)	2,144.21	14.29
Cash flows used in investing activities	(239.60)	11.09	(269.49)	(21.56)	(343.55)	(110.54)
Cash flows used in financing activities	(660.58)	40.49	(1,110.09)	38.42	(801.95)	(71.93)
Net increase / (decrease) in cash and cash equivalents	1,966.81	348.14	(792.64)	(179.37)	998.71	(19.88)
* Corresponding figures have been recomputed.						

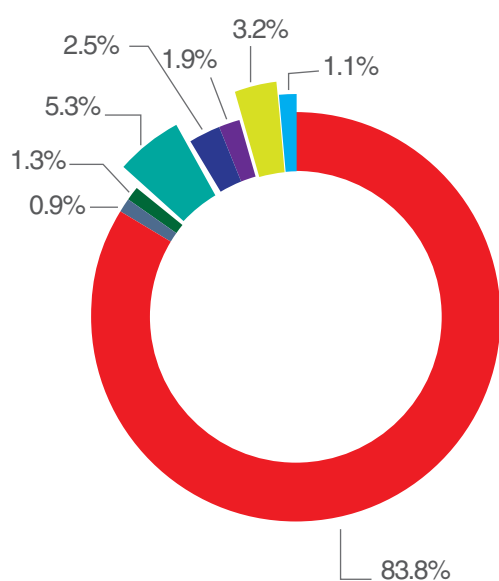
Financial Highlights Contd...



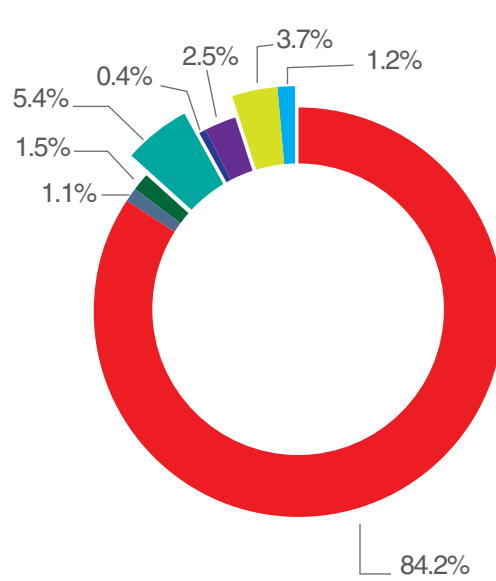
Statement of Value Addition and its Distribution

	2017-18		2016-17	
	Rs. in million	%	Rs. in million	%
Value Addition				
Revenue	26,615	98.9	22,477	98.9
Other Income	301	1.1	255	1.1
Total	26,916	100.0	22,732	100.0
Value Distribution				
Cost of sales	22,551	83.8	19,136	84.2
Distribution expenses	235	0.9	245	1.1
Administration, CSR & other operating expenses	357	1.3	340	1.5
Employees remuneration	1,424	5.3	1,235	5.4
Finance Cost	679	2.5	80	0.4
Income Tax	520	1.9	577	2.5
Dividend to shareholders *	862	3.2	840	3.7
Profit retained for investment and future growth	288	1.1	279	1.2
Total	26,916	100.0	22,732	100.0

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



FY 2017-18



FY 2016-17

Cost of sales	■
Distribution expenses	■
Administration, CSR & other operating expenses	■
Employees remuneration	■
Finance Cost	■
Income Tax	■
Dividend to shareholders	■
Profit retained for investment and future growth	■



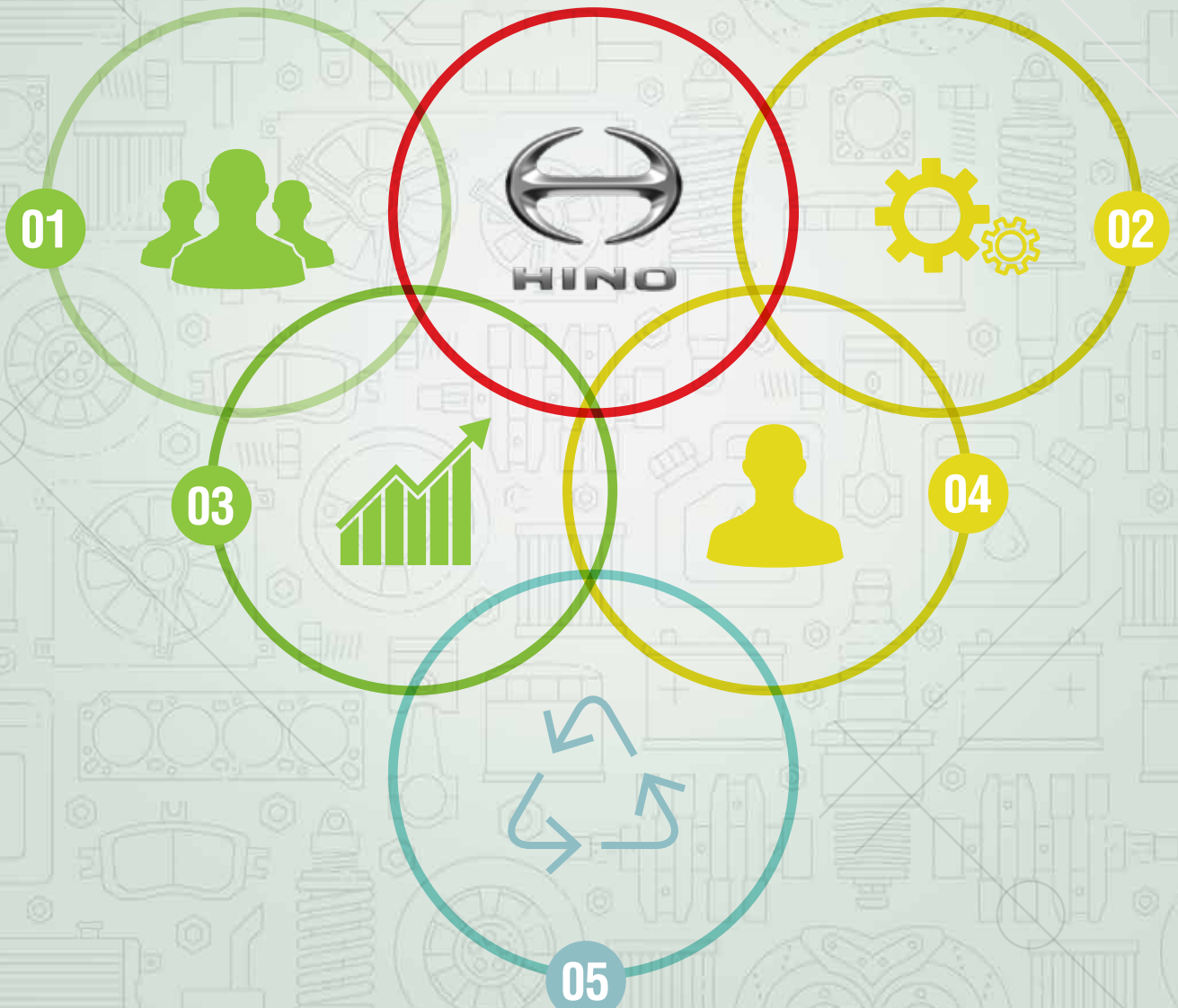


LET'S MAKE A DIFFERENCE

C O R P O R A T E

S O C I A L R E S P O N S I B I L I T Y

CSR CHARTER





The CSR Charter

Articulates our goals when it comes to serving each of our diverse stakeholders group.



Customers

We meet our customers' expectations by winning them through TOTAL SUPPORT and by offering value in terms of price, quality, safety and environmental impact.



Shareholders

We work hard to protect and provide value to shareholders' investment by continuously improving the quality of our products and services through differentiation.



Business Partners

We share a passion for contribution to society through our products and services, and pursue innovation together with our business partners.



Employees

We respect individual employee by providing them a stable working environment with equal opportunity for learning and personal growth.



Communities

We strive to fulfill our role as a responsible corporate citizen and seek to invest in lasting benefits for the community and aim to create economic and social development.

CSR HIGHLIGHTS





Customers

Customer Get Togethers

Believing in maintaining long term relationship with customers is one of the priorities at Hinopak. In line with company's objective "to win and maintain customers", numerous get-togethers including iftaar dinners were held throughout the country which were attended by a large number of customer. The objective of gatherings is to attend to customer feedback in order to deliver product and services that meet customers' expectations.



Service And Parts Department Of The Year Award 2017

In recognition of hardwork and dedication of Customer Service Department, the Hino Motors Limited, Japan, awarded "The service and Parts department of the year 2017" shield.



Knocking the Door Project

Hinopak believes in facilitating customers and continuously enhancing customer satisfaction. To keep this spirit alive, we started "Knocking the door project" in the year 2012 and to date we have visited over 12,000 customers in collaboration with our dealers, jointly meet the customers at their doorstep to provide them with better transportation solutions.

Eco drive Training for Customers

Hinopak has always actively promoted customer education through various programs. In order to accomplish this objective and to demonstrate 'Total Support' to our customers, this year Hinopak conducted Eco driving training activity as part of its customer satisfaction program. During the year a total of 604 mechanics participated in this program and 16 training seminars were conducted.



Service Camps:

Customer satisfaction has been one of the core Hinopak's prime objectives. To achieve this, Hinopak regularly conducts Service Camps for the customers.

This year Customer Service Division had conducted 16 service camps countrywide. In these service camps 401 persons were trained and 607 vehicles were attended for free service. At the end of every session, customer feedback has been recorded for future development.





Employees

Hinopak 32nd Anniversary Celebrations

CBA members invited all management and non-management employees on cake cutting ceremony on Hinopak's 32nd anniversary on 1 February 1, 2018, at Chassis Assembly Plant.



Merit-based Scholarships to 152 Workers' Children

In order to promote quality education and reinforce labour management relationship Hinopak has awarded merit based scholarships to the total of 152 workers' children this year. This initiative aimed to encourage education among the society.

Local and Foreign Trainings for Employees

To enhance the knowledge and skills of its employees, Hinopak provides un-paralleled learning opportunities to its employees by organizing various in-house and external training programs.

This year, total 22,000 training hours were achieved. The training programs mainly focused on lean manufacturing, Kaizen and Six Sigma, product, compliance, systems, customer services, leadership and safety trainings.



Laptops Distribution

With an objective to endorse the awareness of latest technologies and to help their children compete in the competitive environment, the company continued its practice and distributed 9 laptops amongst permanent workers.



Summer Camp for Hinopak Employees' Children

To foster personal growth in a highly supportive environment, where children are engaged in different productive activities, Hinopak organized summer camp for its employees' children. The three days camp started from July 17, 2017, where 300 children participated.



Awareness Sessions In Safety Dojo Training Center:

Safety Dojo Training Center is developed in order to promote Safety Education among vendors and dealers through "Learning by Doing". This year, we have given training to 170 participants of dealers, vendors and contactors. This is a very new concept in which employee is given "First Hand Feel" of work place hazards through 3D safety simulators.

Promoting Health Programs:

As per our HSE objective, we arrange different health awareness sessions to ensure that our employees are well aware of health issues related to their job, as well as other health problems. Last year, following sessions were organized to educate employees about health issues.

Health Awareness Sessions	Employees
• Importance of Physiotherapy	97
• Chikungunya	415
• Obesity and overweight	198
• Workplace Stress and related Heart diseases	75
• Workplace related eye injury and prevention	350



More over employees were sent for different medical tests to ensure they are fit for job. These awareness sessions and tests not only educate employees, but also give a clear picture of their existing health conditions. This will help in improving their quality of life.

3rd position in OHS&E Award

Every year, Employers Federation of Pakistan (in Collaboration with ILO) held OHS&E Award competition among its member companies. The objective of this event is to promote HSE activities in the organizations and to give recognition to those who are following best HSE practices in their organizations.

This year, we have achieved 3rd position in the Overall category. This prestigious award depicts our overall commitment, seriousness, and dedication towards safety culture and reflection of management's pledge for continual improvement in field of Occupational Health, Safety & Environment.

Inauguration of Hinopak Data Centre

The data center is a repository that houses computing facilities like servers, routers, switches and firewalls, as well as supporting components like backup equipment, fire suppression facilities and air conditioning. Recently inaugurated Hinopak Data Center is now fully capable to provide services like (ERP) software, fastest network connectivity Network Monitoring System and more.

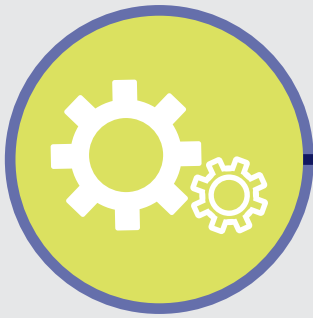


Celebration of Safety Conference:

Every year, we organized two Safety Conferences on bi-annual basis. The main purposes of these conferences are to involve all stakeholders in contributing towards safety. The participants are briefed about the overview of Safety Activities and achievements of the last six months, including the no. of accidents happened so far in the year and different safety kaizens taken place during this tenure.

In order to involve and motivate our workers, safety initiatives taken in the plant side is presented by senior lead-man.





Shareholders

Hinopak believes that it has a key responsibility to protect and provide value to shareholders' investment by continuously improving the quality of its products and services through differentiation.

Shareholders

With the aim of enhancing our corporate value, Hinopak works tirelessly to appropriately assess and quickly respond to domestic and overseas business environments, to ensure continuous and stable growth based on our global perspective and always establish transparency which is underpinned by open and fair disclosure. We work hard to anticipate changes in the business environment in order to improve Hinopak's corporate value.

Compliance at Hinopak is not just about observing the laws and regulations. It also means respecting social norms and corporate ethics, complying with the expectation of all the stakeholders and engaging in fair corporate activities.

Board of Directors

The Board of Directors comprises of executive and non-executive directors. The Board convened four times in 2017-18. The Board reviewed and approved company's business plan and operating results of the company.

Audit Committee

An Independent audit committee has been established by the Board for monitoring the compliance activities in the company. All members of the Audit Committee are non-executive directors. An Internal Audit department supports the committee. The committee held four meetings in 2017-18. Two meetings were also attended by the external auditors of the company.

Internal Control System and Financial Reporting

The company maintains a system of internal control and procedures designed to ensure reliable and transparent financial reporting and disclosures. Hinopak is a group company of Toyota Motors Corporation (TMC) and was selected for

TMC's project to strengthen internal controls and compliance with the requirement of US Sarbanes-Oxley Act. The company is working on the project under the guidelines from TMC.

Code of Conduct

Using the Hinopak Code of Conduct as a guideline for day-to-day work ensures that we comply with applicable laws and regulations. Further, it encourages all our employees to act fairly and openly and to strive to meet stakeholders' expectations.

Whistle Blowing Mechanism

We recognize whistle blowing as one of the most important ways to ensure good governance. For the interaction of the shareholder with the management, the company has provided online facility to the shareholders where they can lodge their complain and provide valuable suggestions to the company. Hinopak has a viable whistle blowing protection mechanism that is designed to balance the interest of the company and the subject of the complaint of misconduct, without jeopardizing the protection owed to those employees who "blow the whistle".



Communities

Monthly Donations to "Dar-ul-Sukun"

We don't believe in 'disabled' we believe in 'differently abled'. Hinopak salutes the work of Dar-ul-Sukun, which is not only home for special children, but also provides support to displaced women and senior citizens.

Hinopak contributes in their mission on monthly, basis so that they can have a chance to live and became an asset to the country.



Tree Plantation at Hinopak by the Top Management

"He who plants a tree, plants a hope". Continuing with practice of environmental preservation, this year 22 trees were planted by the Top Management at Hinopak.



Hinopak wins 1st Prize in 67th Pakistan Horticulture Competition 2018

Hinopak always contribute its share in environment friendly activities and we make sure that our gardens are well maintained and ready before spring. This year Hinopak won 1st prize in the office industrial garden competition which was organized by Horticulture Society of Pakistan in February, 2018.

Independence Day Celebrations at Dar-ul-Sukun

Independence Day brings happiness and unity in Nation and to enhance this occasion of happiness, a CSR event was organized by Hinopak in Dar-ul-Sukoon.

The core idea behind this activity was to commemorate the festival with the orphans and special people to overcome their loneliness and share happiness with these special ones.

KCCA Cricket Tournament 2017-18

Hinopak has always played a proactive role in the development of sports. To promote and develop the sports infrastructure, Hinopak sponsored the 21st Hinopak Trophy KCCA Interdepartmental Cricket League. The tournament was participated by 32 teams from around the city and won by K-Electric.



Winter and Summer Internship Program 2017-18

Students are the builders of future. Therefore, internship opportunity has been provided to young generation to join us in their vacation so that they can see the business world outside their books. This program helps them to gain experience even before stepping out of their institutions.

We encourage them to participate in various projects that are specifically designed for them so that they can see practical implementation of different business methods and can enhance their skills.

This year interns were inducted on various technical and non-technical projects in the company.

Students' Industrial Visits

To help the future generation in getting deeper knowledge, Hinopak always welcomes children and instructors to visit its different facilities. This year we had invited 1,200 students and teachers belonging to different academic institutes of Pakistan to visit our assembly and manufacturing plants.

This initiative aimed at giving the students an opportunity to observe and learn about the internal working environment of Hinopak and to bridge gap between classroom and real world.



Scholarships Given to Ten Engineering Students of N.E.D. University of Engineering & Technology

Education is a basic right and should be accessible to all. Through our scholarship program, we help deserving students with scholarships so that they can continue their education and could work for betterment of Pakistan.

This year 10 engineering students of NED University of Engineering & Technology were granted scholarships.

Enhancing Environmental Conservation Activities

Every year, different environmental conservation programs are organized to develop next generation as environmental conservation leaders. It is also our corporate social responsibility to bring positive environmental change in the society. Top management commitment towards conservation can be seen by their tree plantation activity on World Environment Day. Employees were given awareness through banners and posters, which were posted at prominent locations in both the plants.

This year on March 22, 2018, Hinopak celebrated World water day & closing of Tree Plantation campaign with the students and teachers of SITE Model School.

This event includes multimedia presentations, speeches, tableau and symbolic tree plantation. We have also closed our tree plantation campaign of FY 2017-18 by symbolic tree plantation at Site Model School. 1,200 Trees have been planted this year by Hinopak in different government schools.





Business Partners

Vendor Convention

This year Vendors' Convention was held on December 13, 2017. It was attended by 102 participants belonging to 88 vendors and supplier companies. The theme of the event was set as "Achieving global standards" to stress the criticality of meeting global quality challenges for business sustainability. The special thing about this year's event was the presence of Vice Chancellor of NED University Mr. Sarosh Hashmat Lodhi. In his speech, he stressed the need of close liaison between industry and academia for mutual benefit. The event was concluded with the awards distribution to vendors on quality, cost, delivery and over all excellence."



Dealers Trainings

In order to strengthen the local manufacturing industry and the level of vendors to a height where they can compete not only locally, but also globally in terms of technology, quality, and cost. For this objective various training programs were organized by the company. Training programs included were:

- Elementary training where 6 trainings were conducted and 64 mechanics participated;
- Intermediate training where 2 trainings were conducted and 25 mechanics participated;
- New model training where single training was conducted and 13 mechanics participated.



Vendors and Suppliers Trainings

The performance of vendors and suppliers is a key to success. Hinopak offers different trainings throughout the year for them so that vendors and suppliers can get chance to develop their skills and can contribute better in development of Hinopak. The ultimate brand quality success of Hinopak is based on the quality of product, and on the ability to continually improve vendor's performance. To work towards the development of vendors and suppliers, trainings on various topics were conducted throughout the year.



Skill Contest

Vendor development has always been our one of the prime focus. With this mission, during the year, Hinopak organized two days skill contest for its dealers held at Avari Towers, Karachi.

The contest had two phases, a written test and practical test. All the 24 technicians participated in this contest. Moreover, before a contest, rehearsal training was also conducted by Hinopak. The objective of this session was to, constantly strive for enhancement of skills of its dealers mechanics..



Chassis Assembly Plant (Reporting Year 2017-18)

Water Release

Items	Official Regulation	Voluntary Regulation	Measurement	Actual condition		
				MAX	MIN	AVG
Water discharged [m ³ /month]	-	-	1/m	2358	1870	2140
Water discharged [m ³ /day]	-	-	1/m	93.0	74.0	83.9
pH	6~9	6.8~7.4	1/m	7.25	7.02	7.11
BOD [mg/l]	80	70	1/m	40	9.9	30.3
COD [mg/l]	400	300	1/m	88	24	65.8
SS [mg/l]	200	100	1/m	91	20	31.9
Oil [mg/l]	10	5	1/m	2.9	1.16	2.5
TDS[mg/l]	3500	3000	1/m	1120	635.4	809

Air Release (NO_x [mg/Nm³])

Facilities	Fuel type	Official Regulation	Voluntary Regulation	Measurement	Actual condition		
					MAX	MIN	AVG
ED Oven	Natural Gas	600mg/Nm ³	100	4/Year	41.98	4.185	31.7
Top Coat Oven	Natural Gas	600mg/Nm ³	100	4/Year	24	4.32	18.3
Boiler	Natural Gas	600mg/Nm ³	100	4/Year	84	48.64	59.5

Air Emission (SO_x [mg/Nm³])

Facilities	Fuel type	Official Regulation	Voluntary Regulation	Measurement	Actual condition		
					MAX	MIN	AVG
ED Oven	Natural Gas	1700mg/Nm ³	100	4/Year	8.49	5	6.5
Top Coat Oven	Natural Gas	1700mg/Nm ³	100	4/Year	5.27	4.36	4.9
Boiler	Natural Gas	1700mg/Nm ³	100	4/Year	0	0	0.0

Body Manufacturing Plant (Reporting Year 2017-18)

Water Release

Items	Official Regulation	Voluntary Regulation	Measurement	Actual condition		
				MAX	MIN	AVG
Water discharged [m ³ /month]	-	-	1/m	1175	799	980
Water discharged [m ³ /day]	-	-	1/m	45	36.0	41.7
pH	6~9	6.8~7.4	1/m	7.3	6.92	7.09
BOD [mg/l]	80	70	1/m	32	15	23.6
COD [mg/l]	400	300	1/m	70	32	51.8
SS [mg/l]	200	100	1/m	82	12	26.9
Oil [mg/l]	10	5	1/m	2.7	1.6	2.1
TDS[mg/l]	3500	3000	1/m	779	510	607

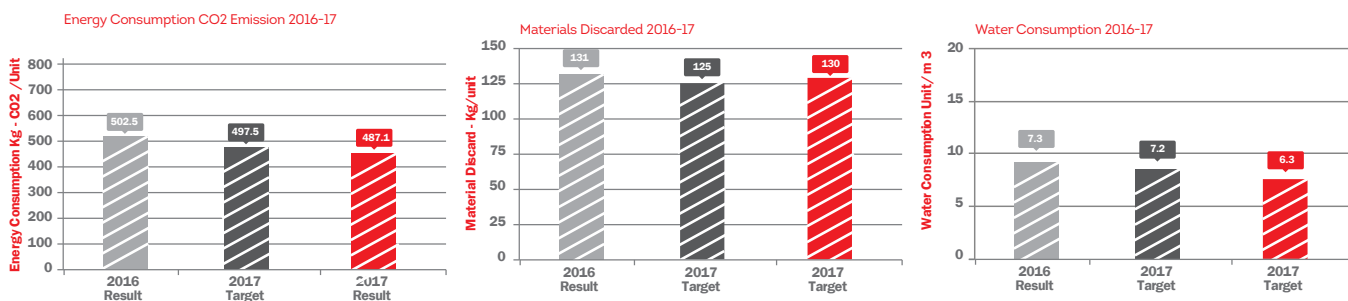
Air Release (NO_x [mg/Nm³])

Facilities	Fuel type	Official Regulation	Voluntary Regulation	Measurement	Actual condition		
					MAX	MIN	AVG
Parts primer baking oven	Natural Gas	600mg/Nm ³	100	4/Year	37.62	8.59	26.9
Paint baking oven	Natural Gas	600mg/Nm ³	100	4/Year	34	11.19	27.6
Parts primer baking oven 2	Natural Gas	600mg/Nm ⁴	100	4/Year	41.37	5.614	28.5

Air Emission (SO_x [mg/Nm³])

Facilities	Fuel type	Official Regulation	Voluntary Regulation	Measurement	Actual condition		
					MAX	MIN	AVG
Parts primer baking oven	Natural Gas	1700mg/Nm ³	100	4/Year	14.81	7.18	11.3
Paint baking oven	Natural Gas	1700mg/Nm ³	100	4/Year	23.47	7	11.6
Parts primer baking oven 2	Natural Gas	600mg/Nm ⁴	100	4/Year	5.29	2.63	4.5

Environment Key Parameter Indicators' Results 2017 - 2018



STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE OF HINOPAK MOTORS LIMITED FOR THE YEAR ENDED MARCH 31, 2018

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

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

Male	9
Female	-

2. The composition of board is as follows:

Independent Director	Mr. Ghafoor Mirza
Other Non-Executive Directors	Mr. Muhammad Aslam Sanjrani Mr. Satoshi Sase Mr. Makoto Sensui Mr. Shuichi Kaneko Mr. Hiroshi Semba
Executive Directors	Mr. Tatsuhei Muto Mr. Yoshihiro Kondo Mr. Takehito Sasaki

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

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

Audit Committee

- Mr. Ghafoor Mirza – Chairman
- Mr. Hiroshi Semba
- Mr. Makoto Sensui
- Mr. Shuichi Kaneko
- Mr. Satoshi Sase

HR and Remuneration Committee

- Mr. Ghafoor Mirza – Chairman
- Mr. Tatsuhei Muto
- Mr. Yoshihiro Kondo
- Mr. Hiroshi Semba
- Mr. Makoto Sensui
- Mr. Shuichi Kaneko
- Mr. Satoshi Sase

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

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

Audit Committee	Four quarterly meetings during the financial year ended March 31, 2018
HR and Remuneration Committee	Four meetings during the financial year ended March 31, 2018

15. The board has set up an effective internal audit function.

16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

18. We confirm that all other requirements of the Regulations have been complied with.



Director



Managing Director & CEO

May 29, 2018



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

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of Hinopak Motors Limited for the year ended March 31, 2018 to comply with the Listed Companies (Code of Corporate Governance) Regulations, 2017 where the Company is listed.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended March 31, 2018.

Further, we highlight below instance of non – compliance with the requirement of the Code as reflected in the note reference where these are stated in the Statement of Compliance:

S. No.	Note Reference	Description
(i)	10	Chief Financial Officer and Company Secretary are the same person


Chartered Accountants
Karachi

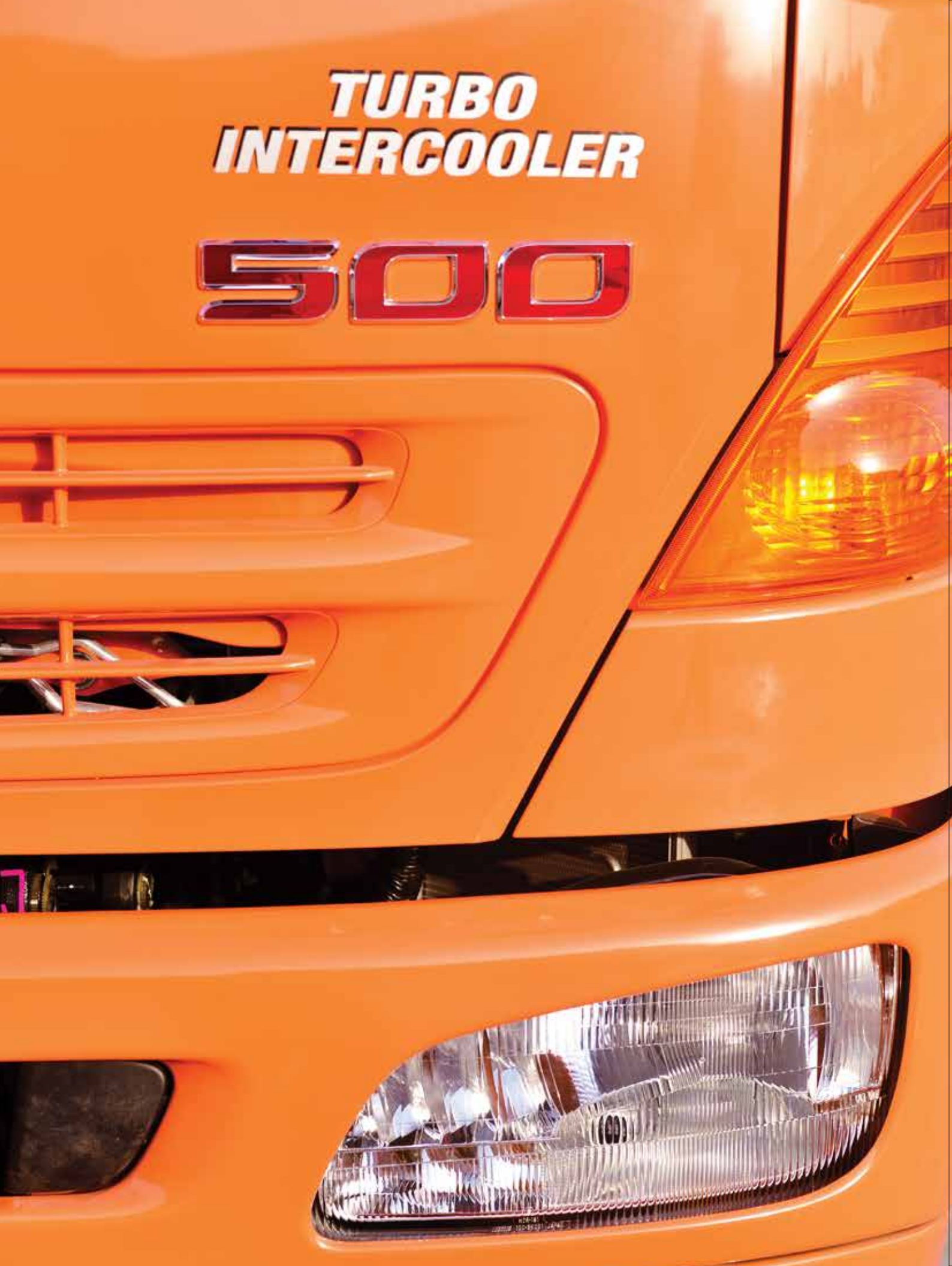
Dated: May 31, 2018



FINANCIAL STATEMENTS

**TURBO
INTERCOOLER**

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AUDITORS' REPORT TO THE MEMBERS

We have audited the statement of financial position of Hinopak Motors Limited as at March 31, 2018 and the related statement of profit and loss and other comprehensive income, statement of cash flows and statement of changes in equity together with the notes forming part thereof, for the year then ended 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 our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Act, 2017. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- (a) in our opinion, proper books of accounts have been kept by the Company as required by the Companies Act, 2017;
- (b) in our opinion:
 - (i) the statement of financial position and statement of profit and loss and other comprehensive income together with the notes thereon have been drawn up in conformity with the Companies Act, 2017, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied except for the change as explained in note 4 with which we concur;
 - (ii) the expenditure incurred during the year was for the purpose of the Company's business; and
 - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- (c) in our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit and loss and other comprehensive income, statement of cash flows and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Act, 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, 2018 and of the profit, total comprehensive income, its cash flows and changes in equity for the year then ended; and
- (d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

A. F. Ferguson & Co.
Chartered Accountants
Karachi

Dated: May 31, 2018

Engagement Partner: Syed Fahim ul Hasan

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
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Tel: +92 (21) 32426682-6/32426711-5; Fax: +92 (21) 32415007/32427938/32424740; <www.pwc.com/pk>

Statement of Financial Position

As at March 31, 2018

	Note	2018	(Re-stated) 2017	(Re-stated) April 01, 2016
Rupees '000				
ASSETS				
Non-current assets				
Property, plant and equipment	6	3,096,033	2,823,965	2,187,347
Intangible assets	7	13,335	17,733	20,374
Long-term investments	8	72	72	72
Long-term loans and advances	9	21,452	23,659	13,979
Long-term deposits		7,770	6,921	6,541
Staff retirement benefit - prepayment	20	-	1,967	-
		3,138,662	2,874,317	2,228,313
Current assets				
Stores, spares and loose tools	10	20,718	23,335	19,555
Stock-in-trade	11	4,914,595	3,259,661	2,769,839
Trade debts	12	714,935	249,536	503,964
Loans and advances	13	23,274	88,788	40,510
Trade deposits and prepayments	14	97,616	68,547	88,822
Refunds due from the government	15	295,743	253,229	66,866
Other receivables	16	438	1,273	3,726
Taxation - payments less provision		418,426	369,044	271,008
Accrued mark-up		6,248	2,935	7,016
Cash and bank balances	17	4,838,879	2,872,070	3,664,707
		11,330,872	7,188,418	7,436,013
Total assets		14,469,534	10,062,735	9,664,326
EQUITY AND LIABILITIES				
Share capital and reserves				
Share capital	18	124,006	124,006	124,006
Reserves		3,319,366	2,984,494	2,964,733
Revaluation surplus on land and building		1,848,727	1,659,138	1,199,558
		5,292,099	4,767,638	4,288,297
LIABILITIES				
Non-current liabilities				
Deferred taxation	19	123,436	126,270	95,808
Staff retirement benefit - obligations	20	168,377	154,922	145,913
		291,813	281,192	241,721
Current liabilities				
Trade and other payables	21	8,393,894	4,708,753	4,840,417
Unclaimed dividend		10,997	9,901	6,666
Unpaid dividend	22	178,214	-	-
Provisions	23	302,517	295,251	287,225
		8,885,622	5,013,905	5,134,308
Total liabilities		9,177,435	5,295,097	5,376,029
Contingency and commitments	24			
Total equity and liabilities		14,469,534	10,062,735	9,664,326

The annexed notes 1 to 42 form an integral part of these financial statements.


Chief Financial Officer


Director


Managing Director &
Chief Executive Officer

Statement of Profit and Loss and Other Comprehensive Income

For the year ended March 31, 2018

	Note	2018	(Re-stated) 2017
Rupees '000			
Sales	25	26,615,071	22,477,498
Cost of sales	26	(23,580,631)	(20,011,397)
Gross profit		3,034,440	2,466,101
Distribution cost	26	(440,146)	(427,304)
Administrative expenses	26	(420,586)	(385,651)
Other income	27	300,789	254,505
Other expenses	28	(125,947)	(130,717)
Profit from operations		2,348,550	1,776,934
Finance cost	29	(679,002)	(80,224)
Profit before taxation		1,669,548	1,696,710
Taxation	30	(520,173)	(576,809)
Profit after taxation		1,149,375	1,119,901
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Loss on remeasurements of post employment benefit obligations	20	(23,728)	(27,239)
Impact of deferred tax		7,118	8,172
		(16,610)	(19,067)
Items that may be subsequently reclassified to profit or loss			
Gain on revaluation of land and buildings		247,674	532,160
Impact of deferred tax		(16,088)	(40,329)
		231,586	491,831
Other comprehensive income for the year		214,976	472,764
Total comprehensive income for the year		1,364,351	1,592,665
Earnings per share - basic	31	Rs. 92.69	Rs. 90.31

The annexed notes 1 to 42 form an integral part of these financial statements.


Chief Financial Officer


Director


Managing Director &
Chief Executive Officer

Statement of Cash Flows

For the year ended March 31, 2018

Note 2018 2017

Rupees '000

CASH FLOWS FROM OPERATING ACTIVITIES

Cash generated from operations	32	3,360,835	1,198,216
Mark-up paid on short-term borrowings		-	(89)
Interest paid on an advance from customer		(26,100)	(13,050)
Return on savings accounts and deposits		175,390	162,967
Income taxes paid - net		(581,359)	(676,540)
Retirement benefits paid		(63,130)	(74,506)
Increase in long-term deposits		(849)	(380)
Decrease / (increase) in long-term loans and advances		2,207	(9,680)
Net cash generated from operating activities		2,866,994	586,938

CASH FLOWS FROM INVESTING ACTIVITIES

Fixed capital expenditure		(253,615)	(311,814)
Proceeds from sale of property, plant and equipment		14,010	42,328
Net cash used in investing activities		(239,605)	(269,486)

CASH FLOWS FROM FINANCING ACTIVITIES

Dividends paid		(660,580)	(1,110,089)
Net increase / (decrease) in cash and cash equivalents		1,966,809	(792,637)
Cash and cash equivalents at beginning of the year		2,872,070	3,664,707
Cash and cash equivalents at end of the year	17	4,838,879	2,872,070

The annexed notes 1 to 42 form an integral part of these financial statements.



Chief Financial Officer



Director



Managing Director &
Chief Executive Officer

Statement of Changes in Equity

For the year ended March 31, 2018

	Share Capital	Revenue Reserves General	Unappropriated profit	Capital Reserve Revaluation Surplus	Total
Rupees '000					
Balance at April 1, 2016	124,006	291,000	2,673,733	-	3,088,739
Impact of re-statement - note 4	-	-	-	1,199,558	1,199,558
Balance as at April 1, 2016 re-stated	124,006	291,000	2,673,733	1,199,558	4,288,297
Final dividend for the year ended March 31, 2016 @ Rs. 89.78 per share	-	-	(1,113,324)	-	(1,113,324)
Realisation of surplus on revaluation of fixed assets on disposal - net of deferred tax	-	-	1,203	(1,203)	-
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation - net of deferred tax	-	-	31,048	(31,048)	-
Total comprehensive income for the year ended March 31, 2017					
- Profit for the year ended March 31, 2017	-	-	1,119,901	-	1,119,901
- Other comprehensive income for the year ended March 31, 2017	-	-	(19,067)	491,831	472,764
	-	-	1,100,834	491,831	1,592,665
Balance at April 01, 2017 re-stated	124,006	291,000	2,693,494	1,659,138	4,767,638
Final dividend for the year ended March 31, 2017 @ Rs. 67.73 per share	-	-	(839,890)	-	(839,890)
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation - net of deferred tax	-	-	41,997	(41,997)	-
Total comprehensive income for the year ended March 31, 2018					
- Profit for the year ended March 31, 2018	-	-	1,149,375	-	1,149,375
- Other comprehensive income for the year ended March 31, 2018	-	-	(16,610)	231,586	214,976
	-	-	1,132,765	231,586	1,364,351
Balance at March 31, 2018	124,006	291,000	3,028,366	1,848,727	5,292,099

The annexed notes 1 to 42 form an integral part of these financial statements.


Chief Financial Officer


Director


Managing Director &
Chief Executive Officer

Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2018

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 (HMLJ), and the ultimate parent of the Company is Toyota Motors Corporation, Japan (TMCJ).

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

2. SIGNIFICANT TRANSACTIONS AND EVENTS AFFECTING THE COMPANY'S FINANCIAL POSITION AND PERFORMANCE

- a) The Company has purchased land measuring 1.77 acres in Multan. It is expected that Company operated 3S (sale, service and spare parts) facility will be developed on the land.
- b) Due to devaluation of Pak Rupee during the year ended March 2018, the Company suffered exchange loss amounting to Rs. 636.69 million for liabilities denominated in Japanese Yen and US Dollar.
- c) Due to applicability of the Companies Act, 2017 amounts reported for the previous period are restated. For detailed information please refer note 3.1.2(a) and note 4.
- d) For a detailed discussion about the Company's performance please refer to the Directors' report.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Basis of preparation

3.1.1 Statement of compliance

The accounting and reporting standards applicable in Pakistan comprise of International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 and provisions of and directives issued under the Companies Act, 2017. Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 5.

3.1.2 Changes in accounting standards and interpretations

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

'IAS 7, 'Statement of Cash Flows' amendments introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendment is part of the IASB's Disclosure Initiative, which continues to explore how financial statement disclosure can be improved. In the first year of adoption, comparative information need not be provided.

Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2018

The change may impact the disclosures of the Company's annual financial statements.

The Companies Act, 2017 (the Act) has also brought certain changes with regard to preparation and presentation of annual and interim financial statements of the Company. These changes also include change in respect of recognition criteria of surplus on revaluation of fixed assets as more fully explained in note 4, change in nomenclature of primary statements, etc.

Further, the disclosure requirements contained in the fourth schedule to the Act have been revised, resulting in the:

- elimination of duplicative disclosures with the IFRS disclosure requirements; and
- incorporation of significant additional disclosures.

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

There are certain new standards, amendments to the approved accounting standards and new interpretations that are mandatory for accounting periods beginning on or after January 1, 2017, but are considered not to be relevant or have any significant effect on the Company's reporting and are therefore, not disclosed in these financial statements.

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

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

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

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

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

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

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

3.2 Overall valuation policy

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

3.3 Property, plant and equipment

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

Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2018

Depreciation is charged to statement of profit and loss account 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 up to 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 and loss account.

3.4 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. The cost of computer software is amortised over the estimated useful life i.e. 2 to 3 years.

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

3.5 Impairment

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

3.6 Investments

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

i) Held to maturity

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

ii) At fair value through profit and loss account

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

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

iii) Available for sale

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

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

Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2018

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

3.7 Taxation

i. Current

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

ii. Deferred

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

3.8 Stores, spares and loose tools

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

3.9 Stock in trade

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.

3.10 Trade and other debts

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

3.11 Cash and cash equivalents

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

3.12 Staff 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.

Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2018

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 and loss account.

Defined contribution plan

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

3.13 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.

3.14 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.

3.15 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.

3.16 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 and loss account when the sale is recognised.

3.17 Financial instruments

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

Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2018

3.18 Trade and other payables

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

3.19 Revenue recognition

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

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

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

3.20 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.

3.21 Foreign currency 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 and loss account.

3.22 Dividend distribution

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

4. CHANGE IN ACCOUNTING POLICY

The specific provision / section in the repealed Companies Ordinance, 1984 relating to the surplus on revaluation of fixed assets has not been carried forward in the Companies Act, 2017. Previously, section 235 of the repealed Companies Ordinance, 1984 specified the accounting treatment and presentation of the surplus on revaluation of fixed assets, which was not in accordance with the IFRS requirements. Accordingly, in accordance with the requirements of International Accounting Standard (IAS) 16, Property, Plant and Equipment, surplus on revaluation of fixed assets would now be presented under equity.

Following the application of IAS 16, the Company's policy for surplus on revaluation of land and building stands amended as follows:

- 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.

The change in accounting policy has been accounted for retrospectively in accordance with the requirements of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' and comparative figures have been restated.

Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2018

The effect of change in accounting policy is summarised below:

	As at March 31, 2017			As at March 31, 2016		
	As previously reported	As re-stated	Re - statement	As previously reported	As re-stated	Re-statement
	← Rupees '000 →					
Effect on statement of financial position						
Surplus on revaluation of fixed assets	1,659,138	-	(1,659,138)	1,199,558	-	(1,199,558)
Share capital and reserves	-	1,659,138	1,659,138	-	1,199,558	1,199,558
Effect on statement of changes in equity						
Capital reserve	-	1,659,138	1,659,138	-	1,199,558	1,199,558
				← Rupees '000 →		
Effect on statement of other comprehensive income						
Gain on revaluation of land and buildings - net of deferred tax	-	491,831	491,831	-	491,831	491,831

There was no cash flow impact as a result of the retrospective application of change in accounting policy.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

5.1.1 Income taxes

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

5.1.2 Defined benefit plans

The Company has adopted certain actuarial assumptions as disclosed in note 20 to the financial statements for valuation of present value of defined benefit obligations and fair value of plan assets, based on actuarial advice.

5.1.3 Provisions

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

Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2018

5.1.4 Fair valuation of property, plant and equipment

Land and buildings are revalued by using the methodology as mentioned in note 6.2.

5.2 No critical judgement has been used in applying accounting policies.

	Note	2018	2017
Rupees '000			
6. PROPERTY, PLANT AND EQUIPMENT			
Operating assets	6.1	2,997,017	2,821,316
Capital work-in-progress	6.6	99,016	2,649
		3,096,033	2,823,965

6.1 Operating assets

	Leasehold Land (Revalued - note 6.2)	Buildings on leasehold land (Revalued - note 6.2)	Plant and machinery	Furniture and fittings	Vehicles	Electrical Installations	Office and other equipments	Total
Rupees '000								
Year ended March 31, 2018								
Opening net book value (NBV)	1,388,800	761,216	355,111	15,770	193,997	19,798	86,624	2,821,316
Revaluation	194,048	53,626	-	-	-	-	-	247,674
Additions	-	7,220	68,025	797	43,814	8,112	23,399	151,367
Disposals - at NBV	-	-	(11)	-	(11,111)	-	(1,080)	(12,202)
Depreciation / amortisation charge for the year	(27,948)	(32,787)	(74,231)	(3,996)	(37,474)	(6,559)	(28,143)	(211,138)
Closing net book value	1,554,900	789,275	348,894	12,571	189,226	21,351	80,800	2,997,017
At March 31, 2018								
Cost or revaluation	1,554,900	798,275	900,164	28,551	326,630	108,778	214,914	3,923,212
Accumulated impairment	-	-	(2,735)	-	-	-	(100)	(2,835)
Accumulated depreciation / amortisation	-	-	(548,535)	(15,980)	(137,404)	(87,427)	(134,014)	(923,360)
Net book value	1,554,900	798,275	348,894	12,571	189,226	21,351	80,800	2,997,017
Year ended March 31, 2017								
Opening net book value (NBV)	1,012,323	607,002	178,814	18,697	216,327	17,222	72,711	2,123,096
Revaluation	397,730	134,430	-	-	-	-	-	532,160
Additions	-	47,531	231,082	1,347	34,296	8,909	40,991	364,156
Disposals - at NBV	-	(1,989)	(1,300)	(296)	(20,634)	-	(80)	(24,299)
Depreciation / amortisation charge for the year	(21,253)	(25,758)	(53,485)	(3,978)	(35,992)	(6,333)	(26,998)	(173,797)
Closing net book value	1,388,800	761,216	355,111	15,770	193,997	19,798	86,624	2,821,316
At March 31, 2017								
Cost or revaluation	1,388,800	761,216	834,099	27,754	307,010	101,406	198,789	3,619,074
Accumulated impairment	-	-	(2,735)	-	-	-	(100)	(2,835)
Accumulated depreciation / amortisation	-	-	(476,253)	(11,984)	(113,013)	(81,608)	(112,065)	(794,923)
Net book value	1,388,800	761,216	355,111	15,770	193,997	19,798	86,624	2,821,316
Useful life (years)	76 to 79	40	2 to 10	2 to 10	4 to 5	5	3 to 7	

* Assets disposed off having nil net book value.

Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2018

6.2 During the year, two of the Company's plots of land D-2 and D-136, S.I.T.E. Karachi measuring 10.61 acres and 6 acres respectively and buildings thereon were revalued resulting in surplus of Rs. 247.67 million. The valuation was carried out by an independent valuer - M/s Iqbal A. Nanjee & Co. (Pvt.) Limited on March 31, 2018 on the basis of present market values for similar sized plots in the vicinity for land and replacement values of similar type of buildings based on present cost of construction (level 2).

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

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

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

6.3 Force sales value of leasehold land and building on leasehold land is Rs. 1,243.9 million and Rs. 631.42 million respectively.

6.4 Particulars of immovable property (i.e. land and building) in the name of Company are 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.	Assembling facility	10.61	373,678
b) D-136, S.I.T.E. Manghopir Road, Karachi.	Body Manufacturing facility	6.00	336,409
c) Kayan Pur, Tehsil Multan, Union Council No. 73` Near Multan Bypass, Multan.	Plot	1.77	N/A

6.5 Details of operating assets disposed of

The details of operating assets disposed of, 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 →						
Office Equipment	992	331	661	-	(661)	Insurance Claim	EFU General Insurance Limited Central Division, Karachi
Motor Vehicle	1,794	563	1,231	1,107	(124)	Company Policy	Mr. Azharul Ehsan - Ex Employee
"	1,663	727	936	1,198	262	"	Mr. Abdul Qadir Raja - Ex Employee
"	1,661	558	1,103	1,351	248	"	Mr. Ahmed Sana Zaidi - Ex Employee
"	1,522	478	1,044	1,178	134	"	Mr. Muhammad Saleem - Ex Employee
"	1,375	62	1,313	1,207	(106)	Auction	Mr. Abdul Aziz Memon

6.6 This includes purchase of Rs. 86.22 million paid in respect of land measuring 1.77 acres. The land is purchased for the development of the Company operated 3S (sale, service and spare parts) facility.

Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2018

	2018	2017
	Rupees '000	
7. INTANGIBLE ASSETS - Computer Softwares		
Opening balance		
Cost	63,804	53,448
Accumulated amortisation	(46,071)	(33,074)
Net book value	17,733	20,374
Year ended March 31		
Opening net book value	17,733	20,374
Additions	5,880	9,260
Amortisation	(10,278)	(11,901)
Closing net book value	13,335	17,733
Closing balance		
Cost	69,684	63,804
Accumulated amortisation	(56,349)	(46,071)
Net book value	13,335	17,733

8. LONG-TERM INVESTMENTS

Available for sale		
Arabian Sea Country Club Limited - note 8.1	5,000	5,000
Provision for impairment	(5,000)	(5,000)
	-	-
Automotive Testing & Training Centre (Private) Limited - note 8.2	500	500
Provision for impairment	(428)	(428)
	72	72
	72	72

8.1 This represents cost of 500,000 (2017: 500,000) fully paid-up unquoted ordinary shares of Rs. 10 each. Company holds 6.45% of shares of the investee Company.

8.2 This represents cost of 50,000 (2017: 50,000) fully paid-up unquoted ordinary shares of Rs. 10 each. Company holds 2.77% of shares of the investee Company.

	2018	2017
	Rupees '000	
9. LONG-TERM LOANS AND ADVANCES - considered good		
Loans and advances to employees	32,074	33,762
Less: Recoverable within one year - note 13	(10,622)	(10,103)
	21,452	23,659

Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2018

9.1 The loans and advances are provided to employees under their terms of employment on interest free basis.

Loans under the schemes have been provided 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.

	2018	2017
	Rupees '000	
10. STORES, SPARES AND LOOSE TOOLS		
Stores and spares	15,255	20,820
Loose tools	6,145	3,394
	21,400	24,214
Less: Provision for obsolescence	(682)	(879)
	20,718	23,335
11. STOCK-IN-TRADE		
Raw Materials and components - note 11.1 [including in transit Rs. 1,723.80 million (2017: Rs. 801.55 million)]	4,459,943	2,712,894
Less: Provision for obsolescence	(28,155)	(14,659)
	4,431,788	2,698,235
Work-in-process	33,054	30,330
Finished goods	343,457	429,726
Trading stock - Spare parts [including in transit Rs. 3.64 million (2017: Rs. 21.03 million)]	117,177	120,589
Less: Provision for obsolescence	(10,881)	(19,219)
	106,296	101,370
	4,914,595	3,259,661

11.1 Raw materials include stocks held with suppliers amounting to Rs. 97.2 million (2017: Rs. 40.45 million).

11.2 As at March 31, 2018 raw materials and components costing Rs. 269.51 million (2017: Rs. 276.02 million) have been written down by Rs. 68.23 million (2017: Rs. 26.92 million) and finished products costing Rs. 58.35 million (2017: Rs. 34.05 million) by Rs. 8.26 million (2017: Rs. 1.73 million) to arrive at their net realisable values.

	2018	2017
	Rupees '000	
12. TRADE DEBTS		
Considered good - unsecured		
Related party - notes 12.2 & 12.3		
Indus Motor Company Limited	60,457	38,599
Others - note 12.3	654,478	210,937
	714,935	249,536
Considered doubtful		
Others	21,956	21,265
	736,891	270,801
Less: Provision for doubtful debts - note 12.4	(21,956)	(21,265)
	714,935	249,536

Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2018

	2018	2017
	Rupees '000	
12.1 As of March 31, 2018, the age analysis of trade debts is as follows:		
Not yet due	708,941	198,027
Past due		
- Up to 3 months	2,135	30,970
- 3 to 6 months	-	22,698
- 6 to 12 months	7,000	314
- More than one year	18,815	18,792
	27,950	72,774
	736,891	270,801

12.2 The maximum aggregate amount due from the related party at the end of any month during the year was Rs. 111.56 million (2017: Rs. 57.97 million)

12.3 This includes amount receivable from government institutions amounting to Rs. 591.62 million (2017: Rs. 86.85 million).

	2018	2017
	Rupees '000	
12.4 Balance at beginning of the year	21,265	21,327
Charge / (reversal) during the year - net	1,740	(62)
Write off against provision	(1,049)	-
Balance at end of the year	21,956	21,265

13. LOANS AND ADVANCES

Current maturity of long term loans and advances to employees	10,622	10,103
Advances to:		
- other employees	347	389
- suppliers - note 13.1	19,575	85,566
	19,922	85,955
	30,544	96,058
Provision for doubtful advances to suppliers	(7,270)	(7,270)
	23,274	88,788

13.1 Advances to suppliers include advance of Rs. 9.64 million (2017: Rs. 1.84 million) given to Indus Motor Company Limited - a related party.

13.2 The maximum aggregate amount due from the related party at the end of any month during the year was Rs. 10.4 million (2017: Rs. 5.79 million)

	2018	2017
	Rupees '000	
14. TRADE DEPOSITS AND PREPAYMENTS		
Trade deposits	85,632	56,554
Provision for doubtful deposits - note 14.1	(8,506)	(7,537)
	77,126	49,017
Prepayments	20,490	19,530
	97,616	68,547
14.1 Balance at beginning of the year	7,537	5,045
Charge during the year	969	2,492
Balance at end of the year	8,506	7,537

Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2018

	2018	2017
	Rupees '000	
15. REFUNDS DUE FROM THE GOVERNMENT		
Sales tax refundable - note 15.1	348,662	306,148
Custom duty and excise duty refundable	2,807	2,807
	351,469	308,955
Less: Provision for doubtful refundables	(55,726)	(55,726)
	295,743	253,229

15.1 This includes sales tax refundable of Rs. 47.14 million (2016: Rs. 55.6 million), net of provisional refunds of Rs. 519.05 million (2017: Rs. 519.05 million) received against bank guarantees and undertakings, the recovery of which is dependent upon the 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.

	2018	2017
	Rupees '000	
16. OTHER RECEIVABLES		
Considered good		
Receivable from related parties		
Workers' Profits Participation Fund - note 21.2	-	914
Others	438	359
	438	1,273

17. CASH AND BANK BALANCES		
Balances with banks:		
- on term deposit accounts - note 17.1	2,300,000	1,300,000
- on current accounts	39,276	42,969
- on PLS savings accounts - note 17.2	2,414,162	1,388,301
Cheques in hand	85,070	140,429
Cash in hand	371	371
	4,838,879	2,872,070

17.1 Term deposits carry mark-up ranging from 5.95% to 6.05% (2017: 5.6% to 5.9%) per annum maturing in April 2018.

17.2 At March 31, 2018, the average rate of mark-up on savings accounts was 5% per annum (2017: 4.49% per annum).

	2018	2017
	Rupees '000	
18. SHARE CAPITAL		
18.1 Authorised share capital		
20,000,000 ordinary shares of Rs. 10 each	200,000	200,000
18.2 Issued, subscribed and paid-up capital		
Ordinary shares of Rs. 10 each		
6,200,280 shares issued for consideration paid in cash	62,003	62,003
4,133,520 shares issued for consideration other than cash - fixed assets	41,335	41,335
2,066,760 shares issued as bonus shares	20,668	20,668
12,400,560	124,006	124,006

Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2018

18.3 At March 31, 2018 and March 31, 2017 HMLJ - the holding company and TTCJ - group company respectively held 7,357,665 (59.33%) and 3,678,833 (26.97%) ordinary shares of Rs. 10 each.

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

	2018	2017
	Rupees '000	
19. DEFERRED TAXATION		
Credit balances arising in respect of:		
- accelerated tax depreciation allowances	94,893	98,046
- surplus arising on revaluation of fixed assets	128,251	118,264
- others	21	21
	223,165	216,331
Debit balances arising in respect of:		
- provision for stores and stocks obsolescence	(34,164)	(18,642)
- provision for doubtful trade debts, deposits, advances and other receivables	(27,498)	(27,010)
- provision for retirement benefits	(25,281)	(18,163)
- provision for warranty	(12,786)	(26,246)
	(99,729)	(90,061)
	123,436	126,270

20. RETIREMENT BENEFITS

20.1 As stated in note 3.12, 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 the latest actuarial valuation was carried out as at March 31, 2018.

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, lies with the respective Boards of Trustees. The Company appoints the trustees and all trustees are employees of the Company.

20.3 Details of the Fund as per the actuarial valuation are as follows:

	2018			2017		
	Funded	Unfunded	Gratuity	Funded	Unfunded	Gratuity
	Gratuity Fund	Pension Fund	Fund	Gratuity Fund	Pension Fund	Fund
	Rupees '000					

20.4 Movement in (asset) / liability

Opening balance	(1,967)	19,706	135,216	3,886	32,204	109,823
Charge for the year	12,017	16,891	25,916	15,901	15,658	22,750
Remeasurements recognised in Other Comprehensive Income	6,983	17,459	(714)	(4,673)	23,335	8,577
Payments during the year	(15,962)	(41,119)	(6,049)	(17,081)	(51,491)	(5,934)
Closing balance	1,071	12,937	154,369	(1,967)	19,706	135,216

Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2018

	2018			2017		
	Funded Gratuity Fund	Pension Fund	Unfunded Gratuity	Funded Gratuity Fund	Pension Fund	Unfunded Gratuity
	Rupees '000					
20.5 Balance sheet reconciliation as at March 31						
Fair value of plan assets	(196,929)	(348,565)	-	(179,149)	(292,439)	-
Present value of obligations	198,000	361,502	154,369	177,182	312,145	135,216
Recognised liability / (asset)	1,071	12,937	154,369	(1,967)	19,706	135,216
20.6 Remeasurement recognised in Other Comprehensive Income						
Experience (losses) / gain	(1,190)	(14,427)	714	3,853	(21,327)	(8,577)
Remeasurement (losses) / gain of fair value of plan assets	(5,793)	(3,032)	-	820	(2,008)	-
	(6,983)	(17,459)	714	4,673	(23,335)	(8,577)
20.7 Charge for the year						
Current service cost	12,962	15,019	13,502	16,305	14,929	12,037
Interest cost	16,371	29,212	12,414	15,622	25,688	10,713
Expected return on plan assets	(17,316)	(27,340)	-	(16,026)	(24,959)	-
	12,017	16,891	25,916	15,901	15,658	22,750
20.8 Movement in the present value of obligation						
Opening balance	177,182	312,145	135,216	163,341	263,568	109,823
Current service cost	12,962	15,019	13,502	16,305	14,929	12,037
Interest cost	16,371	29,212	12,414	15,622	25,688	10,713
Remeasurement	1,190	14,427	(714)	(3,853)	21,327	8,577
Benefits paid	(9,705)	(9,301)	(6,049)	(14,233)	(13,367)	(5,934)
Closing balance	198,000	361,502	154,369	177,182	312,145	135,216
20.9 Movement in fair value of plan assets						
Opening balance	179,149	292,439	-	159,455	231,364	-
Expected return on plan assets	17,316	27,340	-	16,026	24,959	-
Remeasurement	(5,793)	(3,032)	-	820	(2,008)	-
Employer contributions	15,962	41,119	-	17,081	51,491	-
Benefits paid	(9,705)	(9,301)	-	(14,233)	(13,367)	-
Closing balance	196,929	348,565	-	179,149	292,439	-
20.10 Plan assets comprise of:						
Government bonds	86,523	191,046	-	73,002	149,073	-
National Savings Certificates	55,506	14,042	-	49,961	12,652	-
Other Bonds (TFCs)	-	10,222	-	-	9,949	-
Mutual funds	24,801	39,600	-	15,409	9,817	-
Bank deposits	28,186	91,318	-	11,119	20,636	-
Cash at bank	1,913	2,337	-	29,658	90,312	-
	196,929	348,565	-	179,149	292,439	-
20.11 Key actuarial assumptions used:						
Expected rate of return on plan assets (%)	8.25	8.25	-	9.5	9.5	-
Future salary increase (%)	7.25	7.25	7.25	8.5	8.5	8.5
Discount rate at March 31 (%)	8.25	8.25	8.25	9.5	9.5	9.5
Retirement age (years)	60	60	60	60	60	60

Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2018

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

20.13 In case of the 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 2018 consists of government bonds, term deposits and cash at bank. The Company believes that government bond offer the best returns over the long term with an acceptable level of risk.

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

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

20.15 Sensitivity analysis for actuarial assumptions

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

	Impact on defined benefit obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
		← Rupees '000 →	
Discount rate at 31 March	1.00%	(61,293)	71,856
Future salary increases	1.00%	56,118	(50,172)

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.

20.16 The expected return on plan assets is based on the market expectations and depends upon the asset portfolio of the plan, at the beginning of the period, for returns over the entire life of the related obligation.

20.17 Based on actuary's advice, the amount of expected contribution to gratuity and pension funds in 2018-19 will be Rs. 13.44 million and Rs. 19.48 million respectively.

20.18 The weighted average duration of pension fund, funded gratuity and unfunded gratuity is 10 years.

20.19 Expected maturity analysis of undiscounted retirement benefit plans.

	Less than a year	Between 1-2 years	Between 2-5 years	Between 5-10 years	Over 10 years	Total
	← Rupees '000 →					
At March 31, 2018 Retirement benefit plans	66,642	44,376	220,307	614,434	1,063,776	2,009,535

Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2018

	2018	2017
	Rupees '000	
21. TRADE AND OTHER PAYABLES		
Creditors	394,307	314,037
Bills payable to		
- Toyota Tsusho Corporation, Japan, group company	4,674,904	1,593,786
- Hino Motors Limited, Japan - holding company	46,781	-
- Toyota Tsusho, Asia Pacific PTE Ltd, group company	19,488	-
Accrued liabilities	1,016,135	836,248
Workers' Profits Participation Fund - note 21.2	2,633	-
Advances from customers - unsecured	1,756,523	1,731,212
Royalty payable to Hino Motors Ltd. Japan, holding company	311,034	64,027
Security deposits from dealers note 21.3	27,000	27,000
Employees related obligation - note 21.4	59,275	51,728
Tax deducted at source and payable to statutory authorities	13,816	28,497
Workers' welfare fund	33,423	38,857
Sindh sales tax on services	31,104	14,090
Interest payable - note 21.5	-	2,175
Others	7,471	7,096
	8,393,894	4,708,753

21.1 During the year, royalty amounting to Rs. 64.03 million has been paid by the Company to Hino Motors Ltd. Japan - Holding Company, having registered office at 1-1 Hinodai 3-chome, Hino-shi, Tokyo.

	2018	2017
	Rupees '000	
21.2 Workers' Profits Participation Fund		
Opening balance	(914)	(2,285)
Allocation for the year	89,633	91,087
Amount paid to the Fund	(86,086)	(89,716)
Closing balance	2,633	(914)

21.3 This represents amount received from the dealers of the Company, which is utilised for the purpose of the business in accordance with the related agreements.

21.4 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.

21.5 This represents interest payable on an advance from customer.

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

Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2018

22. UNPAID DIVIDEND

This represents part of final dividend for the year ended March 31, 2017 which remained unpaid to Company's foreign shareholders HMLJ and TTCJ amounting to Rs. 129.66 million and Rs. 48.56 million respectively. The dividend repatriation requires approval from the State Bank of Pakistan which is in process.

	2018	2017
	Rupees '000	
23. PROVISIONS		
Provision for compensated absences	77,028	68,269
Provision for warranty services	43,490	44,983
Provision for infrastructure cess	23,249	23,249
Provision for custom duties	158,750	158,750
Balance as at March 31	302,517	295,251

23.1 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, 2017	68,269	44,983	23,249	158,750	295,251
Recognised during the year	27,756	8,515	-	-	36,271
Expenses against provision	(18,997)	(10,008)	-	-	(29,005)
Balance as at March 31, 2018	77,028	43,490	23,249	158,750	302,517

24. CONTINGENCY AND COMMITMENTS

24.1 As at March 31, 2018 the Company has received provisional refunds of Rs. 519.05 million (2017: Rs. 519.05 million) from the sales tax department against undertakings and bank guarantees.

24.2 Commitments for capital expenditures as at March 31, 2018 amounted to Rs. 40.04 million (2017: Rs. 4.47 million).

25. SALES

	2018	2017
	Rupees '000	
Gross sales	32,674,022	27,371,818
Sales tax	(4,744,401)	(3,970,230)
	27,929,621	23,401,588
Commission and discounts	(1,314,422)	(923,413)
Sale returns	(128)	(677)
	26,615,071	22,477,498

25.1 Sales to Government institutions of Rs. 3.27 billion (2017: Rs. 2.48 billion) account for 12.28 percent (2017: 11 percent) of the net sales.

Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2018

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

	Cost Of Sales		Distribution Cost		Administrative Expenses		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
	Rupees '000							
Raw materials consumed	21,210,969	17,998,975	-	-	-	-	21,210,969	17,998,975
Staff costs - note 26.1	1,029,000	875,580	205,312	182,768	189,534	176,112	1,423,846	1,234,460
Depreciation and amortisation	156,507	122,136	16,153	15,354	48,756	48,208	221,416	185,698
Rent, rates and taxes	12,539	6,846	8,874	8,029	12,011	10,719	33,424	25,594
Insurance	8,567	8,751	1,616	1,649	7,568	7,745	17,751	18,145
Vehicle running and maintenance	12,736	10,067	13,048	12,734	10,291	8,844	36,075	31,645
Fuel and power	79,544	91,505	3,525	2,869	11,607	11,044	94,676	105,418
Travelling and entertainment	7,386	6,243	19,146	17,934	12,697	10,464	39,229	34,641
Repairs and maintenance	46,149	37,445	1,549	1,988	16,845	13,032	64,543	52,465
Communication and stationery	5,222	5,578	7,692	6,834	9,441	8,383	22,355	20,795
Royalty and technical assistance	277,040	254,078	-	-	-	-	277,040	254,078
Provision for obsolete stock-in-trade, stores and spares	4,961	2,781	-	-	-	-	4,961	2,781
Legal and professional charges	1,025	4,759	10,848	12,137	14,924	9,762	26,797	26,658
Auditors' remuneration - note 26.2	-	-	-	-	4,015	3,807	4,015	3,807
Security and maintenance	396	639	3,480	3,147	67,688	62,277	71,564	66,063
Outward freight and handling	-	-	88	1,017	-	-	88	1,017
Advertising and sales promotion	-	-	54,667	58,148	-	-	54,667	58,148
Product maintenance charges	-	-	78,586	83,742	-	-	78,586	83,742
Warranty services	-	-	8,515	10,672	-	-	8,515	10,672
Provision for doubtful receivables, advances and deposits	-	-	2,709	2,430	-	-	2,709	2,430
Sindh sales tax on royalty	27,704	25,096	-	-	-	-	27,704	25,096
Other expenses	20,168	13,428	4,338	5,852	15,209	15,254	39,715	34,534
	22,899,913	19,463,907	440,146	427,304	420,586	385,651	23,760,645	20,276,862
Opening stock of work in process	30,330	50,732						
Closing stock of work in process	(33,054)	(30,330)						
Cost of goods manufactured	22,897,189	19,484,309						
Opening stock of finished goods	429,726	585,449						
Closing stock of finished goods	(343,457)	(429,726)						
	22,983,458	19,640,032						
Consumption of trading goods	597,173	371,365						
	23,580,631	20,011,397						

26.1 Staff costs

Salaries, wages, allowances and welfare staff	980,452	829,939	193,736	170,941	179,661	165,569	1,353,849	1,166,449
Charge for defined benefit plans	39,384	37,502	8,151	8,659	7,289	8,148	54,824	54,309
Charge for defined contribution plan	9,164	8,139	3,425	3,168	2,584	2,395	15,173	13,702
	1,029,000	875,580	205,312	182,768	189,534	176,112	1,423,846	1,234,460

2018

2017

Rupees '000

26.2 Auditors' remuneration

Audit fee	2,000	1,850
Fee for limited review of half yearly financial statements and other certifications	1,640	1,600
Out of pocket expenses	375	357
	4,015	3,807

Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2018

	2018	2017
	Rupees '000	
27. OTHER INCOME		
Income from financial assets		
Return on PLS savings accounts	74,529	39,247
Return on deposit accounts	104,174	119,639
	178,703	158,886
Income from non-financial assets		
Gain on disposal of non-current assets	2,864	18,325
Others		
Scrap sales	29,282	23,512
Commission from group company	68,622	50,910
Others	21,318	2,872
	300,789	254,505
28. OTHER EXPENSES		
Donations and charities - note 28.1 and 28.2	1,864	5,696
Workers' Profits Participation Fund	89,633	91,087
Workers' Welfare Fund	33,393	33,934
Write off of property, plant and equipment	1,057	-
	125,947	130,717
28.1 Donation to following organisation is equal to or exceeds Rs. 0.5 million.		
- Darul Sukoon	1,200	1,200
- Citizen Education Development Foundation	664	-
- Pakistan Disabled Foundation	-	690
- PNS Rahat Hospital	-	500
- Burns Centre Karachi	-	1,000
- Poor Patients Aid Society	-	1,000
- PEBS Eye & General Hospital	-	1,000
28.2 None of the directors or their spouses had any interest in the donees.		
29. FINANCE COST		
Interest on an advance from customer	23,925	15,225
Exchange loss - net	636,696	50,927
Bank charges and others	18,381	14,072
	679,002	80,224
30. TAXATION		
Current		
- for the year	517,504	528,937
- for prior year - note 30.1	14,473	49,567
Deferred	(11,804)	(1,695)
	520,173	576,809

Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2018

30.1 This includes prior year charge for super tax amounting to Rs. 51.20 million, imposed for rehabilitation of temporarily displaced persons under section 4B of the Income Tax Ordinance, 2001 (as inserted by Finance Act 2017), this is partly offset by the tax credit under section 65B recognised during the period.

30.2 The Company computes tax based on the generally accepted interpretations of the tax laws to ensure that the sufficient provision for the purpose of taxation is available which can be analysed as follows:

	Provision for taxation	Tax assessed	Excess
2017	550,643	486,462	64,181
2016	570,728	510,999	59,729
2015	502,967	459,618	43,349

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

2018	2017
Rupees '000	

30.3 Relationship between tax expense and accounting profit

Profit before taxation	1,669,548	1,696,710
Tax calculated at the rate of 30% (2017: 31%)	500,864	525,980
Effect of final tax regime	(2,838)	2,514
Prior year impact	14,473	49,567
Others	7,674	(1,252)
Tax charge for the year	520,173	576,809

31. EARNINGS PER SHARE - BASIC

Profit after taxation attributable to ordinary shareholders	1,149,375	1,119,901
Number of ordinary shares (in '000) issued and subscribed at end of the year	12,401	12,401
Earnings per share - basic	Rs. 92.69	Rs. 90.31

31.1 A diluted earnings per share has not been presented as the Company does not have any convertible instruments in issue as at March 31, 2018 and March 31, 2017 which would have any effect on the earnings per share if the option to convert is exercised.

Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2018

	2018	2017
	Rupees '000	
32. CASH GENERATED FROM OPERATIONS		
Profit before taxation	1,669,548	1,696,710
Add / (less): Adjustments for non cash charges and other items		
Depreciation and amortisation	221,416	185,698
Gain on disposal of operating fixed assets	(2,864)	(18,325)
Write off of property, plant and equipment	1,057	-
Donation of property, plant and equipment	-	296
Retirement benefits charge	54,824	54,309
Mark-up on short-term borrowings	-	89
Interest on an advance from customer	23,925	15,225
Income on PLS savings and deposit accounts	(178,703)	(158,886)
Profit before working capital changes	1,789,203	1,775,116
EFFECT ON CASH FLOW DUE TO WORKING CAPITAL CHANGES		
(Increase) / decrease in current assets		
Stores, spares and loose tools	2,617	(3,780)
Stock-in-trade	(1,654,934)	(489,822)
Trade debts	(465,399)	254,428
Loans and advances	65,514	(48,278)
Trade deposits and prepayments	(29,069)	20,275
Refunds due from the government	(42,514)	(186,363)
Other receivables	835	2,453
	(2,122,950)	(451,087)
Increase / (decrease) in current liabilities		
Trade and other payables	3,687,316	(133,839)
Provision	7,266	8,026
	1,571,632	(576,900)
	3,360,835	1,198,216

33. REMUNERATION OF MANAGING DIRECTOR / CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

	MANAGING DIRECTOR / CHIEF EXECUTIVE		EXECUTIVE DIRECTORS		EXECUTIVES	
	2018	2017	2018	2017	2018	2017
	Rupees '000					
Managerial remuneration and allowances	6,860	6,295	11,762	10,766	46,760	31,363
Bonus	10,368	8,981	17,535	15,190	55,117	37,335
Retirement benefits	-	-	-	-	8,282	5,646
Rent and utilities	-	-	493	454	14,747	10,124
Leave passage	514	472	869	798	2,590	1,810
Club expenses	-	-	-	-	449	318
Medical expenses	158	160	325	319	1,766	1,313
	17,900	15,908	30,984	27,527	129,711	87,909
Number of persons	1	1	2	2	14	10

* Comparative figures have been restated to reflect changes in the definition of executive as per Companies Act, 2017.

Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2018

- 33.1** Consultancy fee of Rs. 3.12 million (2017: Rs. 2.84 million) is paid to the Chairman and he is also provided with free use of Company maintained car.
- 33.2** The Managing Director, Executive Directors and certain Executives of the Company are provided with free use of Company maintained cars and housing facilities in accordance with their terms of employment.
- 33.3** In addition to above, fee paid to the Chairman and independent non - executive director for attending meetings during the year amounted to Rs. 0.9 million (2017: Rs. 0.98 million).

	2018	2017
	Rupees '000	
34. PLANT CAPACITY AND PRODUCTION		
Plant capacity (single shift without overtime)		
- Chassis	6,000	6,000
- Bodies	1,800	1,800
Actual production		
- Chassis	4,495	3,750
- Bodies	498	474

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

35. RELATED PARTY DISCLOSURES

Disclosure of transactions between the Company and related parties:

Relationship	Nature of transaction	2018	2017
		Rupees '000	
i. Holding company	- Dividend paid	361,853	660,571
	- Purchase of goods	500,524	515,934
	- Royalty charge	277,040	250,955
	- Technical assistance fee	-	3,123
	- Purchase of property, plant and equipment	-	41,632
ii. Other related parties	- Purchase of goods	16,839,180	13,567,199
	- Sale of goods	1,013,509	563,337
	- Dividend paid	196,674	330,286
	- Purchase of property, plant and equipment	17,376	66,858
	- Proceeds from disposal of property, plant and equipment	-	14,190
	- Commission earned	68,477	50,910
	- Payments to retirement benefit plans	87,445	94,739

- 35.1** Outstanding balances with related parties as at year end have been included in trade debts, other receivables and trade and other payables respectively. These are settled in ordinary course of business.
- 35.2** Details of compensation to key management personnel comprising of Managing Director and Directors is disclosed in note 33.

Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2018

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

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

36. SHORT-TERM BORROWINGS

Running finance under mark-up arrangements

36.1 The facilities for short term borrowings under mark-up arrangements with various banks amounted to Rs. 2.47 billion (2017: Rs. 2.72 billion) of which the amount remaining unutilised at the year end was Rs. 2.47 billion (2017: Rs. 2.72 billion).

36.2 The facilities for opening the letters of credit and guarantees as at March 31, 2018 amounted to Rs. 12.03 billion (2017: Rs. 10.86 billion) of which the amount remaining unutilised at the year end was Rs. 5.42 billion (2017: Rs. 6.82 billion).

36.3 The above facilities are secured by way of hypothecation charge on stock-in-trade.

37. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

Financial assets and liabilities

	Interest / Mark-up bearing			Non Interest / Mark-up bearing			Total
	Maturity up to one year	Maturity after one year	Sub-total	Maturity up to one year	Maturity after one year	Sub-total	
	← Rupees '000 →						
Financial assets							
Available for sale							
Long term investments	-	-	-	-	72	72	72
Loans and receivables							
Loans and advances	-	-	-	10,622	21,452	32,074	32,074
Deposits	-	-	-	77,126	7,770	84,896	84,896
Trade debts	-	-	-	714,935	-	714,935	714,935
Other receivables	-	-	-	438	-	438	438
Accrued mark-up	-	-	-	6,248	-	6,248	6,248
Cash and bank balances	4,714,162	-	4,714,162	124,717	-	124,717	4,838,879
2018	4,714,162	-	4,714,162	934,086	29,294	963,380	5,677,542
2017	2,688,301	-	2,688,301	495,719	30,652	526,371	3,214,672
Financial liabilities							
At amortised cost							
Trade and other payables	-	-	-	6,477,632	-	6,477,632	6,477,632
Unclaimed dividend	-	-	-	10,997	-	10,997	10,997
Unpaid dividend	-	-	-	178,214	-	178,214	178,214
2018	-	-	-	6,666,843	-	6,666,843	6,666,843
2017	-	-	-	2,967,522	-	2,967,522	2,967,522
On statement of financial position gap							
2018	4,714,162	-	4,714,162	(5,732,757)	29,294	(5,703,463)	(989,301)
2017	2,688,301	-	2,688,301	(2,471,803)	30,652	(2,441,151)	247,150

Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2018

OFF STATEMENT OF FINANCIAL POSITION FINANCIAL INSTRUMENTS

Commitments for capital expenditure	40,044
Letters of credit	5,099,595
Letters of guarantee	1,507,702
2018	6,647,341
2017	4,044,763

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

(i) Interest / Mark-up rate risk

Interest / mark-up rate risk is the risk that the value of a financial instrument will fluctuate due to changes in the market interest rates. As at March 31, 2018 the Company's interest bearing financial assets amounted to Rs. 4.7 billion (2017: Rs. 2.69 billion), and had the interest rates varied by 100 basis points with all the other variables held constant, profit before tax for the year would have been approximately lower / higher by Rs. 47.14 million (2017: Rs. 26.88 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. 5.68 billion (2017: Rs. 3.21 billion). The Company believes that it is not materially exposed to credit risk as major part of these financial assets comprises of receivable from government institutions and bank balances which represent low credit risk as they are placed with banks and other financial institutions having good credit ratings assigned by credit rating agencies.

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

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

(iii) Liquidity risk

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

(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, 2018 payable exposed to foreign exchange risk is of Rs. 5.05 billion (2017: Rs. 1.66 billion). The liability is mainly denominated in Japanese Yen.

As at March 31, 2018, if the Pak Rupee had weakened / strengthened by 1% (2017: 3%) against Japanese Yen with all other variables held constant, profit before tax for the year would have been lower / higher by Rs. 50.52 million (2017: Rs. 49.73 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 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.

Notes to and Forming Part of the Financial Statements

For the year ended March 31, 2018

38. 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 to shareholders and benefits to other stakeholders and to maintain an optimal capital structure to reduce cost of capital. The Company has no debt as at March 31, 2018.

39. NUMBER OF EMPLOYEES

	2018	2017
Number of employees at March 31		
- Permanent	354	341
- Contractual	624	648
	*978	*989
* This includes 579 (2017: 588) number of factory employees		
Average number of employees during the year		
- Permanent	352	341
- Contractual	632	643
	**984	**984

** This includes 584 (2017: 583) number of factory employees

40. CORRESPONDING FIGURES

Corresponding figures have been reclassified / rearranged, wherever necessary.

41. SUBSEQUENT EVENTS

The Board of Directors in its meeting held on May 29, 2018, proposed a cash dividend of Rs. 69.52 per share (2017: Rs. 67.73) amounting to Rs. 862.09 million (2017: Rs. 839.89 million) subject to approval of members at the forthcoming annual general meeting. Finance Act, 2017 introduced Income Tax at the rate of 7.5% on undistributed profits before tax where the company does not distribute atleast forty percent of its profit after tax through cash dividend or bonus shares within six months of the end of the said tax year. Liability in respect of such income tax, if any, is recognised when the prescribed time period for distribution of dividend expires.

42. DATE OF AUTHORISATION FOR ISSUE

These financial statements were approved and authorised for issue in the Board of Directors meeting held on May 29, 2018.


Chief Financial Officer


Director

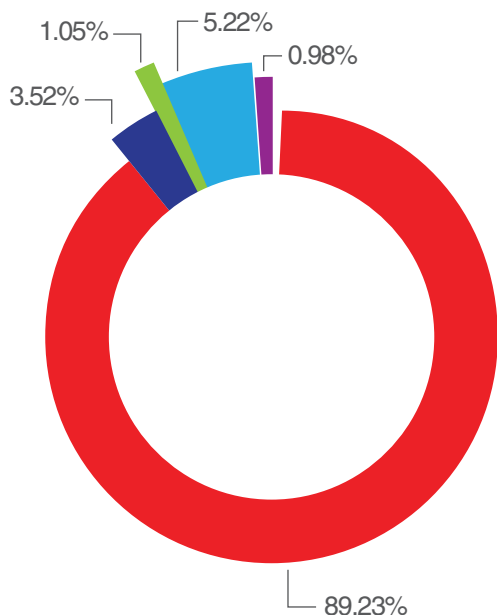

Managing Director &
Chief Executive Officer

PATTERN OF SHAREHOLDING

As at March 31, 2018

Number of Shareholders	Shareholdings		Total Shares Held
	From	To	
823	1	100	21,133
554	101	500	96,678
53	501	1000	39,302
51	1001	5000	111,648
8	5001	10000	57,271
11	10001	100000	329,538
3	100001	1000000	708,492
1	3000001	4000000	3,678,833
1	7000001	8000000	7,357,665
<u>1505</u>			<u>12,400,560</u>

Shareholders' Category	Number of Shareholders	Number of Shares Held	Percentage of Holding
Foreign Investors	5	11,064,598	89.23%
Financial Institutions	4	436,558	3.52%
Joint Stock Companies	20	130,674	1.05%
Individuals	1463	647,248	5.22%
Others	13	121,482	0.98%
Grand Total	<u>1505</u>	<u>12,400,560</u>	<u>100%</u>



Pattern of Shareholding

Foreign Investors	■
Financial Institutions	■
Joint Stock Companies	■
Individuals	■
Others	■

PATTERN OF SHAREHOLDING

As at March 31, 2018

Shareholders' Category	Number of Shareholders	Number of Shares Held
Associated Companies Undertakings and Related Parties		
Hino Motors Ltd. (Hinopak Motors Limited is Toyota Group Company and subsidiary of Hino Motors Ltd., Japan. Toyota Motors Corporation is the ultimate parent of the group)	1	7,357,665
Toyota Tsusho Corporation, Japan	1	3,678,833
NIT and ICP	1	436,242
Public Sector Companies & Corporations	-	-
Directors, Chief Executive Officer, and their spouses and minor children	-	-
Executives		
Mr. Nishat Zafar	1	120
Mr. Muzaffar Anjum	1	120
Mr. Naushad Riaz	1	120
Banks, Development Financial Institutions, Non-Banking Financial Institutions	1	286
Insurance Companies	-	-
Modarabas and Mutual Funds		
AFC Umbrella Fund	1	18,000
CDC - Trustee JS Islamic Fund	1	21,660
CDC - Trustee JS Islamic Pension Savings Fund-equity Account	1	2,960
CDC - Trustee JS Large Cap. Fund	1	2,000
CDC - Trustee JS Pension Savings Fund - Equity Account	1	1,440
CDC - Trustee NAFA Islamic Asset Allocation Fund	1	1,780
CDC - Trustee NAFA Islamic Pension Fund Equity Account	1	640
CDC - Trustee Pakistan Capital Market Fund	1	220
CDC - Trustee Pakistan Pension Fund - Equity Sub Fund	1	5,160
CDC- Trustee Alhamra Islamic Pension Fund - Equity Sub Fund	1	5,840
First Alnoor Modaraba	1	10
First Tri-star Modaraba	1	20
MC FSL - Trustee JS Growth Fund	1	31,400
Shareholders holding 5% or more voting interest		
Hino Motors Ltd., Japan	1	7,357,665
Toyota Tsusho Corporation	1	3,678,833
General Public (Individuals)		
a. Local	1460	646,888
b. Foreign	1	100
Others		
Amin Tai (Private) Limited	1	18,700
Artistic Milliners (Private) Limited	1	22,780
Axis Global Limited - MF	1	20
Azee Securities (Private) Limited	1	20
Eleven Stars Securities (Pvt) Ltd	1	49,000
Fawad Yusuf Securities (Pvt.) Limited	1	31,300
FDM Capital Securities (Pvt) Limited	1	1,000
Fikrees (Private) Limited	1	1,200
Hermes And Company (Pvt) Ltd	1	20
Khadija & Kassamali Investments(Pvt)limited	1	5,000
Loads Limited	1	150
M. M. Securities (Pvt.) Limited	1	420
Maple Leaf Capital Limited	1	1
Margalla Financial (Private) Limited	1	160
MRA Securities Limited - MF	1	120
Muhammad Bashir Kasmani (Private) Limited	1	160
Prosperity Weaving Mills Limited	1	600
S.Z. Securities (Private) Limited	1	2
Sherman Securities (Private) Limited	1	1
UHF Consulting (Private) Limited	1	20
N.B.P. Trustee Dept. Head Office	1	200
Trustee National Bank of Pakistan Emp Benevolent Fund Trust	1	1,633
Trustee National Bank of Pakistan Employees Pension Fund	1	46,549
GRO Banyan Partners LP	1	10000

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 33rd Annual General Meeting of the Shareholders of Hinopak Motors Limited (the Company) will be held at the Registered Office of the Company situated at D-2, S.I.T.E., Manghopir Road, Karachi on Thursday, June 28, 2018 at 11:00 a.m. for transacting the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial statements of the Company for the year ended March 31, 2018, together with the Reports of the Directors and Auditors.
2. To approve cash dividend at 695.2% (or Rs. 69.52 per share) on the ordinary shares of the Company as recommended by the Directors.
3. To appoint auditors for the ensuing year and fix their remuneration.
4. Any other business with the permission of the Chair.

Karachi:
June 07, 2018

By order of the Board
FAHIM AIJAZ SABZWARI
Company Secretary

NOTES

i. 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 of such shareholders.

ii. Payment of Dividend Electronically (E-mandate)

In accordance with the provisions of section 242 of the Companies Act, 2017 and Companies (Distribution of Dividend) Regulations, 2017, it is mandatory for a listed company to pay cash dividend to its shareholder only through electronic mode directly into the bank account designated by the entitled shareholder. Notice in this regard has already been published by the Company in the newspapers, however shareholders are once again requested to fill in "Electronic Credit Mandate Form" as reproduced below and send it duly signed along with a copy of valid CNIC/NTN to their respective CDC participant / CDC Investor account services (in case of shareholding in Book Entry Form) or to the Company's Share Registrar M/s. FAMCO Associates (Pvt) Ltd (in case of shareholding in Physical Form).

(i) Shareholder's details	
Name of the Shareholder (s)	
Folio # /CDSAaccount No.(s)	
CNIC NO. (Copy attached)	
Mobile/Landline no.	
(i) Shareholder's Bank detail	
Title of Bank Account	
International Bank Account Number (IBAN)	
Bank's Name	
Branch's name and address	

It is stated that the above mentioned information is correct and in case of any change herein I will immediately intimate the Share Registrar accordingly.

iii. **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.

iv. **Closure of Share Transfer Books**

The Share Transfer Books of the Company will remain closed from June 21, 2018 to June 28, 2018(both days inclusive) for the purpose of Annual General Meeting and to determine entitlement of cash dividend. No transfer will be accepted for registration during this period.

v. **Change of Address**

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

vi. **Deduction of Income Tax From Dividend**

Currently Section 150 of the Income Tax Ordinance, 2001 prescribed following rates for deduction of withholding tax on the amount of dividend paid by the companies:

- a) For filers of Income Tax return 15%
- b) For Non filer of Income Tax return 20%

To enable to make tax deduction on the amount of cash dividend @ 15% instead of 20%, all the members whose names are not entered in the Active Taxpayer List (ATL) provided on the website of Federal Board of Revenue(FBR), despite the fact that they are filers, are advised to make sure that their names are entered into ATL before June 20, 2018 otherwise tax on their cash dividend will be deducted @20% instead of 15%.

In case of Joint account, each holder is to be treated individually as either a filer or non-filer and tax will be deducted on the basis of shareholding of each joint holder as may be notified by the shareholder, in writing as, to our Share Registrar, or if no notification, each joint holder shall be assumed to have an equal number of shares.

Withholding tax exemption from the dividend income, shall only be allowed if copy of valid tax exemption certificate is made available to M/s FAMCO Associates (Pvt.) Limited by June 20, 2018.

Shareholders are advised to ensure that they have provided their CNIC/NTN to their respective Participant/CDC Investor Account Services(if shareholding in Book Entry Form) or Company Share Registrar (if shareholding in Physical Form) for checking the tax status as per the ATL issued by FBR from time to time.

vii. **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

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 33rd Annual General Meeting of the Company to be held on Thursday, June 28, 2018 and at any adjournment thereof.

Affix Revenue Stamp(s) of Rupees five
Executant's Signature on Revenue Stamp(s)
(Signature should agree with the Specimen Signature registered with the Company).

Executant's Computerised National Identity Card Number (CNIC) or Passport Number

<p>_____ First Witness Signature</p> <p>_____ Name in Block letters and Address</p> <p>_____ CNIC or Passport Number of Witness</p>	<p>_____ Second Witness Signature</p> <p>_____ Name in Block letters and Address</p> <p>_____ CNIC or Passport Number of Witness</p>
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Proxy's Signature

Proxy's CNIC Number or Passport Number

Proxy's Signature

Proxy's CNIC Number or Passport Number

Notes

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

A proxy need not be a member of the Company.

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

A large rectangular area defined by a dashed border, consisting of alternating black and grey diagonal lines. The border is thicker at the corners, suggesting a fold-over flap.

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

مختار نامہ (پراکسی فارم)

میں / ہم _____ بحیثیت ممبر ہینوپاک موٹرز لمیٹڈ، بمملکت _____ عام حصص بمطابق رجسٹرڈ فونڈ نمبر _____ یا _____ "CDC Participant's I.D. No." _____، اکاؤنٹ نمبر _____، _____ مسٹی / مسماۃ _____ یا ان کی غیر موجودگی میں مسٹی / مسماۃ _____ کو اپنا / ہمارا بطور مختار مقرر کرتا ہوں / کرتے ہیں تاکہ وہ میری / ہماری غیر موجودگی میں، میری / ہماری طرف سے کمپنی کے تین تین سو اسی سالانہ اجلاس عام جو کہ بتاریخ 28 جون 2018 بروز جمعرات منعقد ہو رہا ہے اور اس کے کسی ملتوی شدہ اجلاس میں، شرکت کر سکے اور ووٹ ڈال سکے۔

مطلوبہ (پانچ روپے کا) ریوینڈ ٹکٹ چسپاں کریں اور دستخط کریں
(دستخط کمپنی کے پاس پہلے سے محفوظ دستخطی نمونہ کے مطابق ہونے ضروری ہیں۔)

شیئر ہولڈر کا کمپیوٹرائزڈ قومی شناختی کارڈ نمبر (CNIC) یا پاسپورٹ نمبر

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: _____

پراکسی دستخط _____ پراکسی دستخط _____
پراکسی شناختی کارڈ نمبر یا پاسپورٹ نمبر _____ پراکسی شناختی کارڈ نمبر یا پاسپورٹ نمبر _____

نوٹس:

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

۷۔ وڈیو کانفرنس کی سہولت برائے ممبران

وڈیو کانفرنسنگ کی سہولت صرف اس صورت میں فراہم کی جائے گی اگر کمپنی کو وصول ہونے والی تمام درخواستیں مجموعی طور پر کم از کم شیئرز کے دس فیصد یا زائد کے حامل افراد کی جانب سے بھجوائی جائیں گی جو کہ متعلقہ شہر کے رہائشی ہیں۔ یہ درخواستیں سالانہ جنرل میٹنگ سے سات روز قبل وصول ہونا ضروری ہیں۔

کمپنی اپنے ان ممبران کو سالانہ جنرل میٹنگ سے قبل وڈیو کانفرنس کی سہولت سے متعلق معلومات فراہم کر دے گی تاکہ وہ اس سہولت سے اپنے متعلقہ شہر میں استفادہ کر سکیں۔

اس سہولت کو حاصل کرنے کے لئے درج ذیل معلومات ہمارے شیئر رجسٹرار FAMCO ایسوسی ایٹس (پرائیویٹ) لمیٹڈ کو فراہم کریں۔

میں / ہم _____ بحیثیت ممبر/ممبرینو پاک موٹرز لمیٹڈ، بمملکت _____ عام حصص برطابق رجسٹرڈ فو لویو نمبر _____ یا _____ CDC اکاؤنٹ نمبر _____

video کانفرنس کی سہولت _____ شہر میں حاصل کرنا چاہتا ہوں۔

دستخط ممبر

(۳) پراسی

سالانہ اجلاس عام میں شرکت اور رائے دہی کا استحقاق رکھنے والا کوئی بھی ممبر اپنے عوض مینٹگ میں شرکت کرنے، بولنے اور رائے دہی کیلئے کسی نمائندے کو مقرر کر سکتا ہے۔ عیوضی کے موثر ہونے کیلئے اطلاع نامہ کمپنی کے رجسٹرڈ آفس میں اجلاس شروع ہونے سے کم از کم اڑتالیس گھنٹے پہلے موصول ہونا چاہیے۔

سینٹرل ڈپازٹری سسٹم (CDS) میں اکاؤنٹ کے حامل حصص یافتگان یا ان کے مقرر کردہ نمائندے کو اجلاس عام میں شرکت کے لئے شرکت کے وقت اپنے پارٹیسپیشن آڈیٹیشن نمبر اور CDS کی جانب سے مخصوص کردہ شیئر ہولڈرز اکاؤنٹ نمبر کے ساتھ اپنا اور تکینل کمپیوٹر شناختی کارڈ یا اور تکینل پاسپورٹ دکھانا لازمی ہوگا۔

کسی کاروباری ادارے کی نمائندگی کی صورت میں نامزد فرد کو اپنے بورڈ آف ڈائریکٹرز کی قرارداد / مختار نامہ بمعہ دستخط کے نمونے، اجلاس کے وقت پیش کرنا لازمی ہوں گے۔

(۴) شیئر ٹرانسفر کتابوں کا بند ہونا

کمپنی کے حصص کی منتقلی کا رجسٹر 21 جون 2018 تا 28 جون 2018 (بشمول دونوں دن) سالانہ اجلاس عام اور حصص یافتگان کے منافع کی ملکیت کے تعین کیلئے بند رہے گا۔ اس دوران کسی ٹرانسفر کا اندراج قبول نہیں ہوگا۔

(۵) پتے کی تبدیلی

حصص یافتگان سے درخواست ہے کہ وہ اپنے رجسٹرڈ پتے میں ہونے والی کسی تبدیلی کی اطلاع فوری طور پر شیئر رجسٹرار، میسرز FAMCO ایسوسی ایٹس (پرائیویٹ) لمیٹڈ کو ارسال کریں۔

(۶) ڈیویڈنڈ میں سے ٹیکس کی کٹوتی

انکم ٹیکس آرڈیننس 2001 کے سیکشن 150 میں کمپنیز کی جانب سے ڈیویڈنڈ کی ادائیگی پر وہ ہولڈنگ ٹیکس کی کٹوتی کیلئے درج ذیل شرحوں کا تعین کیا گیا ہے۔

(a)	انکم ٹیکس ریٹرن فائل کرنے والوں کیلئے	15%
(b)	انکم ٹیکس ریٹرن فائل نہ کرنے والوں کیلئے	20%

کمپنی کو کیش ڈیویڈنڈ پر 20% کی بجائے 15% ٹیکس کٹوتی کا مجاز بنانے کیلئے شیئر ہولڈرز جن کے نام فیڈرل بورڈ آف ریونیو (FBR) کی ویب سائٹ پر فراہم کردہ ایکٹیو ٹیکس پیپرز لسٹ (ATL) میں درج نہیں اس امر کے باوجود کہ وہ فائلرز ہیں، انکو ہدایت کی جاتی ہیں کہ وہ 20 جون 2018 سے قبل ATL میں اپنے نام کا اندراج یقینی بنائیں بصورت دیگر ان کے کیش ڈیویڈنڈ پر ٹیکس کی کٹوتی 15% کے بجائے 20% کی شرح سے کی جائے گی۔

جوائنٹ اکاؤنٹ کی صورت میں ہر شیئر ہولڈر کو انفرادی تصور کیا جائے گا خواہ وہ فائلر ہو یا نان فائلر اور ہر جوائنٹ ہولڈر کی شیئر ہولڈنگ کی مناسبت سے ٹیکس کی کٹوتی کی جائے گی۔ جس سے شیئر ہولڈرز ہمارے شیئر رجسٹرار کو تحریری طور پر مطلع کریں گے۔ شیئر ہولڈرز کی جانب سے نوٹیفیکیشن موصول نہ ہونے کی صورت میں ہر شیئر ہولڈر کو برابر کے شیئرز رکھنے والا تصور کیا جائیگا۔

ڈیویڈنڈ انکم پر وہ ہولڈنگ ٹیکس ایگزیمپشن کی سہولت اسی صورت حاصل ہوگی جب درست ٹیکس ایگزیمپشن سرٹیفیکٹ، میسرز FAMCO ایسوسی ایٹس (پرائیویٹ) لمیٹڈ کو 20 جون 2018 تک پہنچادیئے جائیں۔

حصص یافتگان کو مشورہ دیا جاتا ہے کہ وہ اس بات کا اطمینان کر لیں کہ انہوں نے اپنے متعلقہ پارٹیسپنٹ / CDC انویسٹر اکاؤنٹ سروسز (اگر شیئر ہولڈنگ Book Entry Form میں ہو) یا کمپنی شیئر رجسٹرار (اگر شیئر ہولڈنگ Physical Form میں ہو)، کو فراہم کردیئے ہیں تاکہ FBR کی طرف سے وقتاً فوقتاً جاری کردہ ATL کے مطابق ٹیکس حیثیت کی جانچ پڑتال کی جاسکے۔

نوٹس برائے سالانہ اجلاس عام

بذریعہ ہذا مطلع کیا جاتا ہے کہ ہینوپاک موٹرز لمیٹڈ کے حصص یافتگان کا تینیسواں سالانہ اجلاس عام بتاریخ 28 جون 2018 بروز جمعرات بوقت 11:00 بجے صبح کمپنی کے رجسٹرڈ آفس بمقام D-2، سائٹ، مگھو پیر روڈ، کراچی پر درج ذیل امور کی انجام دہی کیلئے منعقد کیا جائے گا۔

عمومی کارروائی:

- (۱) 31 مارچ 2018ء کو اختتام پذیر ہونے والے مالی سال کیلئے آڈٹ شدہ مالیاتی رپورٹوں اور ان پر ڈائریکٹرز اور آڈیٹرز کی رپورٹوں کی وصولی، ان پر غور و خوض اور منظوری۔
- (۲) ڈائریکٹرز کی سفارش کے مطابق عمومی حصص پر 695.2 فیصد (یا 69.52 روپے فی حصص) کے حساب سے نقد حتمی منافع کی منظوری دینا۔
- (۳) شروع ہونے والے سال کے لئے آڈیٹرز کا تقرار اور ان کے معاوضے کا تعین کرنا۔
- (۴) چیئرمین کی اجازت سے کوئی اور کارروائی۔

بحکم بورڈ

فہیم اعجاز سبزواری

کمپنی سیکریٹری

کراچی

07 جون 2018ء

نوٹس:

(۱) نوٹس برائے حصص یافتگان جنہوں نے شناختی کارڈ نمبر مہیا نہیں کیے:

ایسے انفرادی ممبران جنہوں نے ابھی تک اپنے کمپیوٹرائزڈ قومی شناختی کارڈ کی نقول کمپنی / رجسٹرار کو جمع نہیں کروائی ہیں، کو ایک مرتبہ پھر یاد دہانی کروائی جاتی ہے کہ وہ یہ نقول کمپنی کے شیئرز رجسٹرار میسرز FAMCO ایسوسی ایٹس (پرائیویٹ) لمیٹڈ کو جلد از جلد براہ راست ارسال کریں۔

مؤثر قومی شناختی کارڈ کی نقول کی عدم وصولی کی صورت میں کمپنی کمپنیز ایکٹ 2017 کے سیکشن (3) 243 کے تحت ایسے شیئرز ہولڈرز کے ڈیویڈنڈ کی ترسیل روکنے پر مجبور ہوگی۔

(۲) منافع منقسمہ کی برقی ذرائع سے ادائیگی (ای۔ مینڈیٹ)

کمپنیز ایکٹ 2017 کے سیکشن 242 اور کمپنیز (Distribution of Dividend) ریگولیشنز 2017 کے تحت لکھڑ کمپنی کے لئے لازمی قرار دیا گیا ہے کہ وہ اپنے حصص یافتگان کو ڈیویڈنڈ کی ادائیگی صرف اور صرف الیکٹرانکی اسکے نامزد کردہ بینک اکاؤنٹ میں براہ راست کرے۔

اس سلسلے میں کمپنی کی طرف سے اخبارات میں نوٹس بھی شائع کیا گیا ہے، البتہ حصص یافتگان سے ایک مرتبہ پھر درخواست کی جاتی ہے کہ وہ "الیکٹرانک کریڈٹ مینڈیٹ فارم" کو fill اور دستخط کر کے اپنی CNIC/NTN کی درست کاپی کے ساتھ متعلقہ CDC پارٹنیشن / CDC انویسٹر اکاؤنٹ سروسز (اگر شیئرز ہولڈنگ Book Entry Form میں ہو) یا کمپنی شیئرز رجسٹرار میسرز FAMCO ایسوسی ایٹس (پرائیویٹ) لمیٹڈ (اگر شیئرز ہولڈنگ Physical Form میں ہو) کو ارسال کریں۔

(i) شیئرز ہولڈرز کی تفصیلات	
شیئرز ہولڈر کا نام	
فولیو نمبر / CDS اکاؤنٹ نمبر	
کمپیوٹرائزڈ شناختی کارڈ نمبر (منسلک کاپی)	
موبائل / لینڈ لائن نمبر	

(ii) شیئرز ہولڈرز کے بینک کی تفصیلات	
بینک اکاؤنٹ کا نام	
انٹرنیشنل بینک اکاؤنٹ نمبر (IBAN)	
بینک کا نام	
برانچ کا نام اور پتہ	

درج بالا معلومات مکمل درست ہیں اور ان معلومات میں کسی بھی تبدیلی کی صورت میں شیئرز رجسٹرار کو فوری طور پر مطلع کیا جائے گا۔

- سال کے دوران آڈٹ کمیٹی کے چار اجلاس منعقد ہوئے جن میں ہر ڈائریکٹر کی حاضری کچھ اس طرح رہی:

اجلاسوں کی تعداد جن میں شرکت کی

ڈائریکٹر کا نام

4	مسٹر غفور مرزا
0	مسٹر ہیروشی سیمبا
0	مسٹر تو یو کی کونو
1	مسٹر میکس پیگاوا
1	مسٹر سوہیتشی کانیکو
3	مسٹر سائیبو پوٹسو کورا

کمپنی کے حصص میں تجارت

31 مارچ 2018ء کو ختم ہونے والے سال کے دوران ڈائریکٹرز، ایگزیکٹوز، ان کے اہل خانہ اور نابالغ بچوں نے کمپنی کے شیئرز میں کوئی کاروبار نہیں کیا۔ بورڈ آف ڈائریکٹرز نے سالانہ رپورٹ میں ”ایگزیکٹو“ کی اصطلاح کو بیان کرنے کیلئے جس حد کا تعین کیا ہے وہ اُن ملازمین پر مشتمل ہے جن کی سالانہ بنیادی آمدنی 1.2 ملین سے زیادہ ہے۔

کاروباری سماجی ذمہ داری / ماحولیاتی اثرات

کاروباری سماجی ذمہ داری کی تفصیلی رپورٹ بشمول ماحولیاتی انتظام کی رپورٹ کے صفحہ نمبر ۴۶ سے ۵۹ پر بیان کی گئی ہے۔

نان ایگزیکٹو ڈائریکٹرز کی پالیسی برائے معاوضہ کے اہم مندرجات

بورڈ آف ڈائریکٹرز کے چیئرمین اجلاسوں میں شرکت کی فیس کے ساتھ ساتھ مشاورت کی فیس کے بھی حقدار ہیں۔ نان ایگزیکٹو ڈائریکٹرز بشمول غیر جانبدار ڈائریکٹر (علاوہ ازیں غیر ملکی ڈائریکٹرز) صرف اور صرف اجلاسوں میں شرکت کی فیس کے حقدار ہیں۔

چیئرمین کا جائزہ

اس رپورٹ کے ساتھ چیئرمین کا جائزہ منسلک ہے جس میں کارکردگی، گزشتہ سال کے آپریٹنگ نتائج کے مقابلے میں نمایاں تبدیلی، نمایاں منصوبے، فیصلے اور مستقبل کی پیش بینی شامل ہے۔ بورڈ چیئرمین کے جائزے کی توثیق کرتا ہے۔

بجلم بورڈ



ڈائریکٹر

مؤرخہ 29 مئی 2018

武藤

مینجنگ ڈائریکٹر اینڈ سی ای او

ختم ہونے والے مالی سال کے دوران اور یہ رپورٹ پیش کیے جانے تک مادی لحاظ سے یا وعدوں کی مد میں کوئی ایسی تبدیلیاں وقوع پذیر نہیں ہوئیں جو کمپنی کی مالی حیثیت پر اثر انداز ہوں۔

کارپوریٹ گورننس کے ضابطے میں شامل بہترین طرز عمل کے اصولوں پر عملدرآمد

اسٹاک ایکسچینج کے لسٹنگ ریگولیشنز میں شامل کوڈ آف کارپوریٹ گورننس کی شقوں کے بمطابق بورڈ کو یہ اعلان کرتے ہوئے خوشی ہو رہی ہے کہ کمپنی کی انتظامیہ کارپوریٹ گورننس کے اصولوں پر بہترین انداز سے عملدرآمد کر رہی ہے۔ کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک کے حوالے سے بورڈ کو اپنی ذمہ داریوں کا احساس ہے اور لہذا یہ بیان کیا جاتا ہے کہ:

- کمپنی کی انتظامیہ کی جانب سے تیار کردہ مالیاتی گوشوارے کمپنی کے حالات، اس کے آپریشنز کے نتائج، کیش فلوا اور ایکویٹی میں تبدیلی کی شفاف عکاسی کرتے ہیں۔
- کمپنی کے کھاتے مناسب انداز سے برقرار رکھے گئے ہیں۔
- مالی گوشوارے تیار کرنے کے عمل کے دوران اکاؤنٹنگ کی موزوں پالیسیوں پر عمل کیا جاتا ہے اور اکاؤنٹنگ کے اندازے ماہرانہ اور محتاط فیصلوں کے نتیجے ہوتے ہیں۔
- مالیاتی گوشواروں کی تیاری میں پاکستان میں قابل اطلاق اکاؤنٹنگ کے بین الاقوامی معیارات برقرار رکھے گئے ہیں۔
- ڈیزائن کے لحاظ سے انٹرنل کنٹرول کا نظام بہترین ہے اور اس پر موثر انداز سے عمل کیا جاتا ہے اور اس کی نگرانی بھی کی جاتی ہے۔
- کمپنی کی سرگرمیاں جاری رہنے کے حوالے سے کسی طرح کے شکوک و شبہات نہیں پائے جاتے۔
- لسٹنگ ریگولیشن میں تفصیلی طور پر درج کارپوریٹ گورننس کے بہترین طریقوں میں سے کوئی میٹرل ڈیپارچر نہیں ہے۔
- گزشتہ 6 سال کی سرگرمیوں اور ان کے مالیاتی گوشواروں کے متعلق تفصیلات صفحہ نمبر ۴۰ پر موجود ہیں۔
- 31 مارچ 2018ء تک کمپنی کے پراویڈنٹ، گریجویٹ اور پنشن فنڈز کی سرمایہ کاری کی مالیت یہ رہی۔

روپے "000" میں

219,072	ہینو پاک موٹرز لمیٹڈ ایمپلائز پراویڈنٹ فنڈ
196,929	ہینو پاک موٹرز لمیٹڈ ایمپلائز گریجویٹ فنڈ
348,565	ہینو پاک موٹرز لمیٹڈ ایمپلائز پنشن فنڈ

- سال کے دوران بورڈ کے چار اجلاس منعقد ہوئے جن میں ہر ڈائریکٹر کی حاضری کچھ اس طرح رہی:

اجلاسوں کی تعداد جن میں شرکت کی

ڈائریکٹر کا نام

3	مسٹر محمد اسلم سنجرائی
4	مسٹر تنسو ہی موتو
4	مسٹر پوشی ہیر وکونڈو
4	مسٹر تاناکا ہیٹسوساکی
3	مسٹر غفور مرزا
1	مسٹر میکوی سیگاوا
0	مسٹر ہیروشی سیمبا
0	مسٹر توئیو کی کونو
1	مسٹر سوہیشی کانیکو
2	مسٹر ساشیو یوسوکورا

منافع کا تصرف

تصرف کی تفصیلات مندرجہ ذیل ہیں:

31 مارچ 2018ء کو ختم ہونے والا سال

31 مارچ 2017ء کو ختم ہونے والا سال

روپے "000" میں

1,696,710	1,669,548	قبل از ٹیکس منافع
(576,809)	(520,173)	ٹیکس
1,119,901	1,149,375	بعد از ٹیکس منافع
31,048	41,997	اضافی فرسودگی (انکریمینٹل ڈیپریسیشن) اور پائیدار اثاثوں کی فروختگی کی مد میں، پائیدار اثاثوں کی قدر و قیمت کے تعین نو کے بعد سرپلس سے منتقل ہونے والی رقم
1,203	-	فروختگی کی مد میں پائیدار اثاثوں کی قدر و قیمت کے تعین نو کے بعد سرپلس سے حاصل ہونے والی رقم بعد از ڈیفروٹیکس
(19,067)	(16,610)	سال کے دوران دیگر جامع نقصانات
2,673,733	2,693,494	پیش آوردہ میں غیر مختص شدہ منافع
3,806,818	3,868,256	تصرف کیلئے دستیاب منافع
(1,113,324)	(839,890)	سال کے دوران ادا کیا جانے والا کیش ڈیویڈنڈ
2,693,494	3,028,366	غیر مختص شدہ منافع جو میزان میں آگے لے جایا گیا (کیری فارورڈ)
Rs. 90.31	Rs. 92.69	فی حصص آمدنی

ڈیویڈنڈ

بورڈ آف ڈائریکٹرز نے 29 مئی 2018 کو منعقدہ اپنے اجلاس میں فی شیئر کے حساب سے 69.52 روپے کے نقد منافع کی تجویز پیش کی (2017 میں فی شیئر منافع 67.73 روپے تھا) جس کی کل مالیت 862.09 ملین روپے ہوگی (2017 میں یہ مالیت 839.89 ملین روپے تھی) اور یہ کمپنی کے آئندہ سالانہ عام اجلاس میں ممبران کی منظوری سے مشروط ہے۔ Rs.287.29 ملین کا غیر منقسم منافع کمپنی کے آمدن کے ذخائر میں جمع ہو جائے گا۔

آڈیٹرز کا تقرر

موجودہ آڈیٹرز، میسرز ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس اپنے کام سے سبکدوش ہو رہے ہیں اور اہل ہونے کی حیثیت سے خود کو دوبارہ تقرر کیلئے پیش کرتے ہیں۔ ڈائریکٹرز نے میسرز ایف فرگوسن اینڈ کمپنی کو 31 مارچ 2019ء کو ختم ہونے والے مالی سال کیلئے آڈیٹرز کو ان شرائط اور معاوضہ پر جن کا بعد میں تعین کیا جائے گا مقرر کرنے کے حوالے سے آڈٹ کمیٹی کی سفارشات کی توثیق کی ہے۔

شیئر ہولڈنگ پیٹرن

ضابطہ برائے کارپوریٹ گورننس کے مطابق شیئر ہولڈنگ کا پیٹرن اور اس ضمن میں مطلوبہ اضافی معلومات بالترتیب صفحہ نمبر 96 اور 97 پر موجود ہیں۔

ہولڈنگ کمپنی

19 اکتوبر 1998ء سے ہیونموٹرز لمیٹڈ جاپان، ہیونپاک موٹرز لمیٹڈ کی ہولڈنگ کمپنی ہے اور کمپنی میں اس کے حصص کی تعداد 59.3 فیصد ہے۔

کمپنی کی بنیادی سرگرمیاں

ہینوپاک موٹرز لمیٹڈ بطور پبلک لمیٹڈ کمپنی قائم ہوئی اور پاکستان اسٹاک ایکسچینج میں لسٹڈ ہے۔ اسمبلی، پروگریسو مینوفیکچرنگ اور ہینو برانڈ کی بسوں اور ٹرکوں کی فروخت کمپنی کی بنیادی سرگرمی ہے۔

کمپنی کی کاروباری کارکردگی اور بڑھوتری

PKR ملین			
تبدیلی	مارچ 2017	مارچ 2018	
18.41%	22,477	26,615	فروخت
17.84%	(20,011)	(23,581)	قیمت فروخت
23.03%	2,466	3,034	خالص منافع
32.19%	1,777	2,349	آپریٹنگ منافع
2.59%	1,120	1,149	بعد از ٹیکس منافع

ہینوپاک موٹرز لمیٹڈ اپنے صارفین کو معیاری کمرشل وہیکلز کی فراہمی کے لئے پرعزم ہے۔ کمپنی کا ہدف اپنے مارکیٹ شیئر کو بڑھانے کے لئے جارحانہ کاروباری موقف کو برقرار رکھنا ہے اور اس ضمن میں برینڈ کو بہتر سے بہتر بنانے کے لئے سرمایہ کاری کرنا ہے۔ کمپنی کے کاروباری نتائج اسکے لوگوں کے بھرپور عزم اور محنت کے مظہر ہیں جس میں ہمارے صارفین، سپلائرز، خدمات فراہم کرنے والے اور شیئر ہولڈرز کا ٹوٹ بھروسہ بھی شامل ہے۔

اکاؤنٹنگ پالیسی میں تبدیلی

رواں سال پائیدار اثاثوں کی قدر و قیمت کے تعین کے بعد حاصل سرپلس کی اکاؤنٹنگ پالیسی کو تبدیل کر کے اکویٹی کے حصے کے طور پر دکھایا گیا ہے جسکی بناء پر مالیاتی گوشواروں کو دوبارہ ترتیب دیا گیا ہے۔ یہ تبدیلی اس بناء پر ہوئی ہے کہ کمپنیز آرڈینینس 1984ء کی پائیدار اثاثوں کی قدر و قیمت کے تعین کے بعد حاصل سرپلس کو علیحدہ لائن آئٹم کے طور پر دکھانے والی ریگولیشن کو کمپنیز ایکٹ 2017ء میں کیری فارورڈ نہیں کیا گیا ہے اور انٹرنیشنل اکاؤنٹنگ اسٹینڈرڈ (IAS-16) کے طریقے کے ساتھ ہم آہنگ کر دیا گیا ہے۔ نتیجاً 31 مارچ 2017 اور 31 مارچ 2016ء کا شیئر کیپیٹل اور ریزرو (مجموعی طور پر ایکویٹی) بالترتیب 1.65 بلین اور 1.19 بلین سے بڑھ گیا ہے۔ علاوہ ازیں پائیدار اثاثوں کی قدر و قیمت کے تعین کے بعد حاصل سرپلس بعد از ٹیکس کی مد میں 491.83 ملین کا منافع مالی سال 31 مارچ 2017 کی دیگر جامع آمدنی میں انٹرنیشنل اکاؤنٹنگ اسٹینڈرڈ 16 کے تحت ریکارڈ کیا گیا ہے۔

بنیادی خطرات اور غیر یقینی صورتحال

باوجود اس حقیقت کے کہ مالی صورتحال پچھلے چند سالوں میں بہترین رہی اور کمپنی نے کامیابی کے ساتھ تمام تر کاؤٹوں کو عبور کرتے ہوئے کامیابی کی جانب اپنا سفر جاری رکھا پھر بھی مسابقت اور زرمبادلہ کی شرح کمپنی کے مستقبل کے مالیاتی گوشواروں پر اثر انداز ہونے والے اہم عوامل ہونگے۔

ڈائریکٹرز رپورٹ

31 مارچ 2018ء کو ختم ہونے والے سال کیلئے کمپنی کے آڈٹ شدہ مالیاتی گوشواروں کے ساتھ یہ رپورٹ پیش کرنا ڈائریکٹرز کیلئے باعث مسرت ہے۔

31 مارچ 2018ء کو کمپنی کا بورڈ آف ڈائریکٹرز مشتمل ہے:

ڈائریکٹرز کی کل تعداد	
(ا) مرد	09
(ب) عورت	-

ساخت	
(ا) غیر جانب دار ڈائریکٹر	01
(ب) دیگر نان ایگزیکٹو ڈائریکٹرز	05
(پ) ایگزیکٹو ڈائریکٹرز	03

31 مارچ 2018ء کو ڈائریکٹرز کے نام درج ذیل ہیں:

- مسٹر محمد اسلم سنجرائی
- مسٹر تنسو ہی موتو
- مسٹر یوشی ہیرو کوئندو
- مسٹر غفور مرزا
- مسٹر تاجی ہینو ساسا کی
- مسٹر میکو سیدگاوا
- مسٹر ساشیو یوسوکورا
- مسٹر ہیروشی سیمبا
- مسٹر سوئیچی کانیکو

بورڈ میں تبدیلیاں

جناب تاجی سیمبا، جناب ایچیو یامانا کا اور جناب تو یو کی کونو کے استعفیٰ کی وجہ سے دوران سال تین غیر متوقع نشستیں واقع ہوئیں جنہیں رواں ڈائریکٹرز کی جانب سے جناب سوئیچی کانیکو، جناب ہیروشی سیمبا اور جناب ساشیو یوسوکورا کی بطور ڈائریکٹر تقرری کے ذریعے 90 دن کے اندر پر کر لیا گیا۔ سال گزرنے کے بعد جناب ساشیو یوسوکورا اور میکو سیدگاوا کے استعفیٰ کی وجہ سے دو غیر متوقع نشستیں واقع ہوئیں جنہیں رواں ڈائریکٹرز کی جانب سے ستوشی سیمبا اور جناب ماکو سیمسوی کی بطور ڈائریکٹر تقرری کے ذریعے 90 دن کے اندر پر کر لیا گیا۔

بورڈ کی کمیٹیاں

بورڈ نے آڈٹ کمیٹی اور افرادی قوت و معاوضہ کے نام سے دو ذیلی کمیٹیاں بنائی ہیں۔ دونوں کمیٹیوں کی ساخت صفحہ نمبر ۲۲ پر بیان کی گئی ہے۔

ہمارا عزم

کمرشل و ہیکل انڈسٹری کی متوقع توسیع اور مستقبل میں بے تحاشہ نشوونما کے مواقع کو دیکھتے ہوئے، کمپنی نے طویل المدت پائیدار کامیابی کی بنیاد رکھ دی ہے اور عزم یہ ہے کہ کمپنی ہمیشہ کی طرح اپنی قابل بھروسہ پروڈکٹ رینج اور بے مثال بعد از فروخت تعاون کے ساتھ اپنے صارفین کو سہولیات بہم پہنچاتے ہوئے اپنی مارکیٹ لیڈرشپ کو مزید مستحکم کرے گی۔

اظہار تشکر

بورڈ آف ڈائریکٹرز کی طرف سے، میں ہمارے شیئر ہولڈرز کا، انکے مطلق اعتماد، ہمارے فروخت کنندگان اور فراہم کنندگان کا، معیاری سپلائرز کو قائم و دائم رکھنے، ہماری سرپرستی اور منسلک کمپنیز، ہینوموٹرز لمیٹیڈ اور ٹویٹا سوشوکار پوریشن کا، انکے مسلسل تعاون، ہمارے قابل قدر صارفین کا، انکی کمپنی کی شاندار پروڈکٹ لائن پر بے نظیر انحصار، ریگولیشنز بشمول وفاقی و صوبائی حکومتوں کا، انکی سرپرستی اور ہمارے ڈیلرز، بینکرز اور دیگر بزنس پارٹنرز کا، ہم پر پختہ یقین رکھنے کے لئے دل کی اتھاہ گہرائیوں سے شکریہ ادا کرتا ہوں اور خوب سراہتا ہوں۔ یہ تمام کامیابیاں جو ہم نے رواں سال حاصل کی ہیں، اجتماعی کوششوں کے بغیر ممکن نہیں تھیں۔ میں بورڈ آف ڈائریکٹرز کو انکی شاندار اعانت پر، انتظامیہ کو انکی مستقل اور انتھک کوششوں کے لئے اور سب سے بڑھ کر ہماری قابل ستائش افرادی قوت کو جنکی غیر معمولی کوششوں اور کارکردگی کے بغیر بے مثال نتائج کا حصول ممکن نہیں تھا، تہہ دل سے ہدیہ تشکر پیش کرتا ہوں۔

اسی "اتحاد اور یگانگت" کے ساتھ ہینوپاک موٹرز لمیٹیڈ کی کامیابی جاری و ساری رہے۔



محمد اسلم سنجرانی

چیرمین

مؤرخہ 29 مئی 2018

کمپنی کے مقاصد کے حصول میں بورڈ کی کارکردگی اور کردار

ہر انفرادی ڈائریکٹر کے ردعمل کی بنیاد پر اور اسکے ذریعے تشخیص کردہ مضبوط نتائج کی روشنی میں، بورڈ کی اوسط درجہ بندی، انفرادی ڈائریکٹرز اور کمیٹیوں کی کارکردگی اطمینان بخش اور موثر پائی گئی جیسا کہ کمپنی کی بہترین کارکردگی سے بھی عیاں ہے۔ مزید برآں، بورڈ کمپنی کے مقاصد کے حصول میں جزیلا نینفک کا کردار ادا کرتا ہے اور اس سلسلے میں مشاہدہ، رہنمائی، مبنی بر حکمت ہدایت، حکمت عملی کی ارزیابی اور انتظامیہ کی طرف سے لئے گئے اقدامات اور کمپنی کی کارکردگی کی نگرانی کی فراہمی جیسی خدمات فراہم کرتا ہے۔

اسکے علاوہ بورڈ کے ممبران کمپنی کے مقاصد کی طرف اعانت کی غرض سے درج ذیل کلیدی سرگرمیاں بھی بجالاتے ہیں:

- بورڈ کے تمام اجلاس میں شریک ہوتے ہیں تاکہ ان کاروائیوں میں بھرپور طور پر شریک ہوں، جس میں مختلف مبنی بر حکمت مباحث ہوتے ہیں۔
- یقین دہانی کراتے ہیں کہ کمپنی تمام انضباطی شرائط اور بہترین طور طریقوں کی پاسداری کرتی ہے۔
- پوری مستعدی سے کمپنی کی عملی اور مالیاتی کارکردگی کی نگرانی اور تشخیص کرتے ہیں کہ کہیں وہ تفویض کردہ مقاصد، منصوبوں اور بجٹ کے خلاف تو نہیں جارہے ہیں۔
- یقینی بناتے ہیں کہ کمپنی اپنی پائیداری کی حکمت عملی کے نفاذ میں، جو سماجی، معاشی اور ماحولیاتی عناصر پر مبنی ہے، پُر عزم ہے۔
- بڑے اخراجات سرمایہ کے منصوبوں پر باریک بینی سے نگرانی کرتے اور رہنمائی فراہم کرتے ہیں۔
- یقینی بناتے ہیں کہ انٹرنل کنٹرول سسٹم (بشمول عملی اور مالیاتی کنٹرولز) مناسب ہے۔

مستقبل کی توقعات

پاکستان کے مجموعی معاشی اشارے بہت ہی مثبت ہیں۔ مختلف عوامل جیسے کہ قابو یافتہ افراط زر، سی پیک منصوبوں کی تیزی سے تکمیل، بہتر ہوتا ہوا انفراسٹرکچر، امن وامان کی پائیدار صورتحال، بڑھتی ہوئی بینک فائینسنگ، سود کی کمتر شرحیں کو زرخور لاتے ہوئے یہ کہا جاسکتا ہے کہ مجموعی طور پر مستقبل کی معاشی نمو کافی امید افزا ہے۔ نتیجتاً کمرشل وہیکل انڈسٹری کے لئے بھی کاروباری نشوونما کے بڑے مواقع کی توقع کی جاسکتی ہے۔

تاہم مالی سال کے دوسرے نصف میں، پاکستانی روپے میں اچانک کمی آگئی جس کے نتیجے میں کئی صنعتوں نے زرمبادلہ کے بھاری نقصانات برداشت کئے جسکی وجہ سے ان صنعتوں کے بعد از ٹیکس منافع پر منفی اثرات مرتب ہوئے۔ لہذا زرمبادلہ کے منفی فرق (نتیجتاً بلند تر پیداواری لاگت)، سیاسی عدم استحکام، حریفوں کی جانب سے شدید مقابلہ، عبوری حکومت، انتخابی دورانیہ اور نئی بننے والی حکومت کے استحکام جیسے عوامل، ہماری معیاری مصنوعات اور خدمات جو پائیدار اور مستحکم قیمت پر مہیا کی جاتی ہیں، پر منفی اثرات مرتب کریں گے۔ یہ تمام مسائل وہ اہم چیلنجز ہیں جو کہ کمپنی کو مستقبل میں درپیش ہونگے۔ مزید برآں حال ہی میں اعلان کردہ حکومتی بجٹ میں لئے گئے تازہ ترین اقدامات بھی کمپنی کو ممکنہ طور پر متاثر کر سکتے ہیں جیسا کہ نان فانلر کے لئے گاڑیوں کے اندراج پر پابندی اور اضافی کسٹم ڈیوٹی کا نفاذ وغیرہ جیسے اقدامات کمپنی کی مجموعی فروختگی پر اثر انداز ہو سکتے ہیں۔

زرمبادلہ کی شرح میں بھاری بھر کم فرق اور دیگر خطرات کے باوجود، انتظامیہ پُر عزم ہے کہ کمپنی انتہائی عمدہ اور اعلیٰ پروڈکٹس اور سروسز کی فراہمی کے ذریعے اپنی مارکیٹ لیڈر شپ کے تسلسل کو قائم و دائم رکھے گی۔

فروع انسانی وسائل

ہینوپاک میں ہمارا سب سے گراں قدر وسیلہ "انسانی وسیلہ" ہے۔ چنانچہ پیش بین ادارے کی حیثیت سے، ہینوپاک مسلسل سیکھتے رہنے کی ثقافت کی پرورش کرتا ہے اور اس لئے ہمیشہ مسابقتی منڈی میں انتہائی اعلیٰ افرادی قوت کے فروغ پر توجہ مرکوز رکھتا ہے۔ دوران سال کئی آن جاب ٹریننگز، رسمی وغیر رسمی تعلیمی نشستیں، ان ہاؤس اور عوامی پروگرامز، غیر ملکی ٹریننگز، معیار کی بہتری پر توجہ کرنا، لیڈرشپ اور مینجمنٹ ڈویلپمنٹ، پروفیشنل اسکولز، ٹیکنیکل اسکولز اور لائف اسکولز (یعنی سافٹ اسکولز) اور پروسیس امپرومنٹ کا اہتمام بھی کیا گیا اور مجموعی طور پر 22,000 ٹریننگ مین آؤرز حاصل کئے گئے۔ یہ تمام اقدامات کمپنی کے اپنے لوگوں کی تربیت کو فروغ دینے کے جذبے کی بھرپور عکاسی کرتے ہیں۔

پیشہ وارانہ صحت و حفاظت

ہینوپاک میں ہم تہہ دل سے یقین رکھتے ہیں کہ "Safety First is Safety Always"۔ اس لئے ہم اپنے ملازمین اور دیگر دلچسپی رکھنے والے فریقین کے لئے ایک محفوظ اور صحت افزا کام کرنے کے ماحول کو فروغ دینے اور اسے برقرار رکھنے کے لئے کوشاں ہیں۔

دوران سال، کمپنی نے "سیفٹی ڈیویژن" میں کئی تحفظ آگہی نشستوں کا اہتمام کیا، جہاں ملازمین کو کام سے متعلق خطرات کا "First Hand Feel" فراہم کیا گیا۔ اسکے علاوہ ماحولیاتی آگہی کے فروغ کی غرض سے، "درخت لگاؤ" سرگرمی کا اہتمام بھی کیا گیا جس کے تحت مختلف سرکاری اسکولوں میں 1200 درخت لگائے گئے۔

صحت سے متعلق مسائل کی آگہی کو بڑھانے کے لئے مختلف صحت آگہی نشستوں کا انعقاد کیا گیا جیسے "موٹاپا اور زیادہ وزن" اور "کام کی جگہ پر دباؤ اور متعلقہ دل کی بیماریاں" وغیرہ۔ اعلیٰ انتظامیہ نے بھی اپنے عزم کی عکاسی کرتے ہوئے شاپ فلور پر وقتاً فوقتاً سیفٹی گامبا (انسپیکشن) کا انعقاد کیا تاکہ کام کی جگہ کے حفاظتی مسائل کا اپنی آنکھوں سے جائزہ لیں اور مختلف ماحولیاتی، حفاظتی اور صحت آگہی پروگرامز میں شرکت کی۔

قومی خزانے کی طرف حصہ

کمپنی نے اس سال تقریباً 3.2 ارب روپے ٹیکسز، ڈیویڈنڈ اور سیس کی مد میں حکومت کو ادا کئے۔

ادارہ جاتی نظم و نسق (کارپوریٹ گورننس)

بورڈارزیابی

لٹڈ کمپنیز (ضابطہ ادارہ جاتی نظم) ریگولیشنز، 2017 کی شرائط کی پیروی میں، ایک باضابطہ اور موثر میکانیزم، بورڈ، ممبران اور بورڈ کی ذیلی کمیٹیوں کی سالانہ ایویلیویشن کے لئے قائم ہے۔ بورڈ کی جانب سے قائم کردہ میکانیزم "Comprehensive Self Evaluation Questionnaires"، یعنی "خود تشخیصی ارزیابی جامع سوالناموں" پر مشتمل ہے۔ مذکورہ سوالنامے درج ذیل بنیادی نکات کا احاطہ کرتے ہیں۔

- بورڈ اور کمیٹیوں کی تشکیل اور وسعت وغیرہ
- حکمت عملی اور منصوبہ بندی
- اخلاقیات اور پاسداری
- قیادت اور پیشہ ورانہ نشوونما
- کمپنی کی کارکردگی کی پیمائش اور نگرانی
- بورڈ کی مجموعی موثریت

کاروباری طریقہ عمل کی بہتری اور پروڈکٹ کی فروغ و ترقی

پروڈکٹ کے بھروسے کو برقرار رکھنے کے غرض سے کسی بھی ادارے کے لئے یہ انتہائی اہم ہوتا ہے کہ وہ اسکی متعلقہ ٹیکنالوجی اور کاروباری طریقہ عمل کو مسلسل ترقی دیتا رہے تاکہ وہ اپنے حریفوں سے سبقت لے جائے۔ اس بات کو مدنظر رکھتے ہوئے ہینوپاک ہمیشہ یقین رکھتا ہے اور کوشش کرتا ہے کہ جدید ترین اور تازہ ترین پروڈکٹ ڈویلپمنٹ ٹیکنیکس کو بروئے کار لا کر صارفین کے ساتھ، انکی ضروریات کی تکمیل کرتے ہوئے ایک صحت مند تعلق استوار رکھا جائے۔

ہینوپاک کی توجہ ہمیشہ بلند و اعلیٰ معیارات کے حصول پر اور موجودہ طریقہ کار میں قدر افزودگی کرنے پر مرکوز رہتی ہے۔ اسی لئے دوران سال کمپنی نے 68 ملین روپے کی سرمایہ کاری اپنے پروڈکشن پروسس کو بہتر بنانے کے لئے کی ہے۔

کمپنی کی جانب سے معیار کی اہمیت کو مزید فروغ دینے کے لئے دسمبر 2017 میں کراچی میں ایک ”وینڈرز کنونشن“ کا انعقاد کیا گیا۔ اس تقریب کا عنوان ”اچیونگ گلوبل اسٹینڈرڈ“ رکھا گیا تھا تاکہ کاروباری پائیداری کے لئے عالمی معیار کے چیلنجز کی تکمیل پر سنجیدگی سے غور کیا جائے۔

بعد از فروخت تعاون

ہینوپاک میں ہم کامل یقین رکھتے ہیں کہ ہماری کامیابی ہمارے صارف کے اطمینان پر منحصر ہے۔ اس لئے کمپنی اپنی زیادہ تر کوششیں اپنی بے مثال بعد از فروخت خدمت کی فراہمی کے ذریعے، صارفین کو سہولیات مہیا کرنے پر مرکوز رکھتی ہے۔ ہینوپاک صارف سے متحرک کردہ حکمت عملی پر عمل کرتی ہوئی کمپنی ہے، اس لئے ہمارا مقصد اپنے صارفین کو ملک گیر ڈیلرشپ نیٹ ورک کے ذریعے ”مکمل تعاون“ کی فراہمی ہے۔

کسٹمر کے اطمینان کی روایت کے تسلسل کو جاری رکھتے ہوئے ”Knocking the Door“ پروڈیکٹ دوران سال بھی جاری رہا جس میں 2,500 سے زائد صارفین سے ملاقات کی گئی۔

ہماری خدمات اور صارف کی ضروریات کی تکمیل کی کوششوں اور صارف کے اعتماد کے نتیجے میں رواں سال پارٹس کی سیلز (پرزہ جات کی فروخت) بلند ترین کارکردگی کی صورت میں ظاہر ہوئی جس نے سابقہ تمام ریکارڈ توڑ دیئے۔

دیگر اہم اقدامات میں ڈیلرز ٹیکنیکل اسٹاف کے لئے اسکل کا ٹیسٹ، فری سروس کیمپ، ایکوڈرائیو سیمینارز اور صارفین کی آگاہی برائے سروس، دیکھ بھال اور جینین پارٹس کے لئے تربیتی اجلاس کا انعقاد شامل ہیں۔ علاوہ ازیں ڈیلرز کی کارکردگی کو سراہنے اور اسے تسلیم کرنے کی غرض سے دوران سال ایک ڈیلرز کانفرنس بھی منعقد کی گئی۔

ادارہ جاتی سماجی ذمہ داری (CSR)

احساس ہمدردی کے بغیر کوئی معاشرہ، معاشرہ نہیں کہلاتا۔ اس لئے ”اخلاقیات“ آج کی کاروباری دنیا کا ایک نیا مسابقتی ماحول ہے۔ معاشرے کو واپس کرنے کی مستحکم روایت و وراثت کے ساتھ، کمپنی نے ہمیشہ سی ایس آر کو ایک تخلیقی موقع تصور کیا ہے جس سے نہ صرف کاروبار کی بنیاد کو مستحکم کیا جائے بلکہ اس کے ساتھ ساتھ معاشرے کی اعانت بھی کی جائے۔ کمپنی نے اس سال بھی ”دارال سکون“ کو ماہانہ اعانت فراہم کرتے ہوئے، پسماندہ طبقے کی مدد کی اپنی روایت کو جاری رکھا اور اس کے علاوہ ”دی سٹیٹن فاؤنڈیشن“ کو ایک بس بھی ہدیہ کی ہے۔

دیگر فلاحی سرگرمیوں میں شعبہ تعلیم میں مدد کرنا بھی شامل ہے۔ جس میں ضرورت مند طلبہ کے لئے وظائف، انٹرن شپ، ریسرچ پروڈیکٹ، صنعتی دورے، سرکاری اسکولوں کے بچوں کے لئے کمپیوٹر خواندگی پروگرام، روڈ سیفٹی آگہی مہمات برائے تعلیمی ادارہ جات، سرکاری اسکولوں کے لئے بہتر سہولیات کی فراہمی کا پروگرام، انجینئرنگ طلباء کے لئے ٹیکنیکی اعانت، فری میڈیکل کیمپس اور بچوں کے لئے ”Learn & Fun“ سمر کیمپ شامل ہیں۔

بعد از ٹیکس منافع

کمپنی ایک بار پھر پچھلے سال کے 1,119 ملین روپے کے منافع بعد از ٹیکس کے مقابلے میں 1,149 ملین کے اب تک کے سب سے بلند منافع بعد از ٹیکس کے اندراج سے اپنی کارکردگی کی سطح کو بلند کرنے میں کامیاب رہی۔ گزشتہ سال کے 90.31 روپے کے مقابلے میں اس سال فی حصص منافع 92.69 روپے تک بڑھ گیا۔

سرمایہ جاتی اخراجات (کیپٹل ایکسپنڈیچر)

کمپنی نے اپنی اشیاء سرمایہ میں 254 ملین کی سرمایہ کاری کی ہے تاکہ بلند تر تحفظ اور اعلیٰ معیارات کی حوصلہ افزائی ہو اور پیداوار اور ایڈوانس ٹیکنالوجی کو بڑھا دیا جائے۔

نقدی کا بہاؤ اور عبدلی اثاثوں کی نظم کاری

تجارتی قرضہ جات کی بروقت وصولی اور حجم ہائے فروخت میں اضافہ کے ذریعے کمپنی نے عملی سرگرمیوں سے 2,867 ملین روپے تشکیل کئے اور 254 ملین روپے کے اخراجات سرمایہ برداشت کئے۔ کمپنی نے 581 ملین روپے مالیت کے ٹیکسز بھی ادا کئے۔ نقد اور مساوی نقد میں اضافہ 1,967 ملین روپے رہا۔

منافع منقسمہ (ڈیویڈنڈ)

کمپنی کی حالیہ متاثر کن کامیابیوں کو مد نظر رکھتے ہوئے، بورڈ آف ڈائریکٹرز نے 75% کے بعد از ٹیکس منافع کو بطور منافع منقسمہ کی تجویز پیش کی ہے تاکہ شیئر ہولڈرز کو 69.52 روپے فی حصص منافع منقسمہ دیا جائے جو پچھلے سال مقابلتاً 67.73 روپے فی حصص تھا۔

اشیاء سازی کی سہولیات

چیس اسمبلی ڈویژن (چیس اسمبلی کا شعبہ)

ادارے کے بڑے کاروباری مقاصد میں سے ایک یہ ہے کہ بے انتہا کوششوں سے انکے متعلقہ میدان میں اشیاء سازی میں فن کمال حاصل کیا جائے۔ چیس اسمبلی ڈویژن (سی اے ڈی) جو کہ کمپنی کی اہم کاروباری اکائی ہے، نے عصر حاضر کی ٹیکنالوجیز اور تیکنیکس پر توجہ اور اسکے استعمال کے ذریعے ہمارے گراں قدر صارفین کے لئے اعلیٰ معیاری چیس پیدا کرنے میں بنیادی کردار ادا کیا ہے۔ ہماری غیر معمولی پیداواری سہولیات کے ساتھ ہماری انتھک کوششوں کے نتیجے میں ریکارڈ توڑ پیداواری حجم حاصل ہوا ہے، جو کہ گزشتہ سال میں 3,750 یونٹس (چیس) کے مقابلے میں اس سال 4,495 یونٹس (چیس) رہا۔ اسکے علاوہ 10,229 آئی ایم وی (ہائی لکس) فریزر بھی انڈس موٹرز کمپنی کے لئے تیار کئے گئے۔

باڈی مینوفیکچرنگ ڈویژن (باڈی بنانے کا شعبہ)

دوران سال بی ایم ڈی نے مختلف جسامت اور خصوصی اقسام کی 498 باڈیز تیار کی۔ علاوہ ازیں اشیاء سازی کے جدید ترین طور طریقے استعمال میں لائے جا رہے ہیں تاکہ پلانٹ کی پیداواری صلاحیت میں مسلسل اضافہ ہوتا رہے۔

یہاں پر یہ بات بھی قابل ذکر ہے کہ ہینوپاک واحد کمرشل وہیکل کمپنی ہے جس کے پاس پاکستان میں اس کے چیس اسمبلی ڈویژن (سی اے ڈی) کے ساتھ ساتھ دو جدید کے تقاضوں کے عین مطابق باڈی مینوفیکچرنگ کی سہولت بھی موجود ہے۔

چیمبر میں کا جائزہ

میں کمپنی کے تینتیسویں سالانہ اجلاس عام میں آپ سب کو خوش آمدید کہتا ہوں۔ یہ میرے لئے بڑا اعزاز ہے کہ میں 31 مارچ 2018 کو ختم ہوئے سال کے لئے کمپنی کی امتیازی کارکردگی پر جائزہ پیش کر رہا ہوں۔

یہ اعلان کرتے ہوئے مجھے انتہائی خوشی ہے کہ کمپنی نے لگاتار پانچویں سال کے لئے بھی سابقہ ریکارڈ سے سبقت لے جاتے ہوئے 1,149 ملین روپے کماتے ہوئے اب تک کا سب سے بلند ترین منافع حاصل کر لیا ہے۔

بلند ترین منافع کے حصول کے علاوہ کمپنی نے پیداوار اور حجم ہائے فروخت کے ریکارڈ توڑ سنگ میل بھی عبور کئے ہیں۔ اسکے ساتھ ساتھ کمپنی تجارتی گاڑیوں کی صنعت میں اپنی مارکیٹ لیڈر شپ بھی مسلسل برقرار رکھے ہوئے ہے۔ مجموعی طور پر ہم سب نہایت ہی خوش اور پُر جوش ہیں۔

ہینو پاک برنس

مارکیٹ شیئر اور فروختگی

مسلسل حوصلہ افزا معاشی اشاروں کے دور میں، پاکستان کی تجارتی گاڑیوں کی صنعت بھی گاڑیوں کی بے تحاشہ طلب کے مشاہدے سے، دن بدن وسیع تر ہوتی ہوئی منڈی کے ساتھ مسلسل ترقی کی علامات ظاہر کر رہی ہے۔ زرمبادلہ کے ناخوشگوار فرق اور نئے حریفوں سے سخت مقابلے کے باوجود، کمپنی نے مارکیٹ لیڈر کے طور پر اپنی اہمیت اور ساکھ کو برقرار رکھا ہے۔ ٹرک کے شعبے میں، کمپنی نے 43% شیئر کے ساتھ مارکیٹ پر غلبہ رکھا، مزید برآں بس کے شعبے میں، کمپنی 38% کے شیئر کے ساتھ مارکیٹ پر چھائی رہی۔ اسی طرح کمپنی نے پچھلے سال کے 22,477 ملین روپے کے مقابلے میں 26,615 ملین روپے محصولات فروخت حاصل کرتے ہوئے اب تک کا فروختگی کا بلند ترین سنگ میل بھی عبور کر لیا ہے۔

خالص منافع

پچھلے سال کے 2,466 ملین روپے کے مقابلے میں اس سال کمپنی نے خالص منافع 3,034 ملین روپے کمایا۔

تقسیم کاری اور انتظامی اخراجات

پچھلے سال کے 813 ملین روپے کے مقابلے میں اس سال ڈسٹری بیوشن اور انتظامی اخراجات 861 ملین روپے رہے۔

مالیاتی اخراجات (فنانس کاسٹ)








مالی سال کی آخری سہ ماہی میں امریکی ڈالر کی قدر میں اضافے کے نتیجے میں پچھلے سال کے 51 ملین روپے کے زرمبادلہ کے نقصان کے مقابلے میں رواں سال 637 ملین روپے کا بھاری نقصان اٹھانا پڑا۔



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