

HONDA
The Power of Dreams

ANNUAL REPORT 2019

Honda Atlas Cars (Pakistan) Limited



FIRST TIME IN PAKISTAN

CIVIC RS
TURBO

UNLEASH THE POWER



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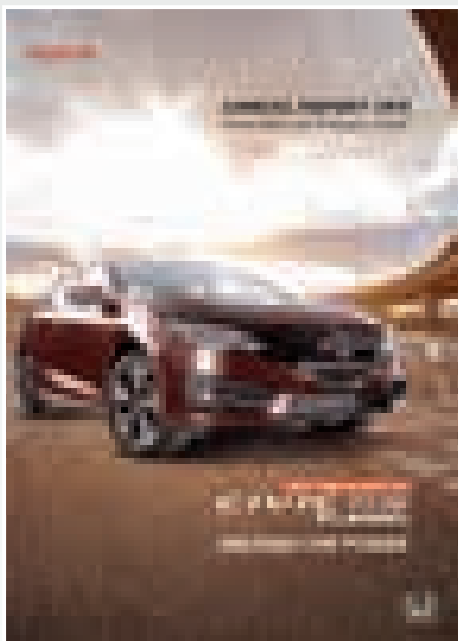
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About the Cover

The annual report title portrays the new release of Honda Civic RS Turbo, launched for the first time in Pakistan with improved and cutting edge features. Larger than life car visual is so appealing that it makes you go for the drive.

Vision Statement

Striving to be a Company that society wants to exist by sharing joys with people throughout the world.

Creating products that maximize the joy of customers with speed, affordability and low CO₂.

Company Information

Board of Directors

Mr. Yusuf H. Shirazi	Chairman
Mr. Hironobu Yoshimura	President / CEO
Mr. Aamir H. Shirazi	Director & Senior Advisor
Mr. Kenichi Matsuo	Executive Director / VP (P)
Mr. Akira Murayama	Director
Mr. Kazunori Shibayama	Director
Mr. M. Feroz Rizvi	Independent Director
Ms. Mashmooma Zehra Majeed	Independent Director
Ms. Rie Mihara	Independent Director

Company Secretary

Mr. Maqsood-ur-Rehman Rehmani

Chief Financial Officer

Mr. Ahmad Umair Wajid

Audit Committee

Mr. Feroz Rizvi	Chairman
Mr. Aamir H. Shirazi	Member
Mr. Akira Murayama	Member
Ms. Mashmooma Zehra Majeed	Member
Mr. Kazunori Shibayama	Member

Human Resource and Remuneration Committee

Ms. Mashmooma Zehra Majeed	Chairperson
Mr. Aamir H. Shirazi	Member
Mr. Hironobu Yoshimura	Member
Mr. Kenichi Matsuo	Member
Mr. Akira Murayama	Member

Executive Committee

Mr. Hironobu Yoshimura
Mr. Kenichi Matsuo
Mr. Maqsood-ur-Rehman Rehmani

Head of Internal Audit

Mr. Hamood-ur-Rahman

Bankers

Citibank N.A.
Deutsche Bank AG
Faysal Bank Limited
Habib Bank Limited
MCB Bank Limited
National Bank of Pakistan
Soneri Bank Limited
Standard Chartered Bank (Pakistan) Limited
United Bank Limited

Auditors

M/s A. F. Ferguson & Co.
Chartered Accountants

Legal Advisor

Cornelius, Lane & Mufti
Bokhari Aziz & Karim

Registered Office

1-Mcleod Road, Lahore, Pakistan.
Tel: +92 42 37225015-17
Fax: +92 42 37233518

Factory

43 Km, Multan Road,
Manga Mandi, Lahore, Pakistan.
Tel: +92 42 35384671-80
Fax: +92 42 35384691-92
E-mail: info@honda.com.pk

Regional Offices

LAHORE

Asia House,
19-C&D, Block L, Gulberg III,
Main Ferozepur Road.
Tel: +92 42 35694851-53
Fax: +92 42 35694854

KARACHI

C16, KDA Scheme No. 1,
Karsaz Road.
Tel: +92 21 34305411-3
Fax: +92 21 34305414

Board of Directors



Mr. Yusuf H. Shirazi

Chairman

Mr. Shirazi is a Law Graduate (LLB) with BA (Hons.) and JD (Diploma in Journalism) from Punjab University with Role of Honour and AMP Harvard. He served in the financial services of the Central Superior Services of Pakistan for eight years where he authored 50 reports as to how the businesses are carried and tax assessed.

He was an instructor in the Finance Services Academy on Law and Accounts. He is the author of seven books including "Aid or Trade" adjudged by the Writers Guild as the best book of the year and continues to be a Columnist, particularly on socio-politico-economic matters.

Mr. Shirazi is the Chairman of Atlas Group, which, among others, has joint ventures with Honda, GS Yuasa International and MAN to name a few. Mr. Shirazi has been the President of Karachi Chamber of Commerce and Industry for two terms. He has been the founder member of Karachi Stock Exchange, Lahore Stock Exchange and International Chamber of Commerce and Industry. He has been on the Board of Harvard Business School Alumni Association and is the Founder President of Harvard Club of Pakistan and Harvard Business School Club of Pakistan. He has also been a visiting faculty member at National Defense University, Navy War College and National School of Public Policy. He has been on the Board of Governors of LUMS, GIK and FC College (Chartered University) and Pakistan Institute of Management. Previously, he also served, among others, on the Board of Fauji Foundation, Institute of Management and Computer Sciences (FFIMCS) and Institute of Space Technology - Space & Upper Atmosphere Research Commission (SUPARCO).

Mr. Shirazi has been awarded Sitara-e-Eisaar and Sitara-e-Imtiaz, the top Civilian Awards. Sitara-e-Imtiaz conferred by the Government of Pakistan recognizes individuals who have made an "especially meritorious contribution to the security or national interests of Pakistan, world peace, cultural or other significant public endeavors". Sitara-e-Eisaar Award is in recognition of CSR activities in Pakistan. A distinguished Formanite Award for outstanding achievements as an entrepreneur was awarded by Forman Christian College - University Lahore.

The Government of Japan also acknowledged Mr. Shirazi's contributions to promote economic relationship between the two countries by conferring the Japanese National Award.



Mr. Hironobu Yoshimura

President & CEO

Mr. Hironobu Yoshimura has been associated with Honda Motor Company Limited, Japan for more than 31 years. He joined Honda in 1988 and began his career in Service Technology Division, Honda Motor Company, Japan.

Mr. Hironobu Yoshimura has extensive experience in the Automobile industry, having worked in several planning divisions.

In his previous assignment, he has worked as Department Manager at Automobile Marketing Planning Office in Honda Motor Company Limited, Japan and General Manager Asian Honda Motor Co. Ltd., Thailand. He joined on the Board of Honda Atlas Cars (Pakistan) Limited as President & Chief Executive Officer from November 1, 2017.

Mr. Yoshimura is graduate from Sophia University, Japan.



Mr. Aamir H. Shirazi

Director & Senior Advisor

Mr. Aamir H. Shirazi is the President of Atlas Group. He graduated from Claremont Mckenna College, California and completed his OPM from Harvard Business School. He was the Chief Executive of Atlas Honda Limited for over eleven years. He was also appointed as professional director on the Board of Lahore Stock Exchange for two consecutive terms by the Securities & Exchange Commission of Pakistan.

He has been Honorary Consul General of Japan, Lahore since 2002. He is also on the Board of Murree Brewery Company Limited.



Mr. Kenichi Matsuo

Executive Director / VP (P)

Mr. Matsuo is associated with Honda Motor Company for last 39 years. He started his career as Engineer in Automobile Assembly, HM Japan and he has a vast experience of Automobile Assembly and Business Planning Operations.

He has worked as Technical Advisor, Honda Cars India Limited for four years and Vice President of Honda Malaysia Sdn Bhd for two years.

He was appointed on the Board of Honda Atlas Cars (Pakistan) Limited on April 1, 2017 as Director & Vice President Production.



Mr. Akira Murayama
Director

Mr. Murayama has been associated with Honda Motor, Japan for last 30 years. He has vast experience of Financial Management and Business Planning operations. He has been working in Honda Motor, Japan and different Honda ventures and subsidiaries in Europe.

He has worked as Staff Manager in Honda Motor Europe Limited for four years and Manager Honda Motors, Japan. He has been Director of Honda Motor Europe for two years before assuming the position of General Manager, Honda Motors in Europe region operations.

He joined as General Manager of Asian Honda Motor Co., Limited, Thailand and on the Board of Directors of Honda Atlas Cars (Pakistan) Limited in April 2018.

Mr. Feroz Rizvi
Independent Director

Mr. Feroz Rizvi is a Chartered Accountant, having qualified from England & Wales. He has over 40 years of local and international experience in some of the largest companies in the world. On returning to Pakistan post qualification, he joined ICI Pakistan Ltd, which was a subsidiary of ICI PLC, one of the largest chemical companies in the world. He left ICI Pakistan in 1985 and after a brief period with Petromin Refinery Riyadh, he rejoined ICI Pakistan in its Polyester Fiber business in Lahore.

In 1986, he was seconded to ICI PLC's headquarters in London. During his secondment he was involved in ICI PLC's strategic shift from industrial to consumer chemical and a major acquisition of USD 8 billion from Unilever PLC as part of the company's major strategic priority. In addition, he was also responsible for a number of divestments of ICI PLC's industrial chemical business. Feroz Rizvi has extensive experience in corporate strategy, restructuring and merger and acquisition. He is the Chief Executive of Pakistan Institute of Corporate Governance and is also on the Board of Engro Chemicals and Polymer Ltd., and Pakistan Oxygen Ltd (formerly Linde Pakistan Ltd). He joined on the Board of Honda Atlas Cars (Pakistan) Limited on 2nd May 2018. He is an alumni of INSEAD and Wharton Business School.

Ms. Mashmooma Zehra Majeed
Independent Director

Ms. Majeed completed her Chartered Financial Analyst (CFA) program in 2001 from the CFA Institute and the Financial Risk Manager (FRM) Program in 2010. She has a vast experience of 20 years in Investment and Capital Markets. She has been associated with the asset management industry in Pakistan for over 17 years with her forte being in investment management and product development. She has previously worked in senior positions in Atlas Asset Management Limited, ABAMCO Ltd (now JS Investments Ltd) and Crosby Asset Management Ltd. She started her career with M/s Hameed Majeed Associates (Pvt) Ltd., as Management & Financial Consultant.

Currently, Ms. Majeed is working as Chief Executive Officer (CEO) in Mutual Funds Association of Pakistan (MUFAP) since 2012.

She is on the Board of Honda Atlas Cars (Pakistan) Limited since July 1, 2017.



Ms. Rie Mihara
Independent Director

Ms. Mihara is Chief Executive Officer & Founder of Makotoya Co., Limited, Japan since 2008.

She is graduate from Tohoku Fukushi University, Miyagi JAPAN in Social Welfare. After study, she joined M/s Recruit Staffing Co., Limited in 2001 as Customer Centre Manager and worked as Director Human Resource Development in Welcome Co., Limited, Japan. In 2008 she laid the foundation of Makotoya Co., Limited in Japan and worked as CEO & Founder of the Company. In 2016, Ms. Mihara established Makotoya Pakistan (Pvt) Limited and working as CEO. She has vast experience of Marketing, Human Resources and entrepreneurship.

She is on the Board of Honda Atlas Cars (Pakistan) Limited since May 2, 2018.

Mr. Kazunori Shibayama
Director

Mr. Shibayama has been associated with Honda Motor Company, Japan for last 27 years. He has vast experience of Automobile Business & Product Planning and Marketing, working on different Honda ventures, around the globe.

Mr. Shibayama has also served for two years in American Honda Motor, US and has been associated with Marketing Division of Honda Automobile (Thailand) Co., Limited for two years. He has also experience of working with PT Honda Prospect Motor, Indonesia and Automobile Business Planning Division of Asian Honda Motor Co., Limited.

Mr. Shibayama joined on the Board of Honda Atlas Cars (Pakistan) Limited from 1st April 2019.

Mr. Maqsood-Ur-Rehman Rehmani
Vice President & Company Secretary

Mr. Rehmani has done MBA Marketing, a Law graduate from University of Karachi and Advance Management Course from INSEAD, France.

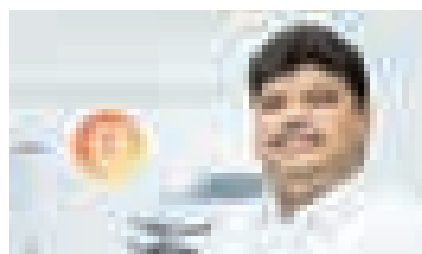
He has vast experience of Administration, Industrial Relations, Human Resource, Logistics & Supply Chain operations, Vendor Development and Corporate Affairs. He joined Atlas Honda Limited in 1989 and was transferred to Honda Atlas Cars (Pakistan) Limited in 2008 as GM Logistics. He was appointed as Vice President HR & Admin and Company Secretary in November 2014.

Key Management



MR. MUHAMMAD ASHRAF
Assistant Vice President
Model Planning & Production

Mr. Ashraf has more than 37 years experience of automobile production operations and new model development. He started his career with Awami Autos Limited in 1982 and has also worked with Pak Suzuki Motor Co for nine years. He joined Honda Atlas Cars (Pakistan) Limited in 1993 and has qualified Management Courses from AOTS Japan. He has worked in different management capacities and currently he is Head of Model Planning & Production Division.



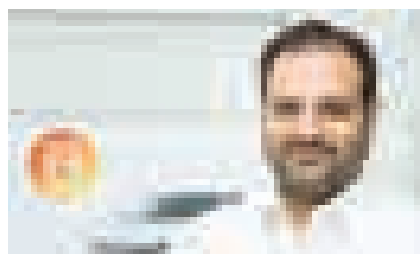
MR. IQBAL AHMED
Senior General Manager
After Sales

Mr. Iqbal has BSc in Mechanical Engineering from UET, Lahore and Executive MBA from LUMS. He has more than 27 years experience of production, quality, manufacturing operations, stores and project management. He started his career as trainee engineer with Atlas Honda Limited and served in different management positions. He joined Honda Atlas Cars (Pakistan) Limited in November 2014 as Head of Import Purchase & Logistics Division. Since August 2017, he is working as Head of After Sales.



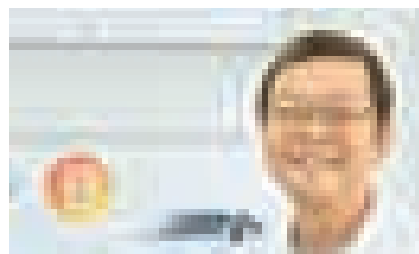
MR. ASIF MAHMOOD
General Manager
Purchasing

Mr. Asif is Mechanical Engineer. He graduated from UET Lahore & did Executive MBA from LUMS. He joined the Company in 1994 as trainee Engineer. Till now he has served in Material Service, Production Planning & Control, ISO, New Model Control (NMC) & Spec Control in various management capacities. He has qualified Management courses from HIDA, Japan. In 2012, he was assigned the responsibilities in Purchasing & Quality Development department. Since Dec 2015, he is Head of Purchasing Division.



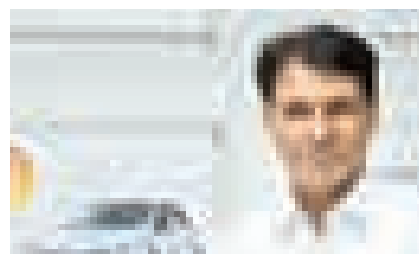
MR. AHMAD UMAIR WAJID
Chief Financial Officer
General Manager

Mr. Umair is a Fellow Member of the Institute of Chartered Accountant of Pakistan and having more than 14 years post qualification experience. He has been involved in financial management, budgeting, strategic business planning, corporate compliance and risk management operations. Prior to joining with the Company, he has also worked as Manager - Assurance and Business Advisory services in A.F. Ferguson & Co., for more than 5 years.



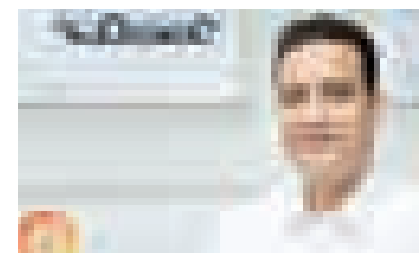
MR. TADAHIRO HAYAKAWA
General Manager
Production

Mr. Hayakawa has been associated with Honda Motor Co., Japan for more than 33 years. He has vast experience of different production operations. He has been head of Welding operations at Honda of UK Manufacturing Ltd., for eight years. He has also served as ELP at American Honda Motor Co., (HAM) for seven years. He was transferred to Honda Atlas Cars (Pakistan) Limited on April 1, 2015.



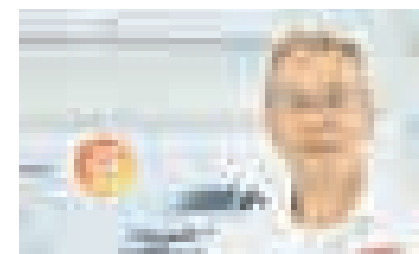
MR. BASHARAT ALI RANA
General Manager
Quality Control

Mr. Rana has more than 34 years experience of automobile production operations. He has been associated with Honda Atlas Cars (Pakistan) Ltd since 1993. He has qualified management courses on Quality, Production Operations & New Model Development from Japan. He has worked for all production & quality control operations. He has also served more than 3 years as Head of Plant Maintenance, facilities and Engineering department. Currently he is working as Head of Quality Control Division.



MR. MUHAMMAD AJMAL
General Manager
Chief Engineer Quality (CEQ)

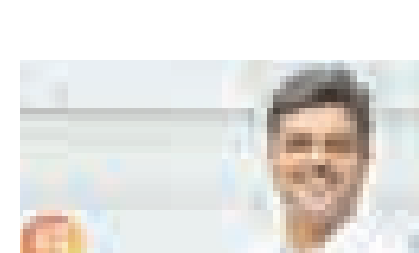
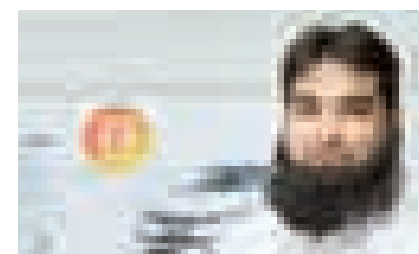
Mr. Ajmal has been associated with the Company for last 25 years. He has vast experience of working in Frame Assembly, Vehicle Quality, Market Quality & Quality Control Department. He has qualified Management course from AOTS, Japan in Automobile- New Model Development" in 1999, from HIDA, Japan in Production Management. He also did Diploma in Business Management (DBM) from FCCU in 2019. Currently, he is working as Chief Engineer Quality(CEQ) since April 2018.



MR. TOSHINORI AWAYA
General Manager
Senior Advisor, Quality Control

Mr. Awaya has been associated with Honda Motor, Japan for last 38 years. He has vast experience of Quality Control, working in different Honda Motor plants in Japan and Thailand.

He has worked as VQ Manager in Honda Motor, Japan for two years, and as Chief Engineer Quality (CEQ) for five years' in Honda Motor, Thailand. Currently he is working as Senior Advisor, Quality Control.



MR. AMIR NAZIR
General Manager
Sales & Marketing

Mr. Amir Nazir is associated with the Company for the last 18 years. He started his career in Technical Purchasing and worked on sourcing, budgeting and costing. In addition, he added his valuable input to, much needed, localization and new model development. His efforts helped in controlling the cost and maintaining a strong brand image. He has qualified management course from HIDA, Japan. Currently, he is working as General Manager Sales and Marketing.



MR. MUHAMMAD AKMAL DAR
General Manager
Import, Purchase & Logistics

Mr. Dar has been associated with Atlas Group for last 24 Years. He joined Atlas Honda Limited in 1995 and started his carrier in Production Planning & Control Department. He has also worked in Supply Chain Area at National level, Production and Quality Departments. In 2016, he became the Management Committee Member of Atlas Honda Limited as GM Production Planning & Control. He was transferred to Honda Atlas Cars (Pakistan) Limited in 2018 as General Manager Import, Purchase and Logistics.

MR. MUHAMMAD ALI
General Manager
Information Technology

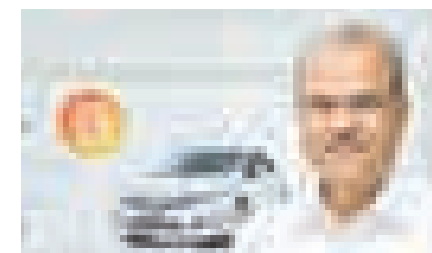
Mr. Muhammad Ali is associated with the Company for last 4 years. He has previously worked with IBM and other IT companies mainly in the field of SAP implementations, both local & abroad. He has a diverse experience of working in the industry like Chemical, Petrochemical, FMCG, Auto, Textile etc. He is SAP certified consultant and has attended course from AOTS Japan in addition to other Management/Leadership training programs.

He has been involved in the transformation of the previous ERP system with the SAP and integrating different business operations.



MR. SOHAIL QAISAR
General Manager
HR & Administration

Mr. Sohail holds BE Mechanical Engineering from UET, Executive MBA & DBM from LUMS, Lahore. He has more than 25 years experience of Production, Project Management, Supply Chain and Production Planning & Control Operations. He has also attended various management courses from ILO & AOTS, Japan. He started his career as trainee engineer with Atlas Honda Limited and was transferred to Honda Atlas Cars (Pakistan) Limited in April 2019 as General Manager HR & Administration.



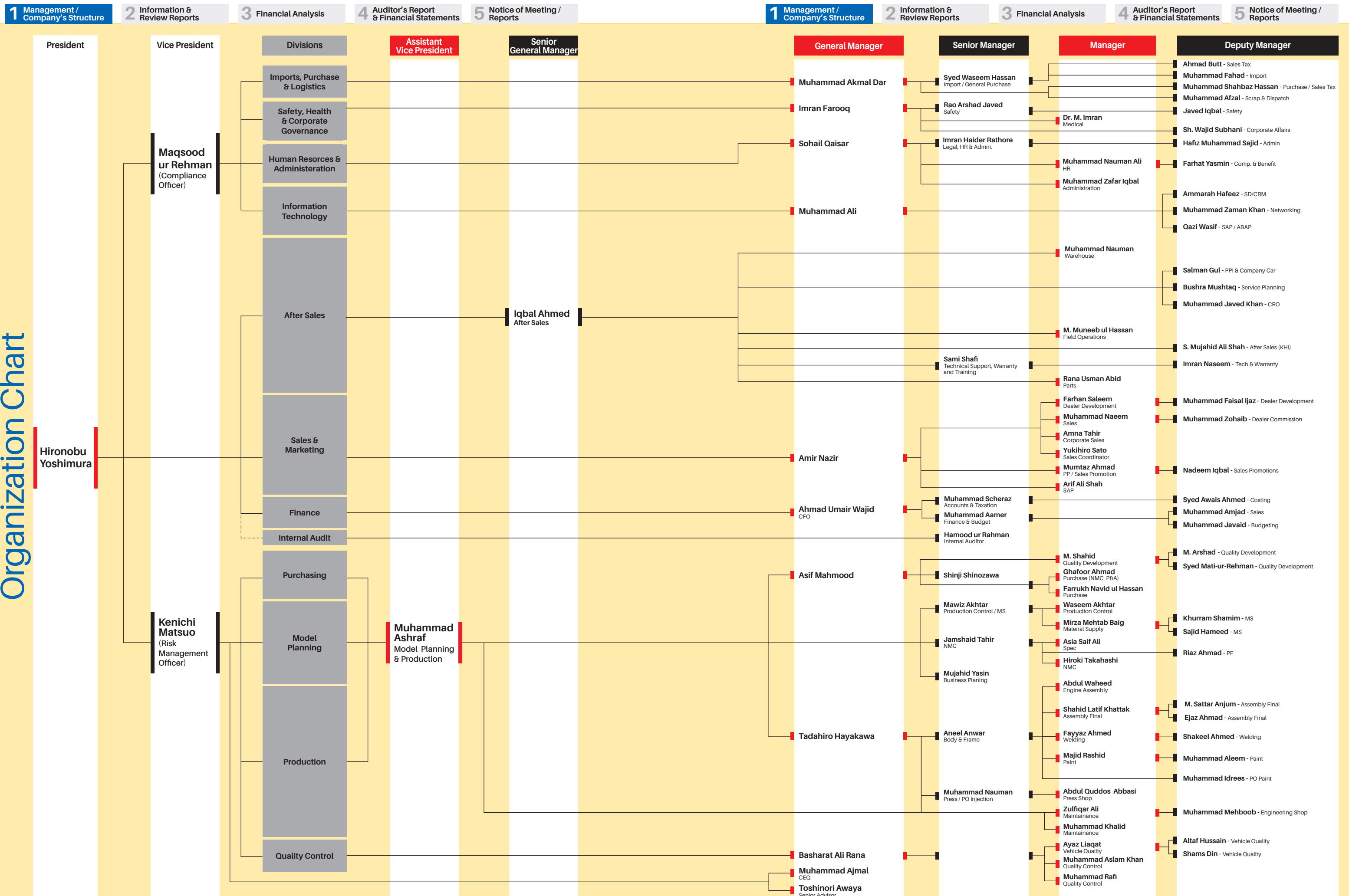
MR. IMRAN FAROOQ
General Manager
Health, Safety & Corporate Governance

Mr. Imran did M. Com from Hailey College of Commerce and Diploma in HR from Punjab University Lahore.

He has been associated with company for last 24 years and joined as Executive Shares. He has served in Shares department, HR & Administration and Corporate Affairs. He has experience of planning & organizing Secretarial matters and compliances with stock exchanges, SECP, CDC and other regulatory bodies.

From April 2019, he has been assigned responsibilities of Health, Safety and Corporate Governance Division.

Organization Chart



Corporate Governance

(ORGANIZATION STRUCTURE)



Business Principles



L to R:
Front Row: Mr. Asif Mahmood, Mr. Iqbal Ahmed, Mr. Muhammad Ashraf, Mr. Ahmad Umair Wajid, Mr. Muhammad Ali and Mr. Toshinori Awaya,
Back Row: Mr. Muhammad Ajmal, Mr. Basharat Ali Rana, Mr. Amir Nazir, Mr. Imran Farooq, Mr. Akmal Dar, Mr. Sohail Qaisar and Mr. Tadahiro Hayakawa,

HONDA MOTOR CO., LIMITED, JAPAN

Corporate Philosophy

Maintaining a global viewpoint, we are dedicated to supplying products of the highest quality, yet at a reasonable price for worldwide customer satisfaction.

Management Policy

1. Proceed always with ambition and youthfulness.
2. Respect sound theory, develop fresh ideas and make the most effective use of time.
3. Enjoy your work and encourage open communications.
4. Strive constantly for a harmonious flow of work.
5. Be ever mindful of the value of research and endeavor.

HONDA ATLAS CARS (PAKISTAN) LIMITED

Corporate Philosophy

1. Dynamic manufacturing and marketing of prestigious products to the entire satisfaction of customers.
2. Create ideal working environment for continuous development of products and personnel.
3. Provide adequate return to shareholders and fulfill corporate civic obligations.

Management Policy

1. Respect for all – man has priority over machine.
2. Man is the key in controlling i.e. machines, methods and materials.
3. Follow 3S spirit i.e. small, smart and speed.
4. Believe in 3A “Hands on Approach” i.e. be on Actual

- Spot, look at the Actual Spot and confront the Actual Situation.
5. Be a good corporate citizen; assume a responsible role in the community.

Priority Standards of Conduct

1. Safety: There can be no production without safety.
2. Quality: To achieve complete customers satisfaction by focusing on smart teamwork, meeting all applicable legal and regulatory requirements & continually improving our strategies and goals.
3. Productivity: With safety and quality each of us will strive to excel the performance in all fields of our activities i.e Production, Model Planning, Quality Control, Purchasing, Sales & Marketing, After Sales, Finance, Import, Purchase & Logistics, IT, IA, Health & Safety and Human Resources & Administration Division.

Human Resources and Succession Plan

Human Resources Policy is to hire young, fresh, energetic and active associates to meet the existing and future workforce requirements and providing its associates maximum opportunities for internal mobility through personal training and development to enable them to take higher positions.

Human Resource Division has succession plan for each key job/ area to make sure the continuity of operations in the relevant division and to fill the temporary/permanent vacancy.

Quality Policy

We at Honda Atlas Cars (Pakistan) Limited, strive for supplying top quality Honda cars to get ultimate customers satisfaction accomplished by focusing on:

- Smart team work
- Meeting all applicable legal and regulatory requirements
- Continually improving our strategies and goals

Environment Policy

Honda Atlas Cars (Pakistan) Limited, being a responsible member of society, considers the preservation of the global environment as a crucial concern.

Our environmental philosophy is firmly based on the following principles:

1. Recognize the impacts of our activities, products and services on environment;
2. Formulate objectives and targets for pollution prevention, environmental impacts mitigation and resource conservation as far as technically feasible;
3. Operate in compliance with applicable legal and other requirements with the commitment to preserve global environment;
4. Create awareness and understanding about environmental issues amongst our associates;
5. Commitment to continuous improvement of the environmental performance and review of the environmental management system to ensure its suitability, adequacy and effectiveness;

6. Keep public and other interested parties informed on our environmental performance, if deemed necessary.

Safety, Health and Environment

Honda Atlas Cars (Pakistan) Limited conducts its business responsibly and in a way to make sure health, safety and protection from environmental aspects of its associates and the society. We implement and maintain the programs that provide responsible assurance that the business will do the following:

1. To comply with all applicable Government and internal health, safety and environmental requirements;
2. Design facilities and conduct operations in a way that avoids risk to human health, safety and the environment;
3. To examine and communicate the known hazards of operations with relevant health safety and environmental protection information to potentially affected persons.

Operating Principles

1. Always keep the deadline
2. Never make excuses
3. Team work



L to R:
Front Row: Mr. Muhammad Scheraz, Mr. Sami Shafi, Mr. Mawiz Akhtar, Mr. Hamood ur Rehman, Mr. Mujahid Yasin and Mr. Aneel Anwar
Back Row: Mr. Waseem Hassan, Mr. Muhammad Aamer, Mr. Muhammad Arshad Javed, Mr. Jamshaid Tahir, Mr. Imran Haider Rathore and Mr. Muhammad Nauman

Honda Philosophy

The Honda Philosophy consists of Fundamental Beliefs (including “Respect for the Individual” and “The Three Joys”), the Company Principle, and Management Policies. This philosophy is not only shared by all associates, but also forms the basis for all company activities and sets the standard for the conduct and decision-making of all associates throughout the Honda Group. Driven by its dreams and reflecting its values, Honda will continue taking on challenges to share joys and excitement with customers and community to strive to become a company society wants to exist.

The key element that makes Honda Atlas Cars (Pakistan) Limited a unique place to work is the people. Whether you are an engineer, graduate business, an IT specialist or a buyer, you will be an instrumental part of the team that delivers the high quality products - Honda Civic, Honda City and Honda BR-V.

Our associates have a real passion for working here and this is reflected in our average length of service for management associates being over 13 years.

Fundamental Beliefs



RESPECT FOR THE INDIVIDUAL

INITIATIVE

Initiative means not to be bound by preconceived ideas, but to think creatively and act on your own initiative and judgment, while understanding that you must take responsibility for the results of those actions.

EQUALITY

Equality is at the heart of everything we do. Our people are not employees, they are associates and they all have exactly the same opportunities to progress. We recognize and respect individual differences in one another and treat each other fairly. An individual's race, gender, age, religion, national origin, educational background, social or economic status has no bearing on the individual's opportunities.

TRUST

The relationship among associates at Honda should be based on mutual trust. Trust is created by recognizing each other as individuals, helping out where others are deficient, accepting help where we are deficient, sharing our knowledge, and making a sincere effort to fulfill our responsibilities.



THE THREE JOYS

THE JOY OF BUYING

The joy of buying is achieved through providing products and services that exceed the needs and expectations of each customer.

THE JOY OF SELLING

The joy of selling occurs when those who are engaged in selling and servicing Honda products develop relationships with a customer based on mutual trust. Through this relationship, Honda associates, dealers and distributors experience pride and joy in satisfying the customer and in representing Honda to the customer.

THE JOY OF CREATING

The joy of creating occurs when Honda associates and suppliers involved in the design, development, engineering and manufacturing of Honda products recognize a sense of joy in our customers and dealers. The joy of creating occurs when quality products exceed expectations and we experience pride in a job well done.

The Honda Philosophy, bequeathed to the Company by its founders Soichiro Honda and Takeo Fujisawa, is composed of Fundamental Beliefs (Respect for the Individual and The Three Joys), the Company Principle and Management Policies. The Philosophy forms the values shared by all Honda Group companies and all of their associates and is the basis for Honda's corporate activities.

Moving beyond words alone, Honda incorporates the Philosophy into educational programs for its associates and gives it life by turning it into action, from everyday business activities to management decision-making, so that every person in the Company can responsibly continue putting the Philosophy into practice.

Additionally, Honda engages in corporate activities under concept of “Free and Open, Challenge, Co-evolution” – that is, the concept of bringing into play Honda's corporate culture of “taking up the challenge without fear of failure, free from the prejudice of preconceived ideas, and with a foundation of teamwork based on trust”.

Society's expectations towards Honda Continue to evolve with the times. As a responsible company. Honda will undertake the resolution of problems while listening to the voices of its diverse stakeholders so as to meet their expectations and earn their trust.

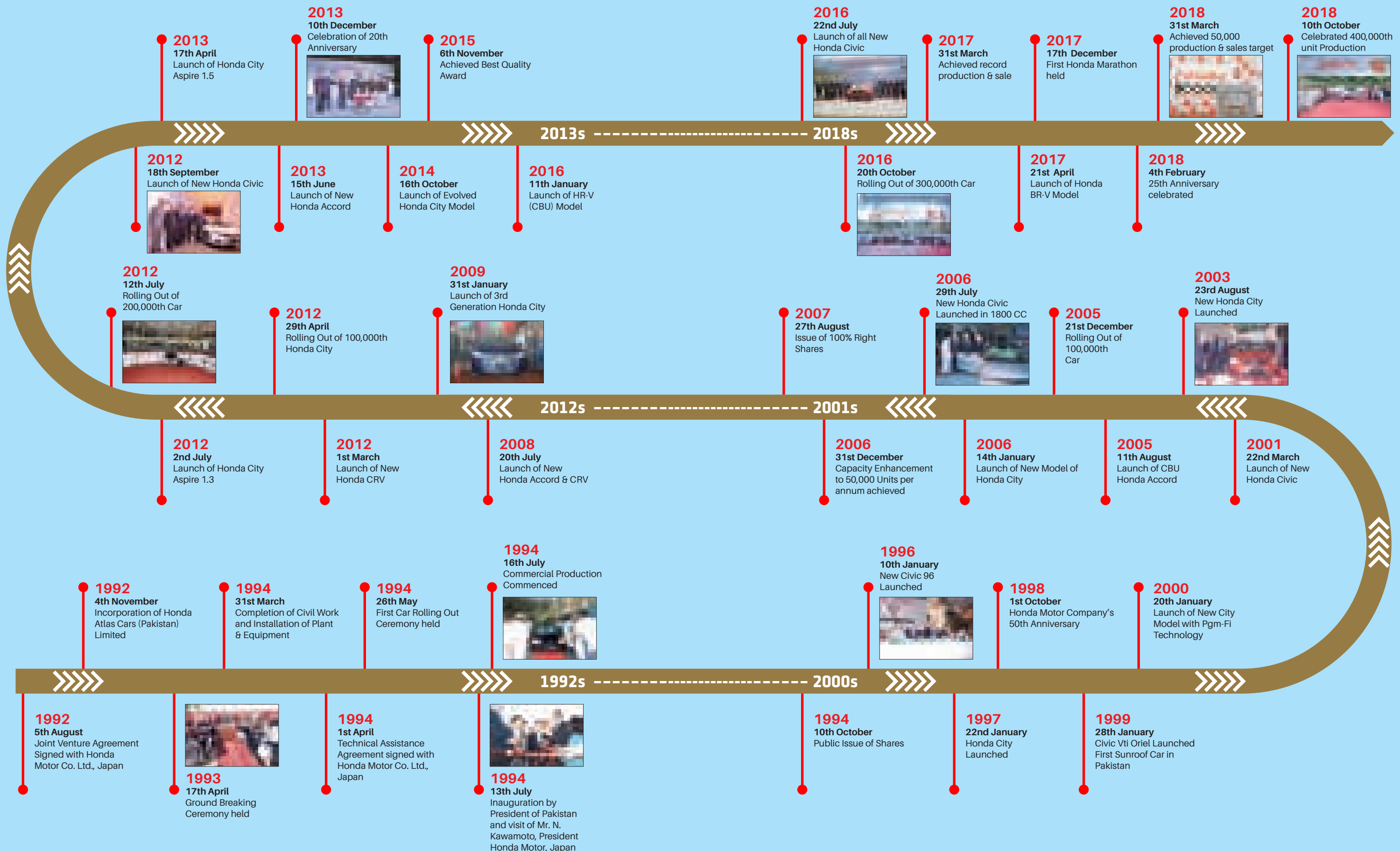


The Passion behind the White Coveralls

At Honda Atlas Cars (Pakistan) Limited, our associates wear white work clothes that stain and smudge easily, from the philosophy that “good products come from clean workplaces.” The white outfit also symbolizes the equality of all that work at Honda, including the CEO. White symbolizes Honda's philosophy for making products wholeheartedly not only in its Japanese facilities, but all over the world. Regardless of level or role. It breaks down barriers and ensures everyone feels important.



Chronicle of Events



Pattern of Shareholding

AS ON MARCH 31, 2019

Number of Shareholders	Shareholdings		Total Number of Shares Held	Percentage of Total Capital
	From	To		
2676	1	- 100	142,874	0.10
1560	101	- 500	520,881	0.36
1073	501	- 1000	932,343	0.65
1001	1001	- 5000	2,319,220	1.62
280	5001	- 40000	3,641,863	2.55
32	40001	- 90000	1,975,575	1.38
14	95001	- 160000	1,760,150	1.23
11	160001	- 315000	2,597,909	1.82
1	345001	- 350000	350,000	0.25
1	360001	- 365000	364,705	0.26
1	445001	- 450000	446,200	0.31
1	470001	- 475000	470,500	0.33
1	530001	- 535000	533,000	0.37
1	695001	- 700000	700,000	0.49
1	815001	- 820000	819,379	0.57
1	845001	- 850000	850,000	0.60
1	995001	- 1000000	1,000,000	0.70
1	1425001	- 1430000	1,427,062	1.00
1	1935001	- 1940000	1,939,400	1.36
1	1960001	- 1965000	1,961,500	1.37
1	2095001	- 2100000	2,099,789	1.47
1	43115001	- 43120000	43,119,650	30.20
1	72825001	- 72830000	72,828,000	51.00
6,662			142,800,000	100.00

Categories of Shareholders

AS ON MARCH 31, 2019

Sr. No.	Description	Number of Shareholders	Shares Held	Percentage of Total Capital
1	Individuals	6,514	11,103,703	7.78
2	Foreign Company	1	72,828,000	51.00
3	Associated Undertaking / Company	1	43,119,650	30.20
4	Joint Stock Companies	75	3,014,747	2.11
5	Financial Institutions	13	3,016,464	2.11
6	Insurance Companies	5	889,000	0.62
7	Investment Companies	4	354,170	0.25
8	Mutual Funds	22	5,419,054	3.79
9	Funds	13	635,652	0.45
10	Others	14	2,419,560	1.69
		6,662	142,800,000	100.0

Shareholding Information

AS ON MARCH 31, 2019

Categories	Number of Shareholders	Shares Held
Associated Companies		
+ M/s Honda Motor Company Limited	1	72,828,000
+ M/s Shirazi Investments (Pvt) Limited	1	43,119,650
M/s Atlas Insurance Limited	1	850,000
Mutual Funds		
M/s First Capital Mutual Fund	1	170
Golden Arrow Selected Stocks Fund Limited	1	5,000
CDC - Trustee Meezan Balanced Fund	1	131,800
CDC - Trustee AKD Index Tracker Fund	1	6,100
CDC - Trustee AKD Opportunity Fund	1	255,050
CDC - Trustee Al Meezan Mutual Fund	1	277,200
CDC - Trustee Meezan Islamic Fund	1	1,939,400
CDC - Trustee Meezan Tahaffuz Pension Fund - Equity Sub Fund	1	161,500
CDC - Trustee Nafa Islamic Asset Allocation Fund	1	6,600
CDC - Trustee NIT - Equity Market Opportunity Fund	1	50,350
CDC - Trustee Lakson Equity Fund	1	61,925
CDC - Trustee First Capital Mutual Fund	1	4,000
CDC - Trustee National Investment (Unit) Trust	1	2,099,789
CDC - Trustee NIT Islamic Equity Fund	1	102,900
CDC -Trustee NITIPF Equity Sub-Fund	1	3,000
CDC -Trustee NITPF Equity Sub-Fund	1	1,500
ABA Ali Habib Securities (Pvt) Limited - MF	1	1,000
CDC - Trustee Meezan Asset Allocation Fund	1	59,000
CDC - Trustee Lakson Tactical Fund	1	11,200
CDC - Trustee Lakson Islamic Tactical Fund	1	3,320
CDC - Trustee Meezan Dedicated Equity Fund	1	70,300
Global X Funds - Global X MSCI Pakistan ETF	1	167,950
Directors, CEO, Their Spouse and Minor Children		
# Mr. Yusuf H. Shirazi	1	-
# Mr. Aamir H Shirazi	1	-
* Mr. Kenichi Matsuo	1	-
* Mr. Akira Murayama	1	-
* Mr. Hironobu Yoshimura	1	-
* Mr. Satoshi Suzuki	1	-
** Ms. Rie Mihara	1	500
** Ms. Mashmooma Zehra Majeed	1	500
** Mr. Feroz Rizvi	1	500
Executives	6	3,055
Public Sector Companies & Corporations (Joint Stock Companies)	75	3,014,747
Banks, Development Finance Institutions, Non-Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension / Other Funds	48	6,464,846
Sharehoders holding 5% or more voting rights + Others, Individuals	6,499	11,098,148
TOTAL:	6,662	142,800,000

Note: + The above mentioned associated companies have 5% or more voting rights.
Mr. Yusuf H. Shirazi and Mr. Aamir H. Shirazi hold 500 qualification shares. The ultimate ownership remains with M/s. Shirazi Investments (Pvt) Limited.
* The shareholding of Honda Motor Co. Limited, Japan includes 3 directors holding 525 shares each and 1 director holding 500 shares (Total 2,075) in the name of Mr. Hironobu Yoshimura, Mr. Kenichi Matsuo, Mr. Akira Murayama and Mr. Satoshi Suzuki in the capacity of its nominee directors. The ultimate ownership remains with Honda Motor Co., Limited, Japan.
** Ms. Rie Mihera, Ms. Mashmooma Zehra Majeed and Mr. Feroz Rizvi hold 500 qualification shares. These shares are held in their own name.

Investor Relations Information

AS ON MARCH 31, 2019

COMPANY INFORMATION

Established on
Line of Business
Fiscal Year-End
Auditors
Share Registrar

Web Site

STOCK INFORMATION

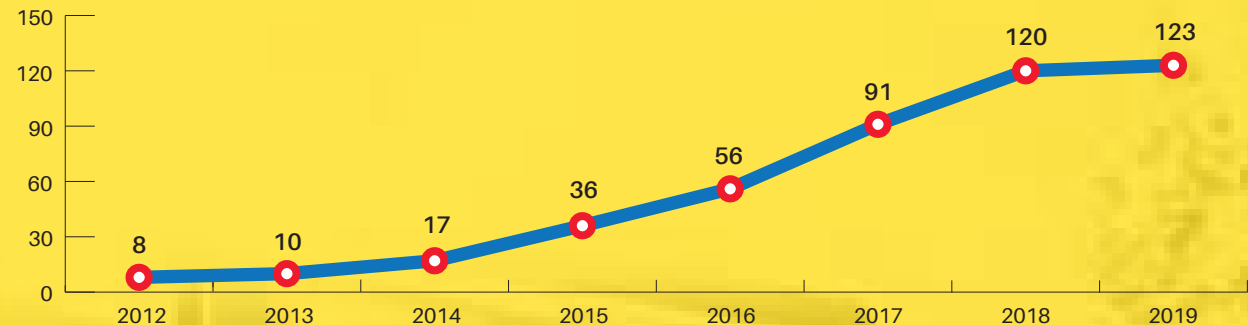
Security Code
Number of Shares Authorized
Number of Shares Issued
Number of Shareholders
Number of Shares per Trading Unit
Stock Exchange Listing
General Meeting of Shareholders
Book Closing

Next Election of Directors
Dividend
Dividend Payment

November 4,1992
Manufacturing of Honda Vehicles
March 31
M/s. A.F. Ferguson & Co.
M/s. Hameed Majeed Associates (Pvt.) Ltd.
H.M. House, 7 - Bank Square, Lahore
Phone: +92-42-3723 5081-82
Email: info@hmconsultants.com
www.honda.com.pk
www.facebook.com/hacpl

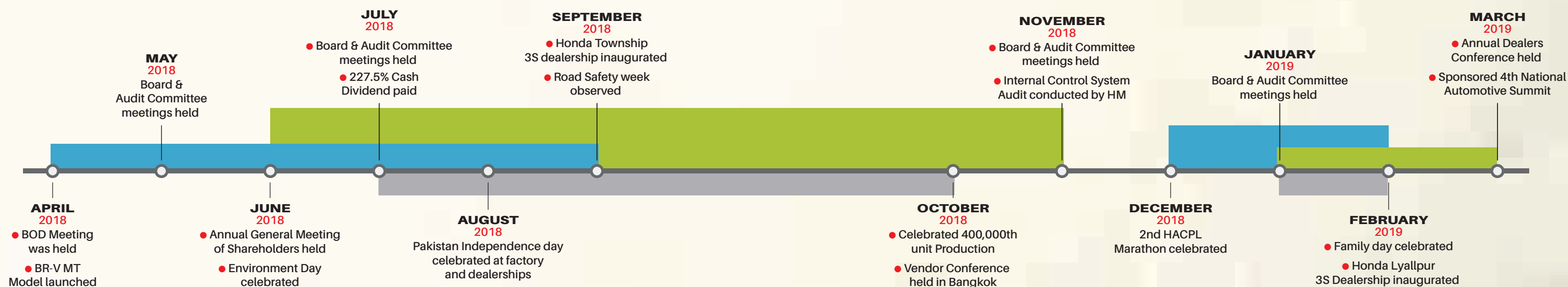
HCAR
200,000,000
142,800,000
6,662 (March 31, 2019)
100 Shares
Pakistan Stock Exchange Limited
June 27, 2019
June 17, 2019 to June 27, 2019
(both days inclusive)
April 2021
Rs. 12.15 per share
July 2019

BREAKUP VALUE PER SHARE



Significant Events

DURING 2018-19



Chairman's Review

AS ON MARCH 31, 2019

I am pleased to present the 27th Annual Report of the Company for the year ended March 31, 2019. ➤

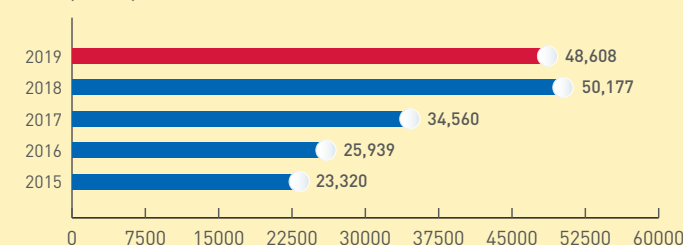


THE ECONOMY

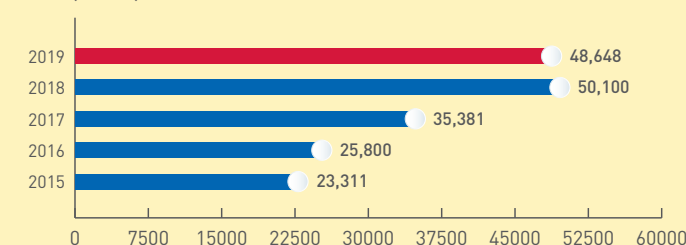
The country's economic progress was undermined by challenges around maintaining a stable exchange rate position and due to structural reforms initiated by the government to contain the two deficits. As a result, GDP growth projection has been revised downwards to 3.5%. CPI inflation has risen considerably to 7.2% due to increase in energy prices and unfolding impact of depreciation of Pak Rupee. Fiscal deficit is expected to hit a six year high of 6.9% of GDP due to negligible improvement in revenues and increase in debt and security-related expenditures. On the external front, fiscal measures have started to reflect improvement. The current account deficit has reduced to USD 9.6 billion in 9MFY19, down by 29% from same period of last year. This contraction is mainly attributable to a steep fall of 5% in overall import bill of USD 39.3 billion, while exports posted a mixed trend. Home remittances remained strong with growth of 8.7% and stood at USD 16 billion.

Financing of the current account deficit, nevertheless, remained a challenge, due to insufficient inflows. The new government garnered bilateral sources for balance of payment support while simultaneously entering into bailout

PRODUCTION (Units)



SALES (Units)



negotiations with International Monetary Fund. State Bank of Pakistan's (SBP) foreign exchange reserves gradually recovered to USD 10.5 billion. However, these are still less than three months' import cover. Pak rupee lost more than one-third of its total value during 2018, but nevertheless remained stable since end of November 2018 and closed at 141. A bearish sentiment prevailed in stock market throughout the year as PSX 100 Index closed at 38,649 points at the end of March 2019. With the aforesaid evolving macroeconomic situation, the SBP increased its policy rate to 10.75% to achieve stability. This represents a cumulative increase of 5% since January 2018.

AGRICULTURE

Agriculture sector provides a base for Pakistan's economic development. However, during the year, the performance of this sector remained mixed. The latest estimates for major crops are expected to fall short of the levels achieved last year. A substantial decline was observed in the production of major Kharif crops mainly due to water shortages. The output of wheat, being the major Rabi crop, is affected due to weak fertilizer offtake and unfavorable weather conditions. However,

the recent surge in the prices of agricultural products has partially neutralized the effects of these losses which ensured liquidity in the rural areas.

LARGE SCALE MANUFACTURING (LSM)

The industrial sector is witnessing the brunt of the slowdown in both public and private consumption. Resultantly, LSM shrank by 1.72% during 9MFY19 compared to a remarkable growth of 6.1% during the financial year 2017-18. This subdued performance can largely be attributed to a deceleration in

the construction-allied industries and consumer durables as recent monetary and fiscal measures have affected domestic demand. Given initial plans of the Government, some adjustment policy steps can be expected, but given the precarious conditions, near term measures are critical for industrial growth.

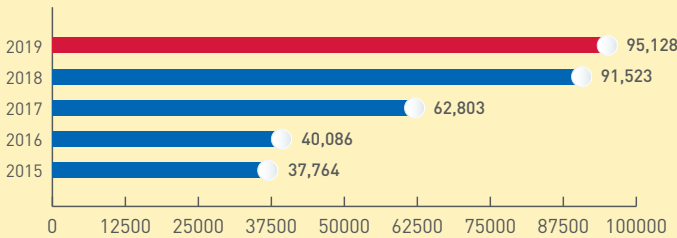
AUTOMOBILE INDUSTRY

This has been a challenging year for the automobile industry for many reasons. In order to broaden the tax base, fiscal budget of 2018-19 imposed restriction on non-filers to



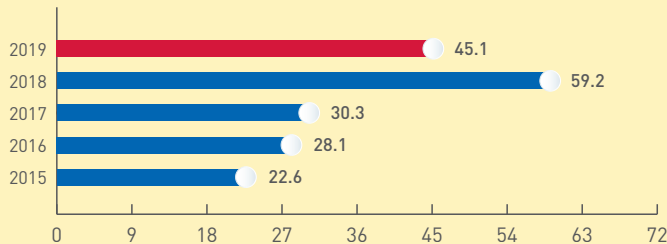
SALES REVENUE

(Rupees in million)



DIVIDEND PAYOUT RATIO

(Percentage)



400,000th Car rollout ceremony

buy new cars. Further, a 10% FED was levied on locally assembled vehicles of 1700cc & above. Both moves however, elicited an adverse reaction from the industry. The first move was reversed early this year. However, for the other measure, the Government has shown its intent to withdraw soon. Such inconsistent policies have created a lot of uncertainty in the market. Further, the unprecedented devaluation of more than 30% of PKR against US\$ had a cost-push effect on pricing during the year as functional and high tech parts are imported and cannot be substituted from the local market. The increase in markup rates has impacted purchases through banks. Resultantly, new bookings declined by more than 40% during this period.

During the year under review, the total industry production increased by 4.03% to 230,728 units whereas

nominal increase of 2.57% was witnessed in industry sales at 225,062 units. Cars ranging from 801cc to 1000cc showed sales improvement of 17.92% whereas 1300cc & above segment increased by 5.33%. The lower segment of up to 800cc declined by 12.93% over last year, mainly due to phase out of existing model. The marginal growth of 4.03% was mainly due to backorders carried forward from last year. Adverse reasons stated above kept customer on hold and new orders inflow dropped significantly.

Thus, the target of achieving industry production of 500K units initially envisioned in 2005 remains a distant dream, despite passing of more than a decade! The main reason has been the lack of consistent and supportive policies, vital for any industry to grow and reap desired benefits!

COMPANY OPERATIONS

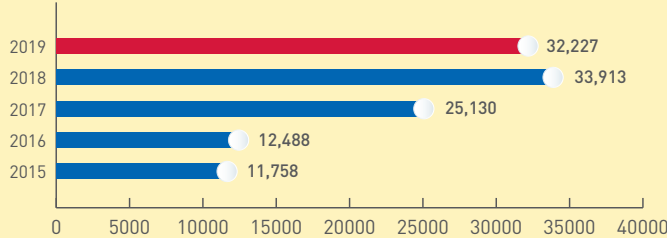
During the year under review, the Company produced 48,608 units as compared to 50,177 units produced of last year, whereas sales were recorded at 48,648 units against 50,100 units of last year, showing a decline of 2.90%. Despite, challenging economic conditions, the Company was able to achieve its 'second best' results in terms of production & sales. Following are the key highlights for the year ended March 2019:

- Celebration of 400,000th Unit Production**
 The Company achieved cumulative production of its 400,000th unit in October 2018. This remarkable milestone symbolizes customers' trust and strong support of the Company's products. All models contributed in achieving this goal, with major contribution of 53% coming from 'City' and 44% from 'Civic'. The BR-V, a model launched in 2017, accounted for 3% of cumulative production.

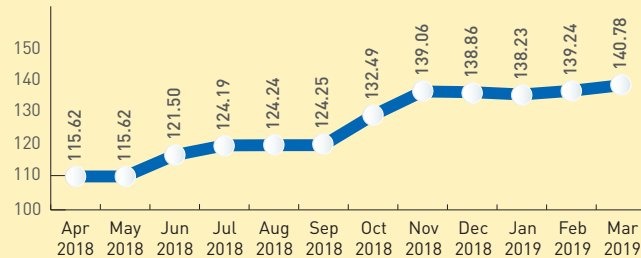
The Company started business operations in May 1994 with the launch of 5th generation 'Civic' and added 'City' to the line-up in January 1997. It achieved cumulative 100,000th unit production in December 2005, 200,000th unit production milestone in 2012. 300,000th unit production

CONTRIBUTION TO NATIONAL EXCHEQUER

(Rupees in million)



PKR TO US\$ MOVEMENT



milestone in 2016 and 400,000th unit milestone after just two years.

- Ever Highest Sales of Honda City**
 Honda City continued to mark its class in the 1300cc segment with its elegant design & comfort, quality, superior features and price competitiveness. The model has registered ever highest sales of 24,687 units, showing an increase of 18.31% over last year.
- Addition of New Dealerships**
 During the year, two new dealerships were added in Lahore and Faisalabad, respectively. The new dealerships will provide more convenience to the existing and new customers, with quality sales and after sales services. Going forward, the Company will continue to expand its market presence in different regions.

FINANCIAL RESULTS

Notwithstanding tough headwinds, the Company can look back on an overall positive business performance in the year ended March 31, 2019. Despite some slight downward trends in figures, the Company's results of operations, financial position and net assets are indicative of a solid financial condition. This year, the



Inauguration of dealerships in Lahore & Faisalabad

Company has generated highest sales revenue of Rs. 95.128 billion as compared to Rs. 91.523 billion last year. The increase was mainly due to the price revisions made during the year. However, gross profit declined from Rs. 10.449 billion to Rs. 7.304 billion, down by 30.10%. This was due to factors stated above and had significant impact on cost of production. The Company increased

car prices, yet it did not pass on complete cost differential to it's customers and bore some part of it, which significantly depressed Company's profitability.

The Selling & General Administrative (SGA) expenses increased to Rs. 1.732 billion against Rs.1.594 billion, a year on year increase of 8.61%. Other



Family day celebrations

income was recorded at Rs. 1.314 billion against Rs. 1.883 billion, down by 30.24% mainly due to realization of short term investments to meet working capital requirements. The financial & other charges recorded at Rs. 1.292 billion, up by 2.63% as compared to last year. Resultantly, the Company achieved profit before tax of Rs. 5.594 billion against Rs. 9.479 billion, representing a decrease of 40.99%. Net profit after tax was Rs. 3.851 billion against Rs. 6.494 billion of the corresponding period last year. This translated into earnings per share of Rs. 26.97 against Rs. 45.48 of last year.

For the third consecutive year, the Company was awarded first position by Custom Authority, Punjab Region, for being the highest tax paying Company. During the year, the Company paid Rs. 32.227 billion to the government on account of sales tax, custom duty, income tax and other government levies. Overall since 1994, the Company has paid Rs 207.837 billion taxes towards national exchequer.

TRAINING & DEVELOPMENT

Human beings are born as free and unique individuals with the capacity to think, reason and create – and the ability to dream. The Company not

only believes in this, but promotes and nurture these characteristics by respecting individual differences and trusting each other as equal partners. To realize these qualities in our associates, the Company has been rigorously focusing on the development of human resource, through job rotations and on-job trainings, which help to widen the job spectrum and create diversity.

During the year, the Company's associates were sent to Human Resources and Industry Development Association (HIDA) Japan, Asian Honda Motors, Thailand and INSEAD, France to attend different management, technical and leadership development courses. The second batch of Diploma of Business Management (DBM) was rolled out from Forman Christian College Lahore and IBA, Karachi. Executive MBA from LUMS was also completed by Head of Purchasing Division, apart from number of other Diploma courses were arranged for associates at PIM & LUMS



Best Quality Award group picture



Vendor Conference participants

Lahore. These measures will help to develop competencies among associates which are essential to face future business challenges.

PERFORMANCE EVALUATION OF BOARD OF DIRECTORS AND COMMITTEES OF THE BOARD

The evaluation of Board's role of oversight and its effectiveness is continual process, which is appraised by the Board itself. The core areas of focus are:

- Alignment of corporate goals and objectives with the vision and mission of the Company;
- Strategy formulation for sustainable operation;
- Board's independence; and
- Evaluation of Board's Committees performance in relation to discharging their responsibilities set out in respective terms of reference.

FUTURE OUTLOOK

Challenges at both, international and domestic fronts, require a well thought out and decisive policy response to ensure stability in the tough phase ahead. On the economic side, taking stock of the evolving developments, it is evident that measures addressing structural problems are required. This,

together with clarity on external funding arrangements, will provide the much needed support to the balance of payments position. For Pakistan, CPEC remains the largest source of foreign investment. The Prime Minister's visit to China facilitated both countries into entering the next phase under which areas of cooperation are to be expanded. Rising input costs on the back of higher energy prices and the lagged impact of exchange rate depreciation are likely to maintain upward pressure on inflation despite moderation in aggregate demand. Short term measures for fiscal consolidation need to be complimented with implementation of medium term structural reforms. Once the economy regains its balance, it is expected that the economy will resume its growth momentum, which would boost the demand for automobiles also.

The Company has laid the foundation for long term sustainable leadership and is committed to achieve profitable growth, financial flexibility and operational excellence. The Company has been focusing on the revamping the financial position and have positive prospects for improved financial results next year. We will keep focus on improving all-round efficiency, controlling

running expenses, innovation in product line-up and excellent after sales back up for customer satisfaction.

ع تجھ کو اگر کچھ کہنا نہیں ہے تو مجھ کو ہی کہنے دو

ACKNOWLEDGEMENT

I would like to thank our valued customers for their trust and confidence in the Company product. I would also like to thank dealers, vendors, bankers, government institutions and shareholders for their support, and Honda Motor Company and Atlas Group for their guidance. Mr. Hironobu Yoshimura and his team deserve appreciation for their hard work and dedication. I wish the Company all the success in the coming years.

May 20, 2019
Karachi.

Yusuf H. Shirazi
Chairman

Directors' Report

AS ON MARCH 31, 2019



The Directors are pleased to present their report together with the Audited Financial Statements for the year ended March 31, 2019.



FINANCIAL RESULTS:

Key financial results for the year are as follows:

Rupees in million	Year ended March 31, 2019	Year ended March 31, 2018
Profit before tax for the year	5,593.57	9,478.57
Taxation	(1,742.46)	(2,984.12)
Other comprehensive loss for the year	(49.25)	(32.50)
Un-appropriated profit	3,801.86	6,461.95
* Appropriations:		
Transfer to general reserves	(2,000.00)	(2,600.00)
Additional dividend - Nil (2018: 41.8%)	-	(596.90)
Proposed dividend 121.5% (2018: 227.5%)	(1,735.02)	(3,248.70)
	(3,735.02)	(6,445.60)
Earning per share – basic and diluted (Rupees)	26.97	45.48

* The Board of Directors has proposed these appropriations, which are not reflected in the financial statements in compliance with the Fourth schedule of the Companies Act 2017.

DIVIDEND

In line with the Company’s practice to pay dividends that exceed the shareholders’ expectations and meet the future business requirements, the

Board of Directors have recommended 121.5% (Rs. 12.15 per share) dividend for the year ended March 31, 2019 (2018: Rs 22.75 per share), with a payout ratio of 45% (2018: 50%).

During the last five years, the Company has maintained an average payout ratio of 37% to the shareholders, while retaining the undistributed profits for



L to R: Standing Row: Mr. Maqsood ur Rehman, Ms. Rie Mihara, Mr. Kenichi Matsuo, Mr. Feroz Rizvi, Mr. Akira Murayama, Mr. Kazunori Shibayama, Ms. Mashmooma Zehra Majeed and Mr. Ahmad Umair Wajid
L to R: Sitting Row: Mr. Hironobu Yoshimura, Mr. Yusuf H. Shirazi and Mr. Aamir H. Shirazi



Annual General Meeting of Shareholders

strengthening the balance sheet position of the Company. During the same period of last five years, the shareholders' equity has grown more than 3.4 times, which now constitute 55% of the total assets as on 31 March 2019, as compared with 37% in 2015.

EARNINGS PER SHARE

The basic and diluted earnings per share after tax is Rs. 26.97 (2018: Rs. 45.48).

COMPOSITION OF THE BOARD

The composition of the Board of Directors is as follows:

Total Number of Directors:	9
a) Male	7
b) Female	2

Composition:

a) Independent Director	3
b) Other Non-Executive Directors	4
c) Executive Directors	2

Election of the Board of Directors was held during the year under review. As a result, the Board of Directors was reconstituted for a period of three years' term starting

from May 2, 2018. All the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2017 related to the composition of Board were complied.

BOARD MEETINGS

During the year under review five (5) meetings of the Board of Directors were held. The attendance of the Board members was as follows:

Sr. No.	Name of Director		Date of Appointment	Attendance
1.	Mr. Yusuf H. Shirazi	Chairman	2-May-2018	4
2.	Mr. Hironobu Yoshimura	President / CEO	2-May-2018	5
3.	Mr. Aamir H. Shirazi	Director & Senior Advisor	2-May-2018	5
4.	Mr. Kenichi Matsuo	Director	2-May-2018	5
5.	Mr. Feroz Rizvi	Independent Director	2-May-2018	3
6.	Mr. Akira Murayama	Director	2-May-2018	2
7.	Mr. Satoshi Suzuki	Director	2-May-2018	2
8.	Ms. Mashmooma Zehra Majeed	Independent Director	2-May-2018	3
9.	Ms. Rie Mihara	Independent Director	2-May-2018	3
	Mr. M. Naeem Khan	Director		1
	(replaced in election of Directors)			
	Mr. Maqsood ur Rahman	Company Secretary		4
	Mr. Ahmed Umair Wajid	CFO		5

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

AUDIT COMMITTEE

Audit Committee comprises of five (5) non-executive directors, including two independent directors. The Chairman of the Audit Committee is an independent director. The Audit Committee was reconstituted in May 2018 after the re-constitution of the Board of Directors.

During the year under review, four (4) meetings of the Audit Committee were held to review and discuss the financial statements, internal audit reports,



Independence day celebrations

compliance with the relevant laws and regulations and other associated matters. These meetings included meetings with external auditors before and after completion of audit for the year ended March 31, 2019 and other statutory meetings as required by the law.

The attendance of the Audit Committee members is as under:

Sr. No.	Name of Director		Date of Appointment	Attendance
1.	Mr. Feroz Rizvi	Chairman	2-May-2018	3
2.	Mr. Aamir H. Shirazi	Member	2-May-2018	4
3.	Mr. Akira Murayama	Member	2-May-2018	2
4.	Ms. Mashmooma Zehra Majeed	Member	2-May-2018	2
5.	Mr. Satoshi Suzuki	Member	2-May-2018	1

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

HUMAN RESOURCE & REMUNERATION COMMITTEE

The Human Resource & Remuneration (HR&R) Committee comprises of five (5) directors (2 executive directors; 2 non-executive directors; and 1 independent director). The Chairman of the HR&R Committee is an independent director. The HR&R Committee was reconstituted in May 2018 after the re-constitution of the Board of Directors.

During the year under review, one meeting of the HR&R Committee was held to discuss & approve the matters falling under the terms of reference of the HR&R Committee. The attendance of the HR&R Committee members is as under:

Sr. No.	Name of Director		Date of Appointment	Attendance
1.	Ms. Mashmooma Zehar Majeed	Chairperson	2-May-2018	--
2.	Mr. Aamir H. Shirazi	Member	2-May-2018	1
3.	Mr. Hironobu Yoshimura	Member	2-May-2018	1
4.	Mr. Kenichi Matsuo	Member	2-May-2018	1
5.	Mr. Akira Murayama	Member	2-May-2018	--

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





ROLES AND RESPONSIBILITIES OF THE BOARD OF DIRECTORS

The Board of Directors is responsible for overall management and insight of the Company's operations and functions. In this regard the Board of Directors make decisions concerning key matters such as basic management policies and monitoring of operations by Directors. In addition, the Board of Directors discuss and take decisions concerning matters specified in the Companies Act 2017, as well as matters set forth in the articles of association and all the relevant laws and regulations. The Board of Directors has delegated some of its powers to the CEO and the Committees of the Board to ensure that all the responsibilities are discharged in a smooth and timely manner.

DIRECTORS REMUNERATION

The Company has implemented a comprehensive remuneration policy for the Board of Directors. The objective of this Policy is to

ensure that the Executive & Non-executive Directors' are governed by comprehensive compensation criteria, that is based on their valuable contribution towards the strategic guidance and success of the Company. The Board of Directors approve the remuneration of its members.

For the year ending March 31, 2020, the Board approved:

- the remuneration of Chairman (Non-executive Director) at Rs. 45.5 million (2018-19: Rs. 39.4 million),
- the remuneration of the President/CEO at Rs. 14.2 million (2018-19: Rs 9.2 million); and
- the remuneration of one full-time director at Rs. 15.5 million (2018-19: Rs 12.4 million).

HONDA CODE OF CONDUCT

In order to earn the trust of customers & society and grow sustainably, a company must not only comply with laws and

regulations but go beyond those legal structures by practicing ethical corporate conduct. The Company works to instill the Honda Code of Conduct in each and every associate through actions such as the distribution of handbooks to all existing associates, daily reading out at work place and providing orientation to new associates.

INTERNAL CONTROL FRAMEWORK

The Company has implemented a comprehensive and effective internal control framework. During the year, 'Internal Control System Audit' was conducted by Honda Motor, Japan at the request of the Board Audit Committee. The week long audit covered all areas including production, management, plant safety, governance and internal control systems according to Honda Motor standards. The report was satisfactory, with some improvement suggested by the Auditors.



2nd Marathon participants

INTERNAL AUDIT

The Company has an independent Internal Audit function. The Audit Committee quarterly reviews the appropriateness of resources and authority of this function. The Head of Internal Audit functionally reports to the Audit Committee. The Board Audit Committee approves the audit plan, based on an annual and quarterly assessment of the operating areas. The Internal Audit function carries out reviews on the financial, operational and compliance controls, and reports on findings to the Board Audit Committee, Chief Executive and the divisional management.

RISK MANAGEMENT

The Risk Management Policy of the Company aims at driving sustainable growth and stabilizing management based on the Honda Philosophy and targets all the risks with the potential to impact the Company's operations. In addition, the Company has created a framework for risk management activities and is taking follow-up measures to

support its implementation. The Risk Management Officer nominated from the Board members is responsible for the risk management of the Company.

As for the specific procedures, 91 risk items are identified by the Honda Group, including but not limited to economic crisis, economic recession, exchange rate fluctuations, interest rate fluctuations, climate change and energy issues. The Company performs risk assessment by calculating the potential magnitude of the impact and the frequency of occurrence using common evaluation criteria. Based on the results of the assessment, the Company chooses the risks most relevant to its business operations in the next fiscal year. In addition, information regarding risk management measures is shared at the management meeting every quarter and the progress in this regard is regularly monitored.

BUSINESS CONTINUITY PLAN

As part of Business Continuity Plan,

remote disaster recovery sites have been adequately set up for maintaining backup server and data in case our primary server encounters any issues.

HUMAN RESOURCE MANAGEMENT

Human resource planning and management is one of the most important considerations with the senior management. The Board has established an HR&R Committee which is involved in the selection, evaluation, compensation and succession planning of key management personnel. It is also involved in recommending improvements in the human resource policies and procedures and their periodic review.

HEALTH, SAFETY AND ENVIRONMENT

We strongly believe in maintaining the highest standards in health, safety and environment (HSE) to ensure the well-being of the people who work with us as well as of the communities where we operate.



CSR ACTIVITIES

The Company aims to be a “company that society wants to exist” and plans different activities in the field of health, education, safety and general well-being of the society it operates in.

● Free Medical Camps

Free medical camps have become the hall mark CSR activity of the Company over the last five years. We are continuously expanding the covered area by increasing the number of camps every year. During the year under review, the Company arranged eight free medical camps in the vicinity surrounding factory at Manga Mandi, village bath, Sundar, Talab Saraie, Kot Asadullah and Havelian. These camps were successful in giving medical treatment to 4,684 patients which is 22% higher than last year. Till date a total of more than 16,500 patients have been provided free medical treatment in these camps.

● Water Filtration Plant

Generally, people living in Manga Mandi and its surroundings, use ground water which is derived from less than 150 feet depth. The water was tested and the results revealed that it was not fit for drinking as per the World Health Organization (WHO) Guideline.

Considering, the situation as the neighboring locality, the Company arranged to install ultra-filtration water plant at Manga Mandi village, having capacity of 5,000 liters per hour. The plant will provide high quality drinking water to more than 20,000 people living around the filtration plant. The Company plans to install more Ultra Filtration plants in different areas to provide clean drinking water facility to more people.

● Renovation of local schools

Continuing to provide support to local primary schools to improve infrastructure and facilities for students, the Company built a class room in the local girls’ primary school during the year under review. The facility will provide shelter to students who previously used to take their classes in the corridor or courtyard of the school building.

● Road Safety Trainings

Following the Honda dream of a collision-free mobile society where our customers and everyone sharing the road, can safely and confidently enjoy the freedom of mobility, the Company prepared an animated safe

driving video and arranged multiple road safety training sessions in different colleges and universities. Additionally, the Company also arranged safe driving trainings for the Company coaster drivers and associates. The purpose of these trainings is to highlight basic safety points while driving.

● Road Construction

The Company renovated a road adjacent to the factory wall, off the main Multan Road which has been in bad condition for some time and had potential risk of traffic accidents and road blockage.

● Installation of Solar Energy Panels

The local industry generally and domestic consumers particularly have been facing energy shortage for last many years. The rising fuel prices and reducing government subsidy, the cost of electricity have substantially increased, apart from consumption of depleting natural resources for power generation. The Company is also moving forward with its response to climate change through various initiatives to cut CO₂ emissions. During the year, the Company installed clean energy solar panels which partially support power requirements of



Clean Energy: Solar Panels

the Company, running Assembly Engine, Assembly Final and Vehicle Quality Department on the clean energy solar panels.

CORPORATE AND FINANCIAL REPORTING FRAMEWORK

In compliance with the provisions of the listing regulations of the Pakistan Stock Exchange, the Board members are pleased to place the following statements on record:

- The financial statements for the year ended March 31, 2019 present fairly its state of affairs, the results of its operations, cash flow and changes in equity;
- Proper books of accounts have been maintained;
- Appropriate accounting policies have been consistently applied in preparation of financial statements for the year ended March 31, 2019 and accounting estimates are based on reasonable and prudent judgment;
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements;
- The systems of internal control are sound in design and has

been effectively implemented and monitored;

- There are no doubts about 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 listing regulations;
- The book value of investments held by Employees Provident Fund and Employees Gratuity Fund as on March 31, 2019 were Rs. 524.25 million and Rs. 413.09 million respectively.
- The key operating and financial data for last ten years is given in this report.

MATERIAL CHANGES

There have been no material changes since March 31, 2019 to date of the report and the Company has not entered into any commitment during this period, which would have an adverse impact on the financial position of the Company.

SHARE TRANSFER

No transaction of sale or purchase of shares of the Company by Directors, Company Secretary, Chief Financial Officer and their spouses or minor children was reported during the period under review.

CHAIRMAN’S REVIEW

The Chairman’s review included in the Annual Report deals inter alia with the performance of the Company for the year ended March 31, 2019 and the future outlook. The directors endorse the contents of the review.

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

The Company has fully complied with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2017. A statement to this effect is annexed with this report.

HOLDING COMPANY

M/s Honda Motor Company Limited, incorporated in Japan, is the holding company with 51% shares.

PATTERN OF SHAREHOLDING

The pattern of shareholding as on March 31, 2019 and its disclosure is annexed with this report.

AUDITORS

The auditors M/s A. F. Ferguson & Co., Chartered Accountants, retire and being eligible, offer themselves for re-appointment for the year ending March 31, 2020. The Audit Committee has recommended their reappointment to the Board.

For and on behalf of
The Board of Directors

Aamir H. Shirazi
Director & Senior Advisor

Hironobu Yoshimura
President/CEO

Date: May 20, 2019
Karachi.

Statement of Compliance

WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2017

Name of Company: **Honda Atlas Cars (Pakistan) Limited**
Year ended: **March 31, 2019**

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

- The total number of directors are 9 as per the following:
 - Male 7
 - Female 2

- The composition of board is as follows:

Sr No	Category	Names
1.	Independent Directors	Mr. Feroz Rizvi
2.		Ms. Mashmooma Zehra Majeed
3.		Ms. Rie Mihara
4.	Other Non-Executive Directors	Mr. Yusuf H. Shirazi
5.		Mr. Aamir H. Shirazi
6.		Mr. Akira Murayama
7.		Mr. Satoshi Suzuki
8.	Executive Directors	Mr. Hironobu Yoshimura
9.		Mr. Kenichi Matsuo

- 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).
- The company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
- The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
- 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.

- 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 the Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.

- The board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.

- The board has arranged Directors' Training program for the following:

Independent Director	Ms. Rie Mihara
Executive Directors	Mr. Hironobu Yoshimura
	Mr. Kenichi Matsuo

- The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.

- CFO and CEO duly endorsed the financial statements before approval of the board.

- The board has formed committees comprising of members given below:

a) Audit Committee	1.	Mr. Feroz Rizvi	Chairman
	2.	Mr. Aamir H. Shirazi	
	3.	Mr. Akira Murayama	
	4.	Ms. Mashmooma Zehra Majeed	
	5.	Mr. Satoshi Suzuki	
b) Human Resource & Remuneration Committee	1.	Ms. Mashmooma Zehra Majeed	Chairperson
	2.	Mr. Aamir H. Shirazi	
	3.	Mr. Hironobu Yoshimura	
	4.	Mr. Kenichi Matsuo	
	5.	Mr. Akira Murayama	



Executive Committee: (L to R) Mr. Maqsood ur Rehman, Mr. Hironobu Yoshimura and Mr. Kenichi Matsuo

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

- The frequency of meetings (quarterly/half yearly/ yearly) of the committee were as per following:

- Audit Committee**
Four quarterly meetings were held during the financial year ended March 31, 2019.
- HR & Remuneration Committee**
One meeting was held during the financial year ended March 31, 2019.

- The Board has set up an effective internal audit function who are considered suitably qualified and experienced for the purpose of and are conversant with the policies and procedures of the company.

- 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.

- 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.

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

Yusuf H. Shirazi
Chairman

Date: May 20, 2019
Karachi.

Independent Auditor's Review Report

TO THE MEMBERS OF HONDA ATLAS CARS (PAKISTAN) LIMITED

REVIEW REPORT ON THE STATEMENT OF COMPLIANCE CONTAINED IN LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2017

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of Honda Atlas Cars (Pakistan) Limited for the year ended March 31, 2019 in accordance with the requirements of regulation 40 of the Regulations.

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

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

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. 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 procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

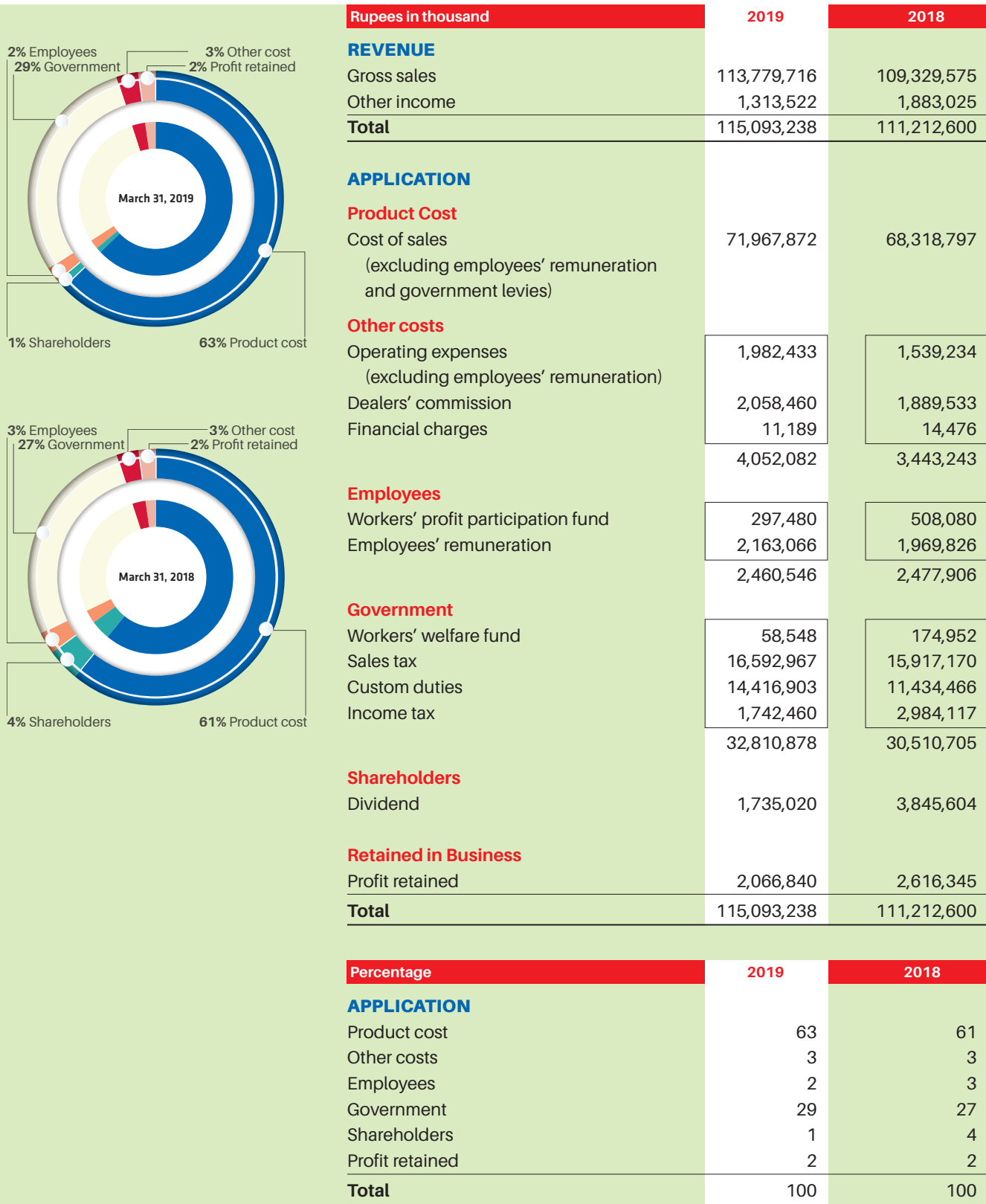
Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended March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

A. F. FERGUSON & CO.
Chartered Accountants

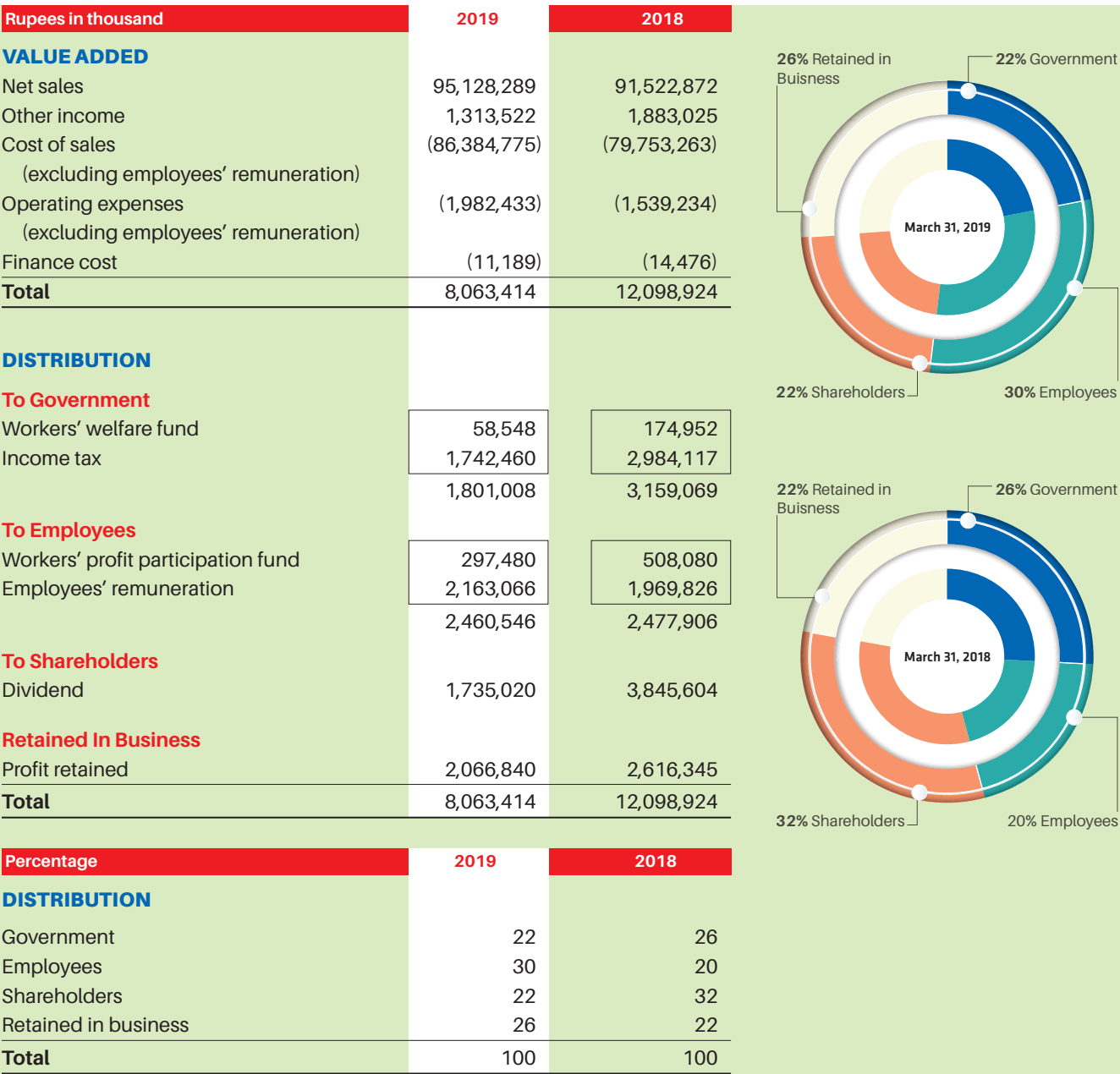
Date: May 23, 2019
Lahore.



Revenue Application



Value Added and its Distribution



Financial Highlights

		2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
STATEMENT OF PROFIT OR LOSS											
Sales	Rs in million	95,128	91,523	62,803	40,086	37,764	39,153	30,275	16,600	22,026	15,854
Gross profit / (loss)	Rs in million	7,304	10,449	9,122	6,047	4,773	2,857	1,447	(44)	199	(240)
Operating profit / (loss)	Rs in million	5,605	9,493	8,660	5,186	3,786	2,135	716	(347)	(93)	(533)
Profit / (loss) before tax	Rs in million	5,594	9,479	8,636	5,179	3,767	2,097	525	(499)	(245)	(988)
Profit / (loss) after tax	Rs in million	3,851	6,494	6,135	3,556	3,162	1,074	244	(532)	(298)	(852)
Proposed dividend	Rs in million	1,735	3,846	1,856	1,000	714	428	43	-	-	-
STATEMENT OF FINANCIAL POSITION											
Share capital	Rs in million	1,428	1,428	1,428	1,428	1,428	1,428	1,428	1,428	1,428	1,428
Shareholders' equity	Rs in million	17,627	17,073	13,065	7,941	5,120	2,391	1,365	1,128	1,677	1,976
Capital expenditure	Rs in million	961	1,266	1,812	1,346	662	239	466	397	55	29
Fixed assets - at cost	Rs in million	12,621	11,961	11,454	9,844	8,531	8,150	7,957	8,202	7,821	7,786
Fixed assets - net	Rs in million	5,245	5,373	4,974	3,781	2,933	3,041	3,503	3,668	3,945	4,594
Non current liabilities	Rs in million	465	540	440	226	64	56	43	110	417	1,333
Total assets	Rs in million	32,101	58,809	51,497	16,205	13,926	12,317	15,146	9,489	10,573	8,946
Working capital	Rs in million	12,286	12,047	8,419	4,300	1,806	(1,043)	(3,180)	(3,622)	(2,816)	(2,125)
Capital employed	Rs in million	17,627	17,073	13,065	7,941	5,120	2,391	1,365	1,294	2,511	3,476
SIGNIFICANT RATIOS											
Profitability											
Gross profit / (loss) margin	%	7.7	11.4	14.5	15.1	12.6	7.3	4.8	(0.3)	0.9	(1.5)
Operating profit / (loss) margin	%	5.9	10.4	13.8	12.9	10.0	5.5	2.4	(2.1)	(0.4)	(3.4)
Profit / (loss) before tax	%	5.9	10.4	13.7	12.9	9.9	5.4	1.7	(3.0)	(1.1)	(6.2)
Profit / (loss) after tax	%	4.0	7.1	9.8	8.9	8.4	2.7	0.8	(3.2)	(1.4)	(5.4)
Liquidity											
Current ratio	Times	1.9	1.3	1.2	1.5	1.2	0.9	0.8	0.6	0.7	0.6
Quick ratio	Times	1.2	1.1	1.0	1.0	0.6	0.5	0.4	0.2	0.2	0.2
Long term debt to equity	Times	-	-	-	-	-	-	-	0.2	0.5	0.8
Total liabilities to equity	Times	1.8	3.4	3.9	2.0	2.7	5.2	11.1	8.4	6.3	4.5
Activity											
Total assets turnover	Times	3.0	1.6	1.2	2.5	2.7	3.2	2.0	1.7	2.1	1.8
Fixed assets turnover	Times	18.1	17.0	12.6	10.6	12.9	12.9	8.6	4.5	5.6	3.5
Stock turnover ratio	Times	10.4	10.9	10.1	7.1	7.0	8.9	8.0	5.3	7.6	6.1
Interest cover (BT)	Times	500.9	655.8	369.4	741.8	202.8	56.1	3.7	(2.3)	(0.6)	(1.2)
Interest cover (AT)	Times	345.2	449.6	262.7	509.6	170.4	29.2	2.3	(2.5)	(1.0)	(0.9)
Number of days stock	Days	35	33	36	51	52	41	45	69	48	60
Earning											
Return on capital employed	%	22.2	43.1	58.4	54.5	84.2	57.2	18.4	(28.0)	(10.0)	(21.8)
Return on equity (BT)	%	32.2	62.9	82.2	79.3	100.3	111.7	42.1	(35.6)	(13.4)	(41.1)
Return on equity (AT)	%	22.2	43.1	58.4	54.5	84.2	57.2	19.6	(37.9)	(16.3)	(35.5)
Earning / (loss) per share (BT)	Rs.	39.2	66.4	60.5	36.3	26.4	14.7	3.7	(3.5)	(1.7)	(6.9)
Earning / (loss) per share (AT)	Rs.	27.0	45.5	43.0	24.9	22.1	7.5	1.7	(3.7)	(2.1)	(6.0)
Price earning ratio (AT)	Times	8.9	10.5	17.5	10.1	8.3	7.3	17.1	(3.0)	(4.8)	(2.7)
Dividend per ordinary share	Rs.	12.2	26.9	13.0	7.0	5.0	3.0	0.3	-	-	-
Dividend pay out ratio	%	45.1	59.2	30.3	28.1	22.6	39.9	17.6	-	-	-
OTHER INFORMATION											
Break up value per share	Rs.	123	120	91	56	36	17	10	8	12	14
Market value per share	Rs.	240	477	752	252	183	55	29	11	10	16
Contribution to national exchequer	Rs in million	32,227	33,913	25,130	12,488	11,758	13,750	10,664	6,281	8,229	6,316
Units produced	Units	48,608	50,177	34,560	25,939	23,320	23,223	19,387	11,040	16,440	11,980
Units sold	Units	48,648	50,100	35,381	25,800	23,311	23,310	18,915	11,406	16,467	12,344
Manpower (permanent+contractual)	Nos.	2,284	2,278	2,033	1,256	1,160	1,122	1,003	934	975	857
Exchange rates at year end date											
¥ to \$	¥	110.64	106.06	111.65	112.74	119.93	104.00	93.97	82.10	83.01	93.53
Rs to \$	Rs.	140.51	115.60	104.95	104.85	101.94	98.53	98.57	90.75	85.50	84.18
Rs to ¥	Rs.	1.27	1.09	0.94	0.93	0.85	0.95	1.05	1.11	1.03	0.90

Horizontal Analysis

	2019	2018	2017	2016	2015	2014	2019 vs 2018	2018 vs 2017	2017 vs 2016	2016 vs 2015	2015 vs 2014
		Rupees in thousand						Percentage			
STATEMENT OF FINANCIAL POSITION											
EQUITY AND LIABILITIES											
SHARE CAPITAL AND RESERVES											
Issued, subscribed and paid up capital	1,428,000	1,428,000	1,428,000	1,428,000	1,428,000	1,428,000	-	-	-	-	-
Reserves	12,306,000	9,706,000	5,506,000	2,956,000	526,000	76,000	26.79	76.28	86.27	461.98	592.11
Revenue reserve: Unappropriated profit	3,892,652	5,939,492	6,130,847	3,556,949	3,165,752	887,220	(34.46)	(3.12)	72.36	12.36	256.82
NON-CURRENT LIABILITIES											
Employee retirement benefits	164,766	93,385	61,645	82,824	52,552	44,425	76.44	51.49	(25.57)	57.60	18.29
Deferred taxation	288,058	433,591	367,144	134,108	-	-	(33.56)	18.10	173.77	100.00	-
Deferred revenue	11,829	12,838	10,842	8,835	11,623	11,709	(7.86)	18.41	22.72	(23.99)	(0.73)
CURRENT LIABILITIES											
Current portion of deferred revenue	5,232	3,026	4,480	6,194	4,651	-	72.90	(32.46)	(27.67)	33.18	100.00
Accrued mark-up	17	782	14,218	669	1,762	13,790	(97.83)	(94.50)	2,025.26	(62.03)	(87.22)
Trade, dividend and other payables	14,004,637	41,191,665	37,668,732	8,031,319	8,735,729	9,856,245	(66.00)	9.35	369.02	(8.06)	(11.37)
Income tax payable	-	-	305,126	-	-	-	-	(100.00)	100.00	-	-
	32,101,191	58,808,779	51,497,034	16,204,898	13,926,069	12,317,389	(45.41)	14.20	217.79	16.36	13.06
ASSETS											
NON-CURRENT ASSETS											
Property, plant and equipment	4,905,667	4,991,899	4,402,000	2,511,897	2,822,852	2,873,067	(1.73)	13.40	75.25	(11.02)	(1.75)
Intangible assets	215,951	305,124	373,092	71,035	71,373	86,431	(29.23)	(18.22)	425.22	(0.47)	(17.42)
Capital work-in-progress	123,487	76,348	199,194	1,198,229	38,776	81,293	61.74	(61.67)	(83.38)	2,990.13	(52.30)
Long term trade debts	208,959	-	-	-	-	-	100	-	-	-	-
Long term loans and advances	346,959	189,023	107,251	81,547	62,438	52,772	83.55	76.24	31.52	30.60	18.32
Long term deposits	4,042	4,042	4,042	4,042	4,042	4,042	-	-	-	-	-
Deferred taxation	-	-	-	-	378,307	393,238	-	-	-	(100.00)	(3.80)
CURRENT ASSETS											
Stores and spares	169,004	138,779	134,569	122,954	132,724	116,205	21.78	3.13	9.45	(7.36)	14.22
Stock-in-trade	8,670,614	8,208,043	6,658,735	4,009,825	5,523,796	3,852,540	5.64	23.27	66.06	(27.41)	43.38
Trade debts	1,122,986	92,441	49,536	86,242	44,224	-	1,114.81	86.61	(42.56)	95.01	100.00
Loan, advances, prepayments and other receivables	10,173,428	13,135,180	9,088,890	1,006,233	1,489,154	2,503,651	(22.55)	44.52	803.26	(32.43)	(40.52)
Short term investments	4,768,252	20,674,900	20,943,345	1,149,777	-	-	(76.94)	(1.28)	1,721.51	100.00	-
Cash and bank balances	1,391,842	10,993,000	9,536,380	5,963,117	3,358,383	2,354,150	(87.34)	15.27	59.92	77.56	42.66
	32,101,191	58,808,779	51,497,034	16,204,898	13,926,069	12,317,389	(45.41)	14.20	217.79	16.36	13.06
STATEMENT OF PROFIT OR LOSS											
Sales	95,128,289	91,522,872	62,802,753	40,085,521	37,764,159	39,153,254	3.94	45.73	56.67	6.15	(3.55)
Cost of sales	(87,824,215)	(81,073,777)	(53,681,061)	(34,038,741)	(32,991,341)	(36,296,009)	8.33	51.03	57.71	3.17	(9.10)
Gross profit	7,304,074	10,449,095	9,121,692	6,046,780	4,772,818	2,857,245	(30.10)	14.55	50.85	26.69	67.04
Distribution and marketing costs	(931,787)	(916,906)	(542,321)	(333,046)	(434,257)	(340,556)	1.62	69.07	62.84	(23.31)	27.51
Administrative expenses	(800,040)	(677,602)	(497,269)	(351,863)	(319,940)	(287,026)	18.07	36.26	41.32	9.98	11.47
Other operating income	1,313,522	1,883,025	1,115,189	309,777	218,979	270,548	(30.24)	68.85	260.00	41.46	(19.06)
Other operating expenses	(1,281,007)	(1,244,569)	(537,523)	(485,775)	(451,897)	(364,890)	2.93	131.54	10.65	7.50	23.84
Profit from operations	5,604,762	9,493,043	8,659,768	5,185,873	3,785,703	2,135,321	(40.96)	9.62	66.99	36.99	77.29
Finance cost	(11,189)	(14,476)	(23,443)	(6,991)	(18,666)	(38,075)	(22.71)	(38.25)	235.33	(62.55)	(50.98)
Profit before taxation	5,593,573	9,478,567	8,636,325	5,178,882	3,767,037	2,097,246	(40.99)	9.75	66.76	37.48	79.62
Taxation	(1,742,460)	(2,984,117)	(2,501,335)	(1,623,100)	(604,660)	(1,023,576)	(41.61)	19.30	54.11	168.43	(40.93)
Profit after taxation	3,851,113	6,494,450	6,134,990	3,555,782	3,162,377	1,073,670	(40.70)	5.86	72.54	12.44	194.54

Vertical Analysis

	2019	2018	2017	2016	2015	2019	2018	2017	2016	2015
		Rupees in thousand					Percentage			
STATEMENT OF FINANCIAL POSITION										
EQUITY AND LIABILITIES										
SHARE CAPITAL AND RESERVES										
Issued, subscribed and paid up capital	1,428,000	1,428,000	1,428,000	1,428,000	1,428,000	4.45	2.43	2.77	8.81	10.25
Reserves	12,306,000	9,706,000	5,506,000	2,956,000	526,000	38.33	16.50	10.69	18.24	3.78
Revenue reserve: Unappropriated profit	3,892,652	5,939,492	6,130,847	3,556,949	3,165,752	12.13	10.10	11.91	21.95	22.73
NON-CURRENT LIABILITIES										
Employee retirement benefits	164,766	93,385	61,645	82,824	52,552	0.51	0.16	0.12	0.51	0.38
Deferred taxation	288,058	433,591	367,144	134,108	-	0.90	0.74	0.71	0.83	-
Deferred revenue	11,829	12,838	10,842	8,835	11,623	0.04	0.02	0.02	0.05	0.08
CURRENT LIABILITIES										
Current portion of deferred revenue	5,232	3,026	4,480	6,194	4,651	0.02	0.01	0.01	0.04	0.03
Accrued mark- up	17	782	14,218	669	1,762	-	-	0.03	0.01	0.01
Trade, dividend and other payables	14,004,637	41,191,665	37,668,732	8,031,319	8,735,729	43.62	70.04	73.15	49.56	62.74
Income tax payable	-	-	305,126	-	-	-	-	0.59	-	-
	32,101,191	58,808,779	51,497,034	16,204,898	13,926,069	100.00	100.00	100.00	100.00	100.00
ASSETS										
NON-CURRENT ASSETS										
Property, plant and equipment	4,905,667	4,991,899	4,402,000	2,511,897	2,822,852	15.28	8.49	8.55	15.50	20.27
Intangible assets	215,951	305,124	373,092	71,035	71,373	0.67	0.52	0.72	0.44	0.51
Capital work-in-progress	123,487	76,348	199,194	1,198,229	38,776	0.38	0.13	0.39	7.39	0.28
Long term trade debts	208,959	-	-	-	-	0.65	-	-	-	-
Long term loans and advances	346,959	189,023	107,251	81,547	62,438	1.08	0.32	0.21	0.50	0.45
Long term deposits	4,042	4,042	4,042	4,042	4,042	0.01	0.01	0.01	0.02	0.03
Deferred taxation	-	-	-	-	378,307	-	-	-	-	2.72
CURRENT ASSETS										
Stores and spares	169,004	138,779	134,569	122,954	132,724	0.53	0.24	0.26	0.76	0.95
Stock-in-trade	8,670,614	8,208,043	6,658,735	4,009,825	5,523,796	27.01	13.96	12.93	24.75	39.66
Trade debts	1,122,986	92,441	49,536	86,242	44,224	3.50	0.16	0.10	0.53	0.32
Loan, advances, prepayments and other receivables	10,173,428	13,135,180	9,088,890	1,006,233	1,489,154	31.70	22.33	17.65	6.21	10.69
Short term investments	4,768,252	20,674,900	20,943,345	1,149,777	-	14.85	35.15	40.66	7.10	-
Cash and bank balances	1,391,842	10,993,000	9,536,380	5,963,117	3,358,383	4.34	18.69	18.52	36.80	24.12
	32,101,191	58,808,779	51,497,034	16,204,898	13,926,069	100.00	100.00	100.00	100.00	100.00
STATEMENT OF PROFIT OR LOSS										
Sales	95,128,289	91,522,872	62,802,753	40,085,521	37,764,159	100.00	100.00	100.00	100.00	100.00
Cost of sales	(87,824,215)	(81,073,777)	(53,681,061)	(34,038,741)	(32,991,341)	(92.32)	(88.58)	(85.48)	(84.92)	(87.36)
Gross profit	7,304,074	10,449,095	9,121,692	6,046,780	4,772,818	7.68	11.42	14.52	15.08	12.64
Distribution and marketing costs	(931,787)	(916,906)	(542,321)	(333,046)	(434,257)	(0.98)	(1.00)	(0.86)	(0.83)	(1.15)
Administrative expenses	(800,040)	(677,602)	(497,269)	(351,863)	(319,940)	(0.84)	(0.74)	(0.79)	(0.88)	(0.85)
Other operating income	1,313,523	1,883,025	1,115,189	309,777	218,979	1.38	2.06	1.78	0.77	0.58
Other operating expenses	(1,281,007)	(1,244,569)	(537,523)	(485,775)	(451,897)	(1.35)	(1.36)	(0.86)	(1.21)	(1.20)
Profit from operations	5,604,762	9,493,043	8,659,768	5,185,873	3,785,703	5.89	10.37	13.79	12.94	10.02
Finance cost	(11,189)	(14,476)	(23,443)	(6,991)	(18,666)	(0.01)	(0.02)	(0.04)	(0.02)	(0.05)
Profit before taxation	5,593,573	9,478,567	8,636,325	5,178,882	3,767,037	5.88	10.36	13.75	12.92	9.98
Taxation	(1,742,460)	(2,984,117)	(2,501,335)	(1,623,100)	(604,660)	(1.83)	(3.26)	(3.98)	(4.05)	(1.60)
Profit after taxation	3,851,113	6,494,450	6,134,990	3,555,782	3,162,377	4.05	7.10	9.77	8.87	8.37

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HONDA ATLAS CARS (PAKISTAN) LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

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

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

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

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

We have determined that there are no key audit matters to communicate in our report.

Financial Statements

For the year ended March 31, 2019

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF MANAGEMENT AND BOARD OF DIRECTORS FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant ot the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists, related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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

The engagement partner on the audit resulting in this independent auditor's report is Khurram Akbar Khan.

A. F. Ferguson & Co.
Chartered Accountants

Date: May 23, 2019
Lahore.

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2019

Rupees in thousand	Note	2019	2018
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
200,000,000 (2018: 200,000,000)			
ordinary shares of Rs 10 each		2,000,000	2,000,000
Issued, subscribed and paid up share capital			
142,800,000 (2018: 142,800,000)			
ordinary shares of Rs 10 each	5	1,428,000	1,428,000
Reserves	6	12,306,000	9,706,000
Revenue reserve: Un-appropriated profit		3,892,652	5,939,492
		17,626,652	17,073,492
NON-CURRENT LIABILITIES			
Employee retirement benefits	7	164,766	93,385
Deferred taxation	8	288,058	433,591
Deferred revenue		11,829	12,838
		464,653	539,814
CURRENT LIABILITIES			
Current portion of deferred revenue		5,232	3,026
Short term borrowings - secured	9	-	-
Accrued markup		17	782
Unclaimed dividend		46,663	22,600
Trade and other payables	10	13,957,974	41,169,065
		14,009,886	41,195,473
CONTINGENCIES AND COMMITMENTS			
	11		
		32,101,191	58,808,779

The annexed notes 1 to 44 form an integral part of these financial statements.



Yusuf H. Shirazi
Chairman



Hironobu Yoshimura
Chief Executive



Ahmad Umair Wajid
Chief Financial Officer

Rupees in thousand	Note	2019	2018
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	12	4,905,667	4,991,899
Intangible assets	13	215,951	305,124
Capital work-in-progress	14	123,487	76,348
Long term trade debts	15	208,959	-
Long term loans	16	346,959	189,023
Long term deposits		4,042	4,042
		5,805,065	5,566,436
CURRENT ASSETS			
Stores and spares	17	169,004	138,779
Stock-in-trade	18	8,670,614	8,208,043
Trade debts	19	1,122,986	92,441
Loans, advances, prepayments			
and other receivables	20	10,173,428	13,135,180
Short term investments	21	4,768,252	20,674,900
Cash and bank balances	22	1,391,842	10,993,000
		26,296,126	53,242,343
		32,101,191	58,808,779



Yusuf H. Shirazi
Chairman



Hironobu Yoshimura
Chief Executive



Ahmad Umair Wajid
Chief Financial Officer

STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED MARCH 31, 2019

Rupees in thousand	Note	2019	2018
Sales	23	95,128,289	91,522,872
Cost of sales	24	(87,824,215)	(81,073,777)
Gross profit		7,304,074	10,449,095
Distribution and marketing costs	25	(931,787)	(916,906)
Administrative expenses	26	(800,040)	(677,602)
Other income	27	1,313,522	1,883,025
Other expenses	28	(1,281,007)	(1,244,569)
Finance cost	29	(11,189)	(14,476)
Profit before taxation		5,593,573	9,478,567
Taxation	30	(1,742,460)	(2,984,117)
Profit for the year		3,851,113	6,494,450
Earnings per share - basic and diluted (in Rupees)	34	26.97	45.48

The annexed notes 1 to 44 form an integral part of these financial statements.



Yusuf H. Shirazi
Chairman



Hironobu Yoshimura
Chief Executive



Ahmad Umair Wajid
Chief Financial Officer

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED MARCH 31, 2019

Rupees in thousand	Note	2019	2018
Profit for the year		3,851,113	6,494,450
Other comprehensive loss for the year - net of tax:			
Items that may be reclassified subsequently to profit or loss		-	-
Items that will not be subsequently reclassified to profit or loss:			
- Remeasurement of post retirement benefits obligation	7.6	(71,381)	(46,429)
- Income tax on remeasurement of post retirement benefits obligation		22,128	13,928
		(49,253)	(32,501)
Total comprehensive income for the year		3,801,860	6,461,949

The annexed notes 1 to 44 form an integral part of these financial statements.



Yusuf H. Shirazi
Chairman



Hironobu Yoshimura
Chief Executive



Ahmad Umair Wajid
Chief Financial Officer

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED MARCH 31, 2019

Rupees in thousand	Share capital	Capital Reserve	Revenue Reserves		Total
		Share premium	General reserve	Un-appropriated profit	
Balance as on April 1, 2017	1,428,000	76,000	5,430,000	6,130,847	13,064,847
Appropriation of reserves					
Transfer to general reserve	-	-	4,200,000	(4,200,000)	-
Total comprehensive income for the year					
Profit for the year	-	-	-	6,494,450	6,494,450
Other comprehensive loss for the year	-	-	-	(32,501)	(32,501)
	-	-	-	6,461,949	6,461,949
Transactions with owners in their capacity as owners recognised directly in equity					
Final dividend for the year ended March 31, 2017 @ Rs 13.00 per share	-	-	-	(1,856,400)	(1,856,400)
Additional dividend for the year ended March 31, 2017 @ Rs 4.18 per share	-	-	-	(596,904)	(596,904)
	-	-	-	(2,453,304)	(2,453,304)
Balance as on March 31, 2018	1,428,000	76,000	9,630,000	5,939,492	17,073,492
Appropriation of reserves					
Transfer to general reserve	-	-	2,600,000	(2,600,000)	-
Total comprehensive income for the year					
Profit for the year	-	-	-	3,851,113	3,851,113
Other comprehensive loss for the year	-	-	-	(49,253)	(49,253)
	-	-	-	3,801,860	3,801,860
Transactions with owners in their capacity as owners recognised directly in equity					
Final dividend for the year ended March 31, 2018 @ Rs 22.75 per share	-	-	-	(3,248,700)	(3,248,700)
Balance as on March 31, 2019	1,428,000	76,000	12,230,000	3,892,652	17,626,652

The annexed notes 1 to 44 form an integral part of these financial statements.



Yusuf H. Shirazi
Chairman



Hironobu Yoshimura
Chief Executive



Ahmad Umair Wajid
Chief Financial Officer

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2019

Rupees in thousand	Note	2019	2018
Cash flows from operating activities			
Cash (used in) / generated from operations	31	(17,190,321)	10,069,905
Finance cost paid		(69)	(9)
Employees' retirement benefits and other obligations paid		(113,373)	(104,729)
Net increase in loans to employees		(208,932)	(126,198)
Income tax paid		(2,855,008)	(3,825,971)
Royalty paid		(1,900,162)	(2,029,241)
Insurance recovery relating to fire	27.1	201,334	-
Net increase in deferred revenue		5,354	5,279
Net cash (outflow)/inflow from operating activities		(22,061,177)	3,989,036
Cash flows from investing activities			
Purchase of property, plant and equipment		(903,757)	(1,244,145)
Purchase of intangible assets		(57,079)	(21,717)
Proceeds from disposal of property, plant and equipment		116,888	40,392
Purchase of short term investments		(260,997)	(2,089,848)
Proceeds from disposal of short term investments		7,063,404	-
Insurance recovery relating to fire	27.1	3,684	-
Dividend received		433,334	-
Interest received		312,891	531,614
Net cash inflow/(outflow) from investing activities		6,708,368	(2,783,704)
Cash flows from financing activities			
Dividends paid		(3,224,637)	(2,445,286)
Net cash outflow from financing activities		(3,224,637)	(2,445,286)
Net decrease in cash and cash equivalents		(18,577,446)	(1,239,954)
Cash and cash equivalents at the beginning of the year		24,172,643	25,412,597
Cash and cash equivalents at the end of the year	32	5,595,197	24,172,643

The annexed notes 1 to 44 form an integral part of these financial statements.



Yusuf H. Shirazi
Chairman



Hironobu Yoshimura
Chief Executive



Ahmad Umair Wajid
Chief Financial Officer

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2019

1. LEGAL STATUS AND NATURE OF BUSINESS

Honda Atlas Cars (Pakistan) Limited (the ‘Company’) is a public company limited by shares incorporated in Pakistan on November 4, 1992 under the repealed Companies Ordinance, 1984 (now, the Companies Act, 2017). It is a subsidiary of Honda Motor Co., Ltd., Japan, (the ‘holding company’). The Company’s ordinary shares are listed on the Pakistan Stock Exchange Limited.

The registered office of the Company is situated at 1-Mcleod Road, Lahore, and its manufacturing facility is located at 43 km, Multan Road, Manga Mandi, Lahore. The Company also has regional offices situated at Asia House, 19-C&D, Block L, Gulberg III, Main Ferozepur Road, Lahore and C16, KDA Scheme No. 1, Karsaz Road, Karachi.

The Company’s principal activities are assembling and progressive manufacturing and sale of Honda vehicles and spare parts. The Company commenced commercial production from July 1994.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

- i) International Financial Reporting Standards (‘IFRS’) issued by the International Accounting Standards Board (‘IASB’) as notified under the Companies Act, 2017 (the ‘Act’); and
- ii) Provisions of and directives issued under the Act.
Where provisions of and directives issued under the Act differ from the IFRS, the provisions of and directives issued under the Act have been followed.

2.2 Initial application of standards, amendments or interpretations to existing standards

The following amendments to existing standards have been published that are applicable to the Company’s financial statements covering annual periods, beginning on or after the following dates:

2.2.1 Standards, amendments and interpretations to accounting standards that are effective in current year

Certain standards, amendments and interpretations to IFRS are effective for accounting periods beginning on April 1, 2018 but are considered not to be relevant or to have any significant effect on the Company’s operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these financial statements, except for the following:

- IFRIC 22, ‘Foreign currency transactions and advance consideration’. This IFRIC addresses foreign currency transactions or parts of transactions where there is consideration that is denominated or priced in a foreign currency. The interpretation provides guidance for when a single payment/receipt is made as well as for situations where multiple payments/receipts are made. The guidance aims to reduce diversity in practice. The Company’s accounting treatment is already in line with this interpretation.

2.2.2 Standard that has been early adopted in the current year

(a) ‘IFRS 15, ‘Revenue from Contracts with Customers’

This standard was notified by the Securities and Exchange Commission of Pakistan (‘SECP’) to be effective for annual periods beginning on or after July 1, 2018. This standard deals with revenue recognition and establishes principles for reporting useful information to users of the financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity’s contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18, ‘Revenue’, and IAS 11, ‘Construction contracts’, and related interpretations. The Company has early adopted this standard for the current annual period beginning April 1, 2018 and the impact of its adoption is as follows:

The Company has applied IFRS 15 using the modified retrospective approach for transition. This approach requires entities to recognise the cumulative effect of initially applying IFRS 15 as an adjustment to the opening balance of un-appropriated profit in the period of initial application. Comparative prior year periods would not be adjusted. The application of IFRS 15 does not have any material impact on the revenue recognition policy of the Company and therefore, the cumulative effect of initially applying this standard as an adjustment to the opening balance of un-appropriated profit in the period of initial application is not material. Therefore, the comparative information has not been restated and continues to be reported under the previous accounting policy.

2.2.3 Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company

There are certain standards, amendments to the IFRS and interpretations that are mandatory for companies having accounting periods beginning on or after April 1, 2019 but are considered not to be relevant or to have any significant effect on the Company’s operations and are, therefore, not detailed in these financial statements, except for the following:

- IFRS 9, ‘Financial Instruments’: this standard has been notified by the SECP to be effective for annual periods ending on or after June 30, 2019. This standard replaces the guidance in International Accounting Standard (‘IAS’) 39, ‘Financial Instruments: Recognition and Measurement’. 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. The Company is yet to assess the full impact of the standard.
- IFRS 16, ‘Leases’: this standard has been notified by the SECP to be effective for annual periods beginning on or after January 1, 2019. This standard replaces the current guidance in IAS 17, ‘Leases’ and is a far reaching change in accounting by lessees in particular. Under IAS 17, lessees were required to make a distinction between a finance lease (on statement of financial position) and an operating lease (off statement of financial position). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a ‘right-of-use asset’ for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees. The Company is yet to assess the full impact of this standard.
- Amendments to IAS 19, ‘Employee Benefits’ on plan amendment, curtailment or settlement, (effective for periods beginning on or after January 1, 2019). These amendments require an entity to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling. The Company is yet to assess the full impact of this amendment.
- IFRIC 23, ‘Uncertainty over Income Tax Treatments’: (effective for periods beginning on or after January 1, 2019). This IFRIC clarifies how the recognition and measurement requirements of IAS 12 ‘Income taxes’, are applied where there is uncertainty over income tax treatments. The IFRIC explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. An uncertain tax treatment is any tax treatment applied by an entity where there is uncertainty over whether that treatment will be accepted by the tax authority. The IFRIC applies to all aspects of income tax accounting where there is an uncertainty regarding the treatment of an item, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates. The Company is yet to assess the full impact of the interpretation.

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3. BASIS OF MEASUREMENT

3.1

These financial statements have been prepared under the historical cost convention except for the recognition of certain employee retirement benefits at present value and certain financial instruments at fair value.

3.2 Critical accounting estimates and judgements

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Company's accounting policies.

This note provides an overview of the area that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to the estimates and assumptions turning out to be wrong. Detailed information about each of these estimates and judgements is included in other notes together with information about the basis of calculation for each affected line item in the financial statements.

a) Employees' retirement benefits - Gratuity

The Company uses the valuation performed by an independent actuary as the present value of its retirement benefit obligations in respect of gratuity fund. The valuation is based on assumptions as mentioned in note 4.1.

b) Provision for taxation

The Company takes into account the current income tax law and the decisions taken by appellate authorities. Instances where the Company's view differs from the view taken by the income tax department at the assessment stage and where the Company considers that its views on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

c) Useful lives and residual values of property, plant and equipment and intangible assets

The Company reviews the useful lives and residual values of property, plant and equipment and intangible assets on a regular basis. Any change in estimates in future years might affect the carrying amounts of respective items of property, plant and equipment and intangible assets with a corresponding effect on the depreciation/ amortisation charge and impairment.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented unless otherwise stated.

4.1 Employee benefits

4.1.1 Short term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the statement of financial position.

4.1.2 Post employment benefits

The main features of the schemes operated by the Company for its employees are as follows:

(a) Defined benefit plan - Gratuity

The Company operates a funded defined benefit gratuity scheme for all its local permanent employees. Under the scheme, gratuity is payable on the basis of last drawn basic salary at the following rates:

Service in the Company	Per completed year of service
0 - 4 years and 364 days	Nil
5 - 9 years and 364 days	15 days
10 years or more	30 days

Contributions under the scheme are made to this fund on the basis of actuarial recommendation at the rate of 6.80% (2018: 6.90%) per annum of basic salary. The latest actuarial valuation for the scheme was carried out as at March 31, 2019.

The actual return on plan assets represents the difference between the fair value of plan assets at the beginning of the year and as at the end of the year after adjustments for contributions made by the Company as reduced by benefits paid during the year.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. Past service costs are recognised immediately in the statement of profit or loss.

The amount recognized in the statement of financial position represents the present value of the defined benefit obligation as reduced by the fair value of the plan assets.

The future contribution rate of the plan includes allowances for deficit and surplus. Projected Unit Credit Method, using the following significant assumptions, is used for valuation of this scheme:

Per annum	2019	2018
Discount rate	13.25%	9.50%
Expected increase in eligible pay	12.25 to 14.00%	8.50% to 16.00%
Expected rate of return on plan assets	13.25%	9.50%

The expected mortality rates assumed are based on the SLIC (2001-05) mortality table.

The Company is expected to contribute Rs 69.06 million to the gratuity fund in the next year.

(b) Defined contribution plan

The Company operates a defined contributory provident fund for all its local permanent employees. Obligations for contributions to defined contribution plan are recognised as an employee benefit expense in the statement of profit or loss when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available. Contributions are made equally by the Company and the employees at the rate of 10% per annum of the basic salary plus cost of living allowance subject to completion of minimum qualifying period of service as determined under the rules of the fund.

4.2 Taxation

Income tax comprises current and deferred tax. Income tax is recognised in the statement of profit or loss except to the extent that relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current

Provision for current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year, if enacted. The charge for current tax also includes adjustments, where considered necessary, to provision for taxation made in previous years arising from assessments framed during the year for such years.

Deferred

Deferred tax is accounted for using the balance sheet method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding

NOTES TO AND FORMING PART
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tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits shall be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised.

Deferred tax is calculated at the rates that are expected to apply to the year when the differences reverse, based on tax rates that have been enacted or substantively enacted by the statement of financial position date. Deferred tax is charged or credited in the statement of profit or loss, except in the case of items credited or charged to other comprehensive income or equity in which case it is included in other comprehensive income or changes in equity.

4.3

Property, plant and equipment

4.3.1

Operating fixed assets

Operating fixed assets, except for freehold land, are stated at cost less accumulated depreciation and any identified impairment loss. Freehold land is stated at cost less any identified impairment loss.

Depreciation on all items of operating fixed assets, except for freehold land and model specific plant and machinery, is charged to profit or loss by applying the diminishing balance method so as to write off the depreciable amount of an asset over its useful life. Depreciation on model specific plant and machinery is provided on a straight line basis so as to write off the depreciable amount of an asset over the life of the model. Depreciation is charged at the annual rates given below:

	Rate
Buildings on freehold land	5%
Plant and machinery	9% to 46%
Furniture and office equipment	20%
Vehicles	20%
Tools and equipment	20%
Computers	35%

Depreciation on additions to operating fixed assets is charged from the month in which an asset is acquired or capitalised for use while no depreciation is charged for the month in which the asset is disposed off.

The assets' residual values and useful lives are continually reviewed by the Company and adjusted if impact on depreciation is significant. The Company's estimate of the residual values and useful lives of its property, plant and equipment as at March 31, 2019 has not required any adjustment as its impact is considered insignificant.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 4.6).

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to profit or loss during the period in which they are incurred.

The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense.

4.3.2

Major spare parts and stand-by equipment

Major spare parts and stand-by equipment qualify as property, plant and equipment when the Company expects to use them for more than one year. Transfers are made to operating fixed assets category as and when such items are available for use.

4.4

Intangible assets

Intangible assets, which are stated at cost less accumulated amortisation and any identified impairment loss, mainly represent the cost of licenses for the right to manufacture Company's vehicles in Pakistan, technical drawings of certain components and software licenses.

Costs associated with maintaining intangible assets are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Company are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the intangible asset so that it will be available for use;
- management intends to complete the intangible asset and use or sell it;
- there is an ability to use or sell the intangible asset;
- it can be demonstrated how the intangible asset will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available; and
- the expenditure attributable to the intangible asset during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Amortisation is charged to profit or loss on a straight line basis so as to write off the cost of an asset over its estimated useful life. Amortisation on additions is charged from the month in which an asset is acquired or capitalised while no amortisation is charged for the month in which the asset is disposed off. Amortisation is charged at the annual rates given below:

	Rate
License fees and drawings	17% to 41%
Computer software	20% to 30%

The assets' useful lives are continually reviewed by the Company and adjusted if impact on amortisation is significant. The Company's estimate of the useful lives of its intangible assets as at March 31, 2019 has not required any adjustment as its impact is considered insignificant.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 4.6).

4.5

Capital work-in-progress

Capital work-in-progress is stated at cost less any identified impairment loss. All expenditure connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to property, plant and equipment or intangible assets as and when these are available for use.

4.6

Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2019

4.7 Leases

The Company is a lessee.

Operating leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight line basis over the lease term.

4.8 Financial assets

4.8.1 Classification

The Company classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, available-for-sale and held-to-maturity. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at the time of initial recognition.

a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets if expected to be settled within twelve months, otherwise, they are classified as non-current assets. These include short term investments.

b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months after the reporting date, which are classified as non-current assets. Loans and receivables comprise trade debts, deposits, loans, advances, prepayments and other receivables and bank balances in the statement of financial position.

c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investments within twelve months from the statement of financial position date.

d) Held-to-maturity

Financial assets with fixed or determinable payments and fixed maturity, where management has the intention and ability to hold till maturity are classified as held-to-maturity and are stated at amortised cost.

4.8.2 Recognition and measurement

All financial assets are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Regular purchases and sales of investments are recognised on trade-date; the date on which the Company commits to purchase or sell the assets. Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the statement of profit or loss. Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. For investments having quoted price in active market, the quoted price represents the fair value. In other cases, fair value is measured using appropriate valuation methodology and where fair value cannot be measured reliably, these are carried at cost. Loans and receivables and held to maturity investments are carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the ‘financial assets at fair value through profit or loss’ category are presented in the statement of profit or loss in the period in which they arise. Dividend income from financial assets

at fair value through profit or loss is recognised in the statement of profit or loss as part of other income when the Company’s right to receive payments is established. Interest income on financial assets at amortised cost calculated using the effective interest method is recognised in the statement of profit or loss as part of other income.

Changes in the fair value of securities classified as available-for-sale are recognised in other comprehensive income. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are transferred to the statement of profit or loss as gains or losses. Interest on available-for-sale investments calculated using the effective interest method is recognised in the statement of profit or loss. Dividends on available-for-sale equity instruments are recognised in the statement of profit or loss when the Company’s right to receive payments is established.

4.8.3 Impairment of financial assets

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a ‘loss event’) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset’s original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the statement of profit or loss. If a loan or held to maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Company may measure impairment on the basis of an instrument’s fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor’s credit rating), the reversal of the previously recognised impairment loss is recognised in the statement of profit or loss.

4.9 Financial liabilities

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

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognised in the statement of profit or loss.

4.10 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements only when there is a legally enforceable right to set off the recognised amount and the Company intends either to settle on a net basis or to realise the assets and to settle the liabilities simultaneously.

4.11 Stores and spares

Usable stores and spares are valued principally at weighted average cost, while items considered obsolete are carried at nil value. Items in transit are valued at cost comprising of invoice value and other incidental charges paid thereon.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2019

4.12 Stock-in-trade

Stock of raw materials, except for those in transit, work-in-process and finished goods are valued at the lower of weighted average cost and net realisable value. Items in transit are valued at cost comprising of invoice value and other incidental charges paid thereon. Cost of raw materials and trading stock comprises of the invoice value plus other charges paid thereon. Cost of work-in-process and finished goods includes cost of direct materials, labour and appropriate portion of manufacturing overheads.

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

If the expected net realisable value is lower than the carrying amount, a write-down is recognised for the amount by which the carrying amount exceeds its net realisable value. Provision is made in the financial statements for obsolete and slow moving stock-in-trade based on management estimate.

4.13 Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the statement of profit or loss over the period of the borrowings using the effective interest method. Finance costs are accounted for on an accrual basis and are reported under accrued markup to the extent of the amount remaining unpaid.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the statement of financial position date.

4.14 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in the statement of profit or loss in the period in which they are incurred.

4.15 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

4.16 Trade debts

Trade debts are amounts due from customers for goods sold in the ordinary course of business. They are recognised initially at invoice value, which approximates fair value, and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

4.17 Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are recognized initially at fair value and subsequently measured at amortised cost using the effective interest method.

4.18 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, deposits held at calls with banks, other short term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash

and which are subject to an insignificant risk of changes in value, bank overdrafts and short term borrowings. Bank overdrafts and short term borrowings are shown in current liabilities on the statement of financial position.

4.19 Investments

Investments intended to be held for less than twelve months from the reporting date or to be sold to raise operating capital, are included in current assets, all other investments are classified as non-current assets. Management determines the appropriate classification of its investments into categories of financial assets at the time of the purchase and re-evaluates such designation on a regular basis.

4.20 Revenue recognition

Revenue shall be recognised when (or as) the entity satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset and thus has the ability to direct the use and obtain the benefits from the good or service.

In case of the Company, sales of vehicles and spare parts are recognised as revenue when goods are dispatched and invoiced to the customers. Revenue is measured at the transaction price agreed under the contract, adjusted for variable consideration such as discount, if any. In most cases, the consideration is received before the goods are dispatched/ invoiced. Deferred payment terms may also be agreed in case of sales to certain categories of customers. Transaction price is adjusted for time value of money in case of significant financing component.

The Company's contracts with customers include promises to transfer goods or services without charges such as free inspections. Such promised goods or services are generally considered performance obligations and related sales revenue is deferred under IFRS 15, if it is deemed material.

The Company also has a performance obligation to arrange for delivery of goods at locations specified by the customers. However, the Company acts as an agent in satisfaction of this performance obligation and net income/(expense) in this respect is recognised in the statement of profit or loss.

Amount received on account of sale of extended warranty is recognised initially as deferred revenue and is credited to the statement of profit or loss in the relevant period covered by the warranty.

4.21 Dividend and other appropriations

Dividend distribution to the Company's shareholders is recognised as a liability in the period in which the dividends are approved and other appropriations are recognised in the period in which these are approved by the Board of Directors of the Company ('BOD').

4.22 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker ('CODM'). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as BOD that makes strategic decisions.

4.23 Share capital

Ordinary shares are classified as equity and recognised at their face value. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax.

4.24 Earnings per share

The Company presents basic and diluted earnings per share ('EPS') data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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4.25 Contingent liabilities

Contingent liability is disclosed when:

- there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or
- there is present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

4.26 Foreign currency transactions and translation

a) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the functional currency). The financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency. Figures are rounded off to the nearest thousand of Pak Rupees.

b) Transactions and balances

All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at exchange rates prevailing at the statement of financial position date. Transactions in foreign currencies are translated into Pak Rupees at exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are charged or credited to statement of profit or loss. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated into Pak Rupees at exchange rates prevailing at the date of transaction. Non-monetary assets and liabilities denominated in foreign currency that are stated at fair value are translated into Pak Rupees at exchange rates prevailing at the date when fair values are determined.

5. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

2019	2018		2019	2018
Number of shares			Rupees in thousand	
111,400,000	111,400,000	Ordinary shares of Rs 10 each fully paid in cash	1,114,000	1,114,000
31,400,000	31,400,000	Ordinary shares of Rs 10 each issued as fully paid bonus shares	314,000	314,000
142,800,000	142,800,000		1,428,000	1,428,000

- 5.1** 72,828,000 (2018: 72,828,000) ordinary shares of the Company which represent 51% (2018: 51%) of the issued, subscribed and paid up share capital of the Company are held by Honda Motor Co., Ltd., Japan, the holding company which is incorporated in Japan. The registered address of the holding company is 1-1, Minami-Aoyama, 2-Chome, Minato-ku, Tokyo, 107-8556, Japan. The holding company is engaged in the production and sales of automobiles, motorcycles and power products. Chief executive of the holding company is Takahiro Hachigo. The auditors of the holding company have expressed an unmodified opinion on its consolidated financial statements for the year ended March 31, 2018.

- 5.2** Ordinary shares of the Company held by related parties as at year end are as follows:

Number of shares	Note	2019	2018
Directors			
Ms. Mashmooma Zehra Majeed		500	500
Mr. Muhammad Naeem Khan	5.2.1	-	500
Mr. Feroz Rizvi		500	-
Ms. Rie Mihara		500	-
	5.2.2	1,500	1,000
Other related parties			
Atlas Insurance Limited		850,000	850,000
Shirazi Investments (Private) Limited		43,119,650	43,119,650
		43,971,150	43,970,650

- 5.2.1** Mr. Muhammad Naeem Khan ceased to be a director of the Company with effect from May 1, 2018.

- 5.2.2** These represent qualification shares held by the independent directors of the Company.

- 5.3** No other related party holds any shares in the Company.

Rupees in thousand	Note	2019	2018
6. RESERVES			
Movement in and composition of reserves is as follows:			
Capital			
Share premium	6.1	76,000	76,000
Revenue			
General reserve			
- At the beginning of the year		9,630,000	5,430,000
- Transferred from un-appropriated profit		2,600,000	4,200,000
		12,230,000	9,630,000
- At the end of the year		12,306,000	9,706,000

- 6.1** This reserve can be utilised by the Company only for the purposes specified in section 81 of the Act.

7. EMPLOYEE RETIREMENT BENEFITS

This represents gratuity. The amounts recognised in the statement of financial position are as follows:

Rupees in thousand	2019	2018
Present value of defined benefit obligation	581,862	474,310
Fair value of plan assets	(417,096)	(380,925)
Liability as at March 31	164,766	93,385

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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	Rupees in thousand	2019	2018
7.1 Movement in the present value of net defined benefit obligation			
Net liability as at beginning of the year		93,385	61,645
Current service cost		37,588	30,905
Net interest on defined benefit obligation		8,872	5,701
Net remeasurements for the year		71,381	46,429
Contributions made during the year		(46,460)	(51,295)
Net liability as at end of the year		164,766	93,385
7.2 Movement in the present value of defined benefit obligation			
Present value of defined benefit obligation as at beginning of the year		474,310	396,551
Current service cost		37,588	30,905
Interest cost		43,563	35,736
Benefits paid during the year		(31,510)	(20,427)
Remeasurements on obligation:			
- Actuarial losses from changes in financial assumptions		13,101	29,200
- Experience adjustments		44,810	2,345
Present value of defined benefit obligation as at end of the year		581,862	474,310
7.3 Movement in the fair value of plan assets			
Fair value of plan assets as at beginning of the year		380,925	334,906
Interest income on plan assets		34,691	30,035
Contributions made during the year		46,460	51,295
Benefits paid during the year		(31,510)	(20,427)
Remeasurements on fair value of plan assets		(13,470)	(14,884)
Fair value of plan assets as at end of the year		417,096	380,925
Plan assets are comprised as follows:			
Debt		250,339	83,050
Mutual funds		67,968	70,606
Cash		98,789	227,269
		417,096	380,925

7.4 Risks faced by the Company on account of gratuity obligation

- **Final salary risks** - The risk that the final salary at the time of cessation of service is greater than what was assumed. Since the benefit is calculated on the final salary, the benefit amount would also increase proportionately.
- **Asset volatility** - Investments in units of mutual funds are subject to adverse fluctuations as a result of change in the market price.
- **Discount rate fluctuation** - The plan liabilities are calculated using a discount rate set with reference to corporate bond yields. A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the current plan's bond holdings.
- **Investment risks** - The risk of the investments underperforming and not being sufficient to meet the liabilities. This risk is mitigated by closely monitoring the performance of investments.
- **Risk of insufficiency of assets** - This is managed by making regular contribution to the fund as advised by the actuary.

	Rupees in thousand	2019	2018
7.5 Amounts recognised in the statement of profit or loss			
Current service cost		37,588	30,905
Interest cost		43,563	35,736
Interest income on plan assets		(34,691)	(30,035)
Net expense charged in the statement of profit or loss		46,460	36,606
7.6 Remeasurements charged to other comprehensive income ('OCI')			
Actuarial losses from changes in financial assumptions		13,101	29,200
Experience adjustments		44,810	2,345
Remeasurements on fair value of plan assets		13,470	14,884
Total remeasurements charged to OCI		71,381	46,429

Comparison of present value of defined benefit obligation, the fair value of plan assets and the surplus or deficit of gratuity fund for five years is as follows:

Rupees in thousand	2019	2018	2017	2016	2015
As at March 31					
Present value of defined benefit obligation	(581,862)	(474,310)	(396,551)	(327,013)	(228,461)
Fair value of plan assets	417,096	380,925	334,906	244,189	175,909
Deficit	(164,766)	(93,385)	(61,645)	(82,824)	(52,552)
Experience adjustment:					
- on obligation	10%	7%	5%	9%	3%
- on plan assets	-3%	-4%	1%	-1%	-1%

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

Rupees in thousand	Impact on defined benefit obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	1.00%	531,123	640,665
Salary growth rate	1.00%	641,390	529,626

The average duration of the defined benefit obligation is 9 years.

Rupees in thousand	Note	2019	2018
8. DEFERRED TAXATION			
Deferred tax is calculated in full on temporary differences under the statement of financial position liability method			
Opening deferred tax liability		433,591	367,144
(Credited) / charged to statement of profit or loss	30	(145,533)	66,447
Closing deferred tax liability		288,058	433,591

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Rupees in thousand	Note	2019	2018
The deferred tax liability comprises of temporary differences arising due to:			
Accelerated tax depreciation		320,504	388,755
Unrealised gain on short term investments		10,183	54,487
Minimum tax available for carry forward	8.1	(33,621)	-
Others		(9,008)	(9,651)
		288,058	433,591

8.1 Deferred tax asset on tax credit representing minimum tax available for carry forward under section 113 of the Income Tax Ordinance, 2001 is recognised to the extent that the realisation of related tax benefits through future taxable profits of the Company is probable. The deferred tax asset recognized in respect of minimum tax available for carry forward will expire in the accounting year ending March 31, 2024.

9. SHORT TERM BORROWINGS - SECURED

Short term borrowings available from commercial banks under mark up arrangements amount to Rs 5,510 million (2018: Rs 4,460 million). These arrangements carry mark up ranging from 11.05% to 12.66% per annum (2018: 6.66% to 7.25%). The aggregate short term borrowings are secured by first pari passu hypothecation charge over current and fixed assets of the Company.

Of the aggregate facility of Rs 2,491 million (2018: Rs 2,308 million) for opening letters of credit, the amount utilized at March 31, 2019 was equivalent to Rs 77 million (2018: Rs 71 million). The aggregate facility for opening letters of credit is secured by lien over import documents.

Of the aggregate facility of Rs 1,600 million (2018: Rs 1,300 million) for bank guarantees, which is available as a sub-limit of the above mentioned facilities for short term borrowings, the amount utilized at March 31, 2019 was Rs 1,500 million (2018: Rs 889 million).

Rupees in thousand	Note	2019	2018
10. TRADE AND OTHER PAYABLES			
Creditors	10.1	1,552,689	1,791,626
Accrued liabilities		1,134,658	1,212,775
Bills payable	10.2	2,839,333	4,481,053
Deposits against display cars	10.3	1,946,441	1,622,357
Accumulating compensated absences	10.4	68,956	54,397
Advances from customers	10.5	3,931,107	28,408,049
License fee, technical fee and royalties	10.6	587,897	592,140
Provision for custom duties		32,169	32,169
Punjab sales tax payable		94,601	118,100
Withholding income tax payable		115,977	130,968
Punjab infrastructure development cess payable		522,469	299,964
Sindh development and maintenance of infrastructure cess payable		879,375	588,547
Workers' welfare fund	10.7	82,401	177,610
Workers' profit participation fund	10.8	2,929	-
Custom duty payable		1,721	1,522,099
Payable to provident fund		13,008	10,592
Security deposits	10.9	110,835	52,868
Others		41,408	73,751
		13,957,974	41,169,065

Rupees in thousand	2019	2018
10.1 Includes amounts due to the following related parties:		
Holding company	241	-
Other related parties	38,686	17,395
	38,927	17,395
10.2 Includes amounts due to the following related parties:		
Holding company	415,660	166,709
Other related parties	2,378,718	4,233,275
	2,794,378	4,399,984

10.3 These represent interest free deposits from dealers against display of Company cars at their premises and are repayable on demand. These deposits have been utilised for the purpose of business in accordance with the terms of written agreements with the dealers.

Rupees in thousand	2019	2018
10.4 Accumulating compensated absences		
Balance as at beginning of the year	54,397	45,848
Provision for the year	81,472	61,983
	135,869	107,831
Payments made during the year	(66,913)	(53,434)
Balance as at end of the year	68,956	54,397

10.5 These represent advances from customers against the sale of vehicles. Customers who have given these advances, are entitled to discount at the rate of Karachi Inter Bank Offered Rate ('KIBOR') plus 2%, from the date of advance payment to the date of delivery in case the delivery is delayed over two months from the date of advance payment, subject to certain other conditions.

10.6 Includes amounts due to the following related parties:

Rupees in thousand	Note	2019	2018
Holding company		510,813	563,462
Other related parties		65,482	13,760
		576,295	577,222
10.7 Workers' welfare fund			
Balance as at beginning of the year		177,610	151,035
Provision for the year	28	58,548	174,952
		236,158	325,987
Payment during the year		(153,757)	(148,377)
Balance as at end of the year		82,401	177,610

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Rupees in thousand	2019	2018
10.8 Workers' profit participation fund		
Balance as at beginning of the year	-	-
Provision for the year	297,480	508,080
	297,480	508,080
Payment during the year	(294,551)	(508,080)
Balance as at end of the year	2,929	-

10.9 These represent interest free deposits from dealers and customers of scrap amounting to Rs 99.59 million (2018: Rs 49.52 million) and Rs 11.25 million (2018: Rs 3.35 million) respectively against spare parts sales and scrap sales respectively. These are repayable on demand and cannot be utilised for the purpose of business in accordance with the terms of written agreements with these parties. These have been kept in a separate bank account in accordance with the requirements of section 217 of the Act.

11. CONTINGENCIES AND COMMITMENTS

11.1 Contingencies

(i) In the previous years, the Company received various notices from custom authorities for payment of custom duty and sales tax in respect of certain components of Honda Cars imported during prior years. Custom authorities interpreted that Completely Built Unit ('CBU') rate of duty was applicable on such components and thus raised a demand of Rs 110 million. It included Rs 96 million on account of custom duty and Rs 14 million on account of sales tax.

The Company approached custom authorities on the grounds that the components specified in the above mentioned notices included certain components which were duly appearing in the indigenization program of the Company for the relevant period. Hence, CBU rate of duty was not applicable on import of these components. However, the Customs, Excise & Sales Tax, Appellate Tribunal, Lahore ('CESTAT'), vide its order dated November 30, 2007, decided the matter against the Company against which references were filed in the Lahore High Court ('LHC'). The LHC remanded back the cases to CESTAT on December 27, 2016 which are pending adjudication. The Company has made a provision of Rs 32 million against the total demand of Rs 110 million. As the management is confident that the matter would be settled in its favor, consequently, no provision for the balance amount has been made in these financial statements in respect of the above mentioned notices.

(ii) The Collector of Customs (Appeals) had endorsed demands aggregating to Rs 3,194.55 million raised against the Company by the Customs Department in respect of imports affected during the period from April 2011 to December 2016, on account of custom duty, sales tax and income tax on the grounds that 'license fee' and 'royalty' paid to M/s Honda Motor Co., Ltd., Japan was includable in the 'import value' of 'Completely Knocked Down' kits of vehicles assembled by the Company and parts thereof. The Company has filed an appeal against the decision of Collector of Customs (Appeals) before the Customs Appellate Tribunal which is pending adjudication.

Also, intentions have been shown to raise a demand of Rs 1,049.28 million on similar grounds in respect of imports affected during the period from April 2017 to December 2017 through a show cause notice issued by the Collector of Customs to the Company on May 5, 2018.

In this respect, it is the Company's contention that subject amount of 'royalty' and 'license fee' were relatable to the Company's manufacturing facilities and not the goods imported by it and hence, such amounts cannot be considered as part and parcel of import value. No provision on this account has been made in these financial statements as the management considers that its stance is founded on meritorious grounds which have been settled in the Company's favour by the Customs Appellate Tribunal in earlier years.

(iii) The Deputy Commissioner Inland Revenue ('DCIR'), through his order dated October 9, 2015, disallowed input tax credit amounting to Rs 63.60 million claimed by the Company during the sales tax periods from July 2012 to June 2014 on the basis that such input tax related to supply of exempt goods and thus was not recoverable. The Company being aggrieved of the said order filed an appeal before Commissioner Inland Revenue (Appeals) ['CIR(A)'] who upheld the DCIR's decision through his order dated January 28, 2016. The Company further filed an appeal against the CIR(A)'s order before Appellate Tribunal Inland Revenue ('ATIR') which also upheld the original decision against the Company through its order dated January 10, 2019. The Company has now filed an appeal against ATIR's decision before Lahore High Court on February 18, 2019. Lahore High Court, through order dated February 25, 2019 has granted a stay against ATIR's decision while the main appeal is pending adjudication. The Company has not made any provision against the above disallowance as the management is confident that the ultimate outcome of the appeal would be in favour of the Company, inter alia on the basis of the advice of the legal counsel and the relevant law and facts.

(iv) Bank guarantees of Rs 1,500.05 million (2018: Rs 888.76 million) have been issued in favour of third parties.

11.2 Commitments in respect of

(i) Letters of credit and purchase orders for capital expenditure aggregating Rs 19.09 million (2018: Rs 13.74 million).

(ii) Letters of credit and purchase orders for other than capital expenditure aggregating Rs 385.95 million (2018: Rs 2,786.53 million).

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12. PROPERTY, PLANT AND EQUIPMENT - OPERATING FIXED ASSETS

Rupees in thousand		2019						
	Freehold land	Buildings on freehold land	Plant and machinery	Furniture and office equipment	Vehicles	Tools and equipment	Computers	Total
At April 1, 2018								
Cost	417,319	2,244,517	7,570,602	232,558	565,511	172,667	195,739	11,398,913
Accumulated depreciation	-	(1,038,572)	(4,870,865)	(134,672)	(164,277)	(90,314)	(108,314)	(6,407,014)
Net book value	417,319	1,205,945	2,699,737	97,886	401,234	82,353	87,425	4,991,899
Year ended March 31, 2019								
Opening net book value	417,319	1,205,945	2,699,737	97,886	401,234	82,353	87,425	4,991,899
Additions at cost	-	154,200	414,723	82,938	203,191	30,517	23,672	909,241
Disposals								
Cost	-	2,102	63,080	58,158	160,397	6,873	9,957	300,567
Accumulated depreciation	-	(1,189)	(57,901)	(51,996)	(61,414)	(5,899)	(8,313)	(186,712)
	-	913	5,179	6,162	98,983	974	1,644	113,855
Depreciation for the year	-	(62,635)	(651,718)	(26,878)	(85,910)	(19,508)	(34,970)	(881,619)
Closing net book value	417,319	1,296,597	2,457,563	147,784	419,532	92,388	74,483	4,905,667
At March 31, 2019								
Cost	417,319	2,396,615	7,922,245	257,338	608,305	196,311	209,454	12,007,587
Accumulated depreciation	-	(1,100,018)	(5,464,682)	(109,554)	(188,773)	(103,923)	(134,971)	(7,101,921)
Net book value	417,319	1,296,597	2,457,563	147,784	419,532	92,388	74,483	4,905,667

Rupees in thousand		2018						
	Freehold land	Buildings on freehold land	Plant and machinery	Furniture and office equipment	Vehicles	Tools and equipment	Computers	Total
At April 1, 2017								
Cost	417,319	2,015,925	7,114,514	198,867	428,626	147,551	156,426	10,479,228
Accumulated depreciation	-	(984,447)	(4,677,329)	(120,066)	(117,804)	(82,064)	(95,518)	(6,077,228)
Net book value	417,319	1,031,478	2,437,185	78,801	310,822	65,487	60,908	4,402,000
Year ended March 31, 2018								
Opening net book value	417,319	1,031,478	2,437,185	78,801	310,822	65,487	60,908	4,402,000
Additions at cost	-	228,726	809,494	38,613	198,500	35,253	55,595	1,366,181
Disposals								
Cost	-	134	353,406	4,922	61,615	10,137	16,282	446,496
Accumulated depreciation	-	(72)	(350,937)	(4,316)	(25,440)	(8,044)	(15,275)	(404,084)
	-	62	2,469	606	36,175	2,093	1,007	42,412
Depreciation for the year	-	(54,197)	(544,473)	(18,922)	(71,913)	(16,294)	(28,071)	(733,870)
Closing net book value	417,319	1,205,945	2,699,737	97,886	401,234	82,353	87,425	4,991,899
At March 31, 2018								
Cost	417,319	2,244,517	7,570,602	232,558	565,511	172,667	195,739	11,398,913
Accumulated depreciation	-	(1,038,572)	(4,870,865)	(134,672)	(164,277)	(90,314)	(108,314)	(6,407,014)
Net book value	417,319	1,205,945	2,699,737	97,886	401,234	82,353	87,425	4,991,899

12.1

Plant and machinery includes dies and moulds having book value of Rs 85.64 million (2018: Rs 131.05 million) which are in possession of various vendors of the Company as these dies and moulds are used by the vendors for producing certain parts for supply to the Company.

12.2

Freehold land represents 184,000 square meters of land situated at 43 km, Multan Road, Manga Mandi, Lahore out of which approximately 86,000 square meters represents covered area.

12.3

The depreciation charge has been allocated as follows:

Rupees in thousand	Note	2019	2018
Cost of sales - own manufactured	24	775,695	651,356
Distribution and marketing costs	25	37,643	28,806
Administrative expenses	26	68,281	53,708
		881,619	733,870

12.4 Sale of operating fixed assets

Rupees in thousand		2019				
Particulars of assets	Sold to	Cost	Net book value	Sale price	Gain /(loss) on sale	Mode of disposal
Building	Outsiders					
	Malik Akram	348	107	43	(64)	Auction
Furniture and office equipment	Employees					
	Various Company employees	1,526	189	237	48	Auction
	Outsiders					
	M Khalid Brothers	1,569	98	150	52	Negotiation
Vehicles	Outsiders					
	Adnan Naseer Ahmed	7,375	2,965	6,247	3,282	Auction
	Kashif Azeem	2,042	522	1,315	793	-do-
	Muhammad Ahmed	701	176	456	280	-do-
	Farida Toor	1,475	669	1,297	628	-do-
	Muratib Ali	1,475	669	1,266	597	-do-
	Farooq Toor	1,475	669	1,223	554	-do-
	Nabahat Toor	1,475	669	1,269	600	-do-
	Khalid Toor	1,475	669	1,299	630	-do-
	Employees					
	Muhammad Zafar Iqbal	1,451	789	886	97	As per Company policy
	Rana Usman Abid	1,473	1,139	1,266	127	-do-
	Syed Arif Ali Shah	1,488	635	698	63	-do-
	Muhammad Muneeb Ul Hassan	1,458	793	882	89	-do-
	Muhammad Mumtaz Ahmed	1,464	922	1,030	108	-do-
	Abdul Waheed	1,495	1,037	1,135	98	-do-
	Farrukh Navid Ul Hassan	1,451	789	886	97	-do-
	Muhammad Khalid	1,612	1,397	1,471	74	-do-
	Shafiq Ahmad (ex-employee)	2,234	1,443	1,509	66	-do-
	Shahzad Wahla (ex-employee)	1,466	846	943	97	-do-
	Muhammad Ammar Iftikhar (ex-employee)	1,496	801	865	64	-do-
	Khalil Rahman (ex-employee)	1,570	1,389	1,556	167	-do-
	Mehroz (ex-employee)	1,445	803	912	109	-do-
	Jamshaid (ex-employee)	1,475	588	588	-	-do-
	Muhammad Nauman	2,235	1,241	1,281	40	-do-
	Zulfiqar Ali	2,230	1,238	1,281	43	-do-
	Muhammad Arshad Javed	2,298	1,845	2,002	157	-do-
	Muhammad Rafi	2,237	1,243	1,281	38	-do-
	Aneel Anwar	2,296	1,844	2,002	158	-do-
	Ayaz Liaqat	2,230	1,238	1,281	43	-do-
	Fayyaz Ahmad	2,231	1,239	1,281	42	-do-
	Jamshaid Tahir	2,296	1,844	2,002	158	-do-

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Rupees in thousand		2019				
Particulars of assets	Sold to	Cost	Net book value	Sale price	Gain /(loss) on sale	Mode of disposal
Computers	Muhammad Aslam Khan	2,232	1,240	1,281	41	-do-
	Ghafoor Ahmad Qaiser	2,121	1,386	1,509	123	-do-
	Muhammad Aamer	2,227	1,237	1,281	44	-do-
	Asia Saif Ali Rizvi	2,232	1,240	1,281	41	-do-
	Imran Farooq	2,311	1,283	1,363	80	-do-
	Mawiz Akhtar	2,316	1,286	1,363	77	-do-
	Mujahid Yasin	2,296	1,844	2,002	158	-do-
	Shahid Latif Khattak	2,231	1,239	1,281	42	-do-
	Sami Shafi	2,313	1,285	1,363	78	-do-
	Imran Haider Rathore	2,234	1,241	1,281	40	-do-
	Hamood Ur Rahman Qaddafi	2,300	1,847	2,002	155	-do-
	Mirza Mahtab Baig	2,121	1,386	1,509	123	-do-
	Muhammad Nauman Ali	2,232	1,240	1,281	41	-do-
	Syed Waseem Hasan	2,181	1,425	1,605	180	-do-
	Farhan Saleem	2,122	1,340	1,454	114	-do-
	Muhammad Naeem	2,122	1,340	1,454	114	-do-
	Amna Tahir	2,043	1,446	1,632	186	-do-
	Muhammad Khalid	2,232	1,822	2,008	186	-do-
	Muhammad Zafar Iqbal	2,233	1,823	2,008	185	-do-
	Syed Ali Arif Shah	2,231	1,822	2,008	186	-do-
	Muhammad Muneeb Ul Hassan	2,234	1,824	2,008	184	-do-
	Abdul Waheed	2,234	1,824	2,008	184	-do-
	Muhammad Mumtaz Ahmed	2,235	1,825	2,008	183	-do-
	Farrukh Navid Ul Hassan	2,233	1,824	2,008	184	-do-
	Rana Usman Abid	2,233	1,823	2,008	185	-do-
	Muhammad Scheraz	2,547	2,250	2,446	196	-do-
	Employees - Key management personnel					
	Nadeem Azam (ex-employee)	2,701	1,837	2,049	212	As per Company policy
	Muhammad Ashraf	1,564	1,256	1,369	113	-do-
	Muhammad Ashraf	2,706	1,503	1,672	169	-do-
	Basharat Ali Rana	2,740	2,200	2,378	178	-do-
	Muhammad Ajmal	2,740	2,200	2,378	178	-do-
	Samina Naz (ex-employee)	2,679	2,288	2,536	248	-do-
	Asif Mahmood	2,699	1,499	1,672	173	-do-
	Maqsood Ur Rehman	2,707	1,503	1,672	169	-do-
	Maqsood Ur Rehman	2,707	1,503	1,672	169	-do-
	Amir Nazir	2,740	2,200	2,378	178	-do-
	Ahmad Umair Wajid	2,665	1,741	1,950	209	-do-
	Iqbal Ahmad	2,709	1,505	1,672	167	-do-
	Muhammad Ali	2,299	1,846	2,002	156	-do-
	Employees					
	Various Company employees	8,367	1,375	461	(914)	As per Company policy
	Employees - Key management personnel					
	Nadeem Azam (ex-employee)	135	119	123	4	As per Company policy
		160,771	97,222	111,276	14,054	

Rupees in thousand		2018				
Particulars of assets	Sold to	Cost	Net book value	Sale price	Gain /(loss) on sale	Mode of disposal
Plant and machinery	Outsiders					
	Malik Muhammad Akram	3,997	298	253	(45)	Auction
Furniture and office equipment	Outsiders					
	Roshan Traders	1,474	210	140	(70)	Auction
Vehicles	Chairman					
	Mr. Yousaf H. Shirazi	8,939	3,560	3,604	44	As per Company policy
	Directors					
	Mr. Muhammad Naeem Khan	2,698	2,179	2,411	232	As per Company policy
	Mr. Amir Shirazi	6,404	2,368	2,778	410	-do-
	Employees					
	Ghafoor Ahmed	1,548	660	688	28	As per Company policy
	Mirza Mahtab Baig	1,475	865	959	94	-do-
	Syed Waseem Hassan	2,231	1,896	1,963	67	-do-
	Basharat Ali Rana	2,310	1,604	1,704	100	-do-
	Muhammad Ajmal	2,314	1,606	1,703	97	-do-
	Amir Nazir	2,313	1,606	1,704	98	-do-
	Muhammad Ali	2,230	1,548	1,602	54	-do-
	Hamood Ur Rehman	2,235	1,551	1,601	50	-do-
	Muhammad Arshad Javed	2,226	1,545	1,602	57	-do-
	Aneel Anwar	2,231	1,549	1,602	53	-do-
	Mujahid Yasin	2,232	1,550	1,602	52	-do-
	Jamshaid Tahir	2,232	1,550	1,602	52	-do-
	Muhammad Afzal (ex-employee)	2,315	1,836	1,933	97	-do-
	Muhammad Asghar (ex-employee)	1,458	926	1,021	95	-do-
	Employees - Key management personnel					
	Ahmad Umair Wajid	2,313	1,966	2,088	122	-do-
	Ayaz Hafeez (ex-employee)	2,707	2,109	2,331	222	-do-
	Sohail Nawaz (ex-employee)	2,708	1,880	2,090	210	-do-
	Outsiders					
	Honda Plus	1,961	62	1,049	987	Auction
Computers	Employees					
	Various Company employees	4,692	675	445	(230)	As per Company policy
	Employees - Key management personnel					
	Ayaz Hafeez (ex-employee)	185	67	67	-	As per Company policy
	Sohail Nawaz (ex-employee)	132	2	2	-	-do-
	Sohail Nawaz (ex-employee)	118	13	12	(1)	-do-
		67,678	35,681	38,556	2,875	

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2019

13. INTANGIBLE ASSETS

Rupees in thousand	2019		
	License fees and drawings	Computer softwares	Total
At April 1, 2018			
Cost	422,314	62,998	485,312
Accumulated amortisation	(147,088)	(33,100)	(180,188)
Net book value	275,226	29,898	305,124
Year ended March 31, 2019			
Opening net book value	275,226	29,898	305,124
Additions	-	4,456	4,456
Amortisation for the year	(80,621)	(13,008)	(93,629)
Closing net book value	194,605	21,346	215,951
At March 31, 2019			
Cost	422,314	67,454	489,768
Accumulated amortisation	(227,709)	(46,108)	(273,817)
Net book value	194,605	21,346	215,951

Rupees in thousand	2018		
	License fees and drawings	Computer softwares	Total
At April 1, 2017			
Cost	713,796	61,554	775,350
Accumulated amortisation	(379,740)	(22,518)	(402,258)
Net book value	334,056	39,036	373,092
Year ended March 31, 2018			
Opening net book value	334,056	39,036	373,092
Additions	18,963	3,564	22,527
Disposals			
Cost	310,445	2,120	312,565
Accumulated amortisation	(310,445)	(2,120)	(312,565)
	-	-	-
Amortisation for the year	(77,793)	(12,702)	(90,495)
Closing net book value	275,226	29,898	305,124
At March 31, 2018			
Cost	422,314	62,998	485,312
Accumulated amortisation	(147,088)	(33,100)	(180,188)
Net book value	275,226	29,898	305,124

Rupees in thousand	Note	2019	2018
13.1 The amortisation charge has been allocated as follows:			
Cost of sales - own manufactured	24	80,621	77,793
Administrative expenses	26	13,008	12,702
		93,629	90,495
14. CAPITAL WORK-IN-PROGRESS			
Plant and machinery [including in transit Rs 36.91 million (2018: Rs 2.61 million)]		60,354	38,469
Other tangible assets		9,017	36,385
Intangible assets		54,116	1,494
		123,487	76,348
14.1 The reconciliation of the carrying amount is as follows:			
Opening balance		76,348	199,194
Additions during the year		960,836	1,265,867
		1,037,184	1,465,061
Transfers during the year		(913,697)	(1,388,713)
Closing balance		123,487	76,348
15. LONG TERM TRADE DEBTS			
Considered good	15.1	294,252	-
Current portion shown under current assets	19	(85,293)	-
		208,959	-

15.1 These represent interest free receivables in respect of vehicles sold on monthly installments in accordance with the Company's policy and are recoverable within a period of 3 to 5 years. Included in these receivables is an amount aggregating to Rs 160.63 million (2018: Nil) which is due from employees of related parties (on the basis of common directorship). These have not been carried at amortised cost as the effect of discounting is not considered material.

Rupees in thousand	Note	2019	2018
16. LONG TERM LOANS			
Loans to employees - considered good			
- Key management personnel	16.1	12,466	10,270
- Others		470,836	264,100
		483,302	274,370
Current portion shown under current assets			
- Key management personnel		(4,104)	(2,866)
- Others		(132,239)	(82,481)
	20	(136,343)	(85,347)
		346,959	189,023

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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Loans to employees mainly comprise of staff welfare loan, associate loan, car loan and house rent loan.

Staff welfare loans carry interest at the rate of 11.5% per annum (2018: 7.0% per annum) and are recoverable within a period of 7 years commencing from the date of disbursement through monthly deductions from salaries.

Associate loans are interest free and are repayable between 2 to 4 years.

Car loans are interest free and are recoverable within a maximum period of 6 years commencing from the date of disbursement through monthly deductions from salaries.

House rent loans are interest free and are recoverable within a period of 3 years from the date of disbursement through monthly deduction from salaries.

All of these loans are secured against retirement benefits of employees and their guarantors, and are granted to the employees of the Company in accordance with the Company's policies.

16.1 These comprise loans to the following key management personnel: Ahmad Umair Wajid, Iqbal Ahmad, Zia Ul Hassan Khan, Muhammad Ali, Basharat Ali Rana and Amir Nazir.

The maximum amount of loan outstanding at the end of any month during the year was Rs 12.47 million (2018: Rs 15.16 million).

The loans to key management personnel of the Company have been granted under the same terms as explained above.

17. STORES AND SPARES

Most of the items of stores and spares are of interchangeable nature and can be used as machine spares or consumed as stores. Accordingly, it is not practicable to distinguish stores from spares until their actual usage.

Spares amounting to Rs 12.40 million (2018: Rs 12.40 million) are in the possession of various vendors which relate to the dies and moulds. Stores and spares include items which may result in fixed capital expenditure but are not distinguishable.

Rupees in thousand	Note	2019	2018
18. STOCK-IN-TRADE			
Raw materials [including in transit Rs 4,420.47 million (2018: Rs 4,397.77 million)]	18.1	6,896,477	6,659,408
Work-in-process		482,331	429,540
Finished goods			
- Own manufactured	18.2	449,644	467,021
- Trading stock [including in transit Rs 250.20 million (2018: Rs 112.66 million)]	18.3	842,162	652,074
		8,670,614	8,208,043

18.1 Raw materials amounting to Rs 106.30 million (2018: Rs 133.66 million) are in the possession of various vendors of the Company for further processing into parts to be supplied to the Company.

18.2 Own manufactured finished goods amounting to Rs 410.54 million (2018: Rs 157.54 million) are in the possession of various dealers as consignment stock for display at dealerships.

18.3 Trading stock amounting to Rs 19.51 million (2018: Rs 19.39 million) are in possession of various dealers as consignment stock for display at dealerships.

Rupees in thousand	Note	2019	2018
19. TRADE DEBTS			
Considered good			
Current portion of long term trade debts	15	85,293	-
Others	19.1	1,037,693	92,441
		1,122,986	92,441
Considered doubtful		16,142	16,142
Provision for doubtful debts		(16,142)	(16,142)
		-	-
		1,122,986	92,441

19.1 These include Rs 0.27 million (2018: Rs 0.24 million) receivable from Honda Access Asia Oceania Co. Limited, a related party (group company) against export sales made by the Company to Thailand. During the year, the Company made export sales amounting to Rs 3.02 million (2018: Rs 1.27 million) to the related party through purchase orders.

The maximum aggregate amount receivable from Honda Access Oceania Co. Limited at the end of any month during the year was Rs 1.02 million (2018: Rs 0.79 million).

Rupees in thousand	Note	2019	2018
20. LOANS, ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES			
Current portion of loans to employees	16	136,343	85,347
Advances - considered good:			
- to employees	20.1	394	229
- to suppliers and contractors	20.2	495,741	705,973
		496,135	706,202
Due from related parties	20.3	211,031	111,852
Recoverable from government authorities:			
- Income tax		1,304,112	468,726
- Sales tax		5,314,697	5,498,580
- Custom duty		39,152	39,152
		6,657,961	6,006,458
Custom duty paid in advance against imports		800,000	-
Prepayments	20.4	102,662	107,851
Margin held against imports		1,657,087	6,025,777
Profit receivable on bank deposits		10,193	49,686
Other receivables - considered good	20.5	102,016	42,007
		10,173,428	13,135,180

20.1 Includes advance to director of Nil (2018: Rs 0.12 million).

20.2 Includes advances against supplies to Atlas Insurance Limited, a related party (due to common directorship), amounting to Nil (2018: Rs 1.03 million). Also includes interest bearing advances to suppliers and contractors aggregating Rs 56.12 million (2018: Rs 166.21 million). Such advances carry markup at the rate of 3 months KIBOR plus 1.25%. Markup rate charged during the year on the outstanding balances ranged from 7.75% to 11.80% (2018: 7.37%).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2019

Rupees in thousand	2019	2018
20.3 Due from related parties		
Holding company		
Honda Motor Co., Ltd., Japan	4,732	2,322
Other related parties - group companies		
Asian Honda Motor Co., Ltd.	-	86,561
Honda Automobile (Thailand) Co., Ltd.	203,598	19,394
PT Honda Prospect Motor Indonesia	1,913	1,027
Honda Parts Manufacturing Corporation	-	146
PT Honda Precision Parts Mfg	788	2,229
Honda Trading Asia Co., Limited	-	173
	211,031	111,852

20.3.1 These are in the normal course of business and are interest free.

20.3.2 The maximum aggregate amount due from these related parties at the end of any month during the year was Rs 211.03 million (2018: Rs 112.05 million).

20.4 This includes prepaid insurance to Atlas Insurance Limited, a related party (on the basis of common directorship) amounting to Rs 86.82 million (2018: Rs 77.55 million).

20.5 Other receivables include an amount of Rs 1.00 million (2018: Rs 0.80 million) due from Atlas Insurance Limited, a related party (on the basis of common directorship). It is in the normal course of business and is interest free. This also includes receivable from key management personnel of the Company amounting to Rs 19.02 million (2018: Rs 7.15 million) against sale of Company cars to such employees. The maximum aggregate amount due from the related parties at the end of any month during the year was Rs 20.02 million (2018: Rs 7.95 million).

Rupees in thousand	Note	2019	2018
21. SHORT TERM INVESTMENTS			
At fair value through profit or loss			
- Units of mutual funds	21.1	564,897	7,495,257
- Treasury bills	21.2	4,203,355	13,179,643
		4,768,252	20,674,900

Rupees in thousand	Note	2019	2018
21.1 Units of mutual funds			
- Atlas Money Market Fund			
564,565 units (2018: 3,517,449 units)			
Cost: Rs 283 million (2018: Rs 1,779 million)	21.1.1	284,358	1,837,023
- Atlas Income Fund			
Nil (2018: 3,542,568 units)			
Cost: Nil (2018: Rs 1,813 million)	21.1.1	-	1,879,758
- ABL Income Fund			
Nil (2018: 5,316,212 units)			
Cost: Nil (2018: Rs 53 million)		-	55,199
- NAFA Money Market Fund			
28,460,927 units (2018: 299,306,409 units)			
Cost: Rs 267 million (2018: Rs 2,962 million)		280,539	3,071,213
- NAFA Income Opportunity Fund			
Nil (2018: 58,660,478 units)			
Cost: Nil (2018: Rs 628 million)		-	652,064
		564,897	7,495,257

21.1.1 Atlas Money Market Fund and Atlas Income Fund are managed by Atlas Asset Management Limited, a related party (on the basis of common directorship).

21.2 This represents investment in 3 months Government Treasury Bills which bear markup ranging from 10.52% to 10.53% (2018: 5.97% to 6.29%) per annum.

Rupees in thousand	Note	2019	2018
22. CASH AND BANK BALANCES			
At banks on:			
- Current accounts		103,854	73,060
- Deposit accounts	22.1	1,284,599	9,916,729
- Term deposits		-	1,000,000
		1,388,453	10,989,789
Cash in hand		3,389	3,211
		1,391,842	10,993,000

22.1 Balances in deposit accounts bear mark up which ranges from 8.25% to 9.40% (2018: 4.00% to 5.99%) per annum.

Rupees in thousand	Note	2019	2018
23. SALES			
Sales - own manufactured goods	23.1 & 23.2	111,462,010	107,851,605
Sales tax		(16,195,080)	(15,669,985)
Federal excise duty		(121,318)	-
Commission to dealers		(2,057,840)	(1,887,511)
Discount to customers	23.3	(657,025)	(1,047,986)
		92,430,747	89,246,123
Sales - trading goods		2,974,731	2,525,956
Sales tax		(276,569)	(247,185)
Commission to dealers		(620)	(2,022)
		2,697,542	2,276,749
		95,128,289	91,522,872

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2019

- 23.1** Advances from customers as at the beginning of the year, aggregating to Rs 28.41 billion (2018: Rs 26.57 billion), have been recognized as sales upon dispatch of vehicles against such advances.
- 23.2** Includes amortization of deferred revenue amounting to Rs 4.16 million (2018: Rs 4.74 million) that has been recognised in respect of deferred revenue outstanding as at the beginning of the year.
- 23.3** This represents discount to customers as explained in note 10.5 to these financial statements.

Rupees in thousand	Note	2019	2018
24. COST OF SALES			
Raw material consumed		80,771,728	74,684,759
Stores and spares consumed		222,743	185,317
Salaries, wages and benefits	24.1	1,439,440	1,320,514
Fuel and power		222,174	227,563
Insurance		71,436	61,128
Travelling and vehicle running		241,089	193,230
Freight and handling		260,463	199,711
Repairs and maintenance		133,666	111,057
Technical assistance		36,593	46,759
Depreciation on property, plant and equipment	12.3	775,695	651,356
Amortisation on intangible assets	13.1	80,621	77,793
Royalty	24.2	1,923,393	1,991,614
Canteen subsidy		85,306	80,464
Other expenses		17,332	8,835
	24.3	86,281,679	79,840,100
Opening stock of work-in-process		429,540	537,655
Closing stock of work-in-process		(482,331)	(429,540)
		(52,791)	108,115
Cost of goods manufactured		86,228,888	79,948,215
Own work capitalized		(147,192)	(115,401)
Cost of damaged cars		(19,146)	(36,392)
		86,062,550	79,796,422
Opening stock of finished goods		467,021	240,812
Closing stock of finished goods		(449,644)	(467,021)
		17,377	(226,209)
Cost of sales - Own manufactured goods		86,079,927	79,570,213
Cost of sales - Trading goods		1,744,288	1,503,564
		87,824,215	81,073,777

- 24.1** Salaries, wages and benefits include following amounts in respect of gratuity:

Rupees in thousand	2019	2018
Current service cost	25,764	21,106
Net interest on defined benefit obligation	6,082	3,894
	31,846	25,000

In addition to above, salaries, wages and benefits include Rs 40.18 million (2018: Rs 32.21 million) on account of provident fund contributions.

- 24.2** Royalty, excluding Punjab Sales Tax on services, includes amounts in respect of the following parties:

Company Name	Address	Relationship with Company	2019	2018
(Rupees in thousand)				
Honda Motor Co., Ltd., Japan	1-1, Minami-Aoyama, 2-Chome, Minato-ku,Tokyo,107-8556,Japan	Holding company	1,853,462	1,788,281
Honda Lock Mfg. Co. Japan	3700, Shimonaka Sadowara-Cho Miyazaki City Miyazaki Pref, 880-0293 Japan	Group company	3,906	3,152
Honda Access Asia Ocenia Co. Limited	2754/1 Soi Sukhumvit 66/1, Sukhumvit Rd; Kwaeng Bangna, Bangkok 10260 Thailand	Group company	46	74
Yutaka Giken Co., Ltd.	508-1, Yutaka-cho, Higashi-ku Hamamatsu-Shi SZK 431-3194	Group company	10,033	11,527
Other parties	Various	Outsiders	7,548	8,053
			1,874,995	1,811,087

- 24.3** Cost of sales includes certain inventory items written off amounting to Rs 42.64 million (2018: Rs 72.31 million).

Rupees in thousand	Note	2019	2018
25. DISTRIBUTION AND MARKETING COSTS			
Salaries, wages and benefits	25.1	237,347	257,819
Fuel and power		6,471	6,012
Insurance		14,402	10,563
Travelling and vehicle running		39,984	41,384
Freight and handling		33,295	22,123
Repairs and maintenance		32,454	9,323
Printing and stationery		17,103	16,858
Warranty costs		115,344	89,714
Advertising and sales promotion		304,325	371,243
Depreciation on property, plant and equipment	12.3	37,643	28,806
Training expenses		6,090	5,880
Canteen subsidy		10,455	9,740
Free service claims		12,493	9,939
Rent, rates and taxes	25.2	21,007	18,785
Fees and subscriptions		33,199	7,364
Others		10,175	11,353
		931,787	916,906

- 25.1** Salaries, wages and benefits include following amounts in respect of gratuity:

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2019

Rupees in thousand	2019	2018
Current service cost	4,475	3,867
Net interest on defined benefit obligation	1,056	713
	5,531	4,580
In addition to above, salaries, wages and benefits include Rs 8.70 million (2018: Rs 7.21 million) on account of provident fund contributions.		

25.2 This represents operating lease rentals.

Rupees in thousand	Note	2019	2018
26. ADMINISTRATIVE EXPENSES			
Salaries, wages and benefits	26.1	437,026	358,992
Fuel and power		5,940	5,488
Insurance		11,192	9,405
Travelling and vehicle running		55,536	50,474
Repairs and maintenance		58,776	56,685
Printing and stationery		12,329	10,230
Communications		37,288	25,963
Postage		1,704	1,157
Auditors' remuneration	26.2	10,865	8,731
Legal and professional charges		23,855	23,687
Depreciation on property, plant and equipment	12.3	68,281	53,708
Amortisation on intangible assets	13.1	13,008	12,702
Fees and subscriptions		3,286	5,338
Canteen subsidy		12,933	12,214
Security expenses		697	4,008
Training expenses		29,701	22,890
Others		17,622	15,930
		800,040	677,602

26.1 Salaries, wages and benefits include following amounts in respect of gratuity:

Rupees in thousand	2019	2018
Current service cost	7,349	5,932
Net interest on defined benefit obligation	1,734	1,094
	9,083	7,026
In addition to above, salaries, wages and benefits include Rs 12.68 million (2018: Rs 10.01 million) on account of provident fund contributions.		

Rupees in thousand	2019	2018
26.2 Auditors' remuneration		
The charges for professional services (excluding sales tax) consist of the following in respect of auditors' services for:		
Statutory audit	1,804	1,804
Half yearly review	532	532
Taxation services	3,382	4,375
Certifications and audits required by various regulations	1,109	1,411
Assistance in preparation of statutory documentation	3,289	-
Out of pocket expenses	749	609
	10,865	8,731

26.3 Administrative expenses includes operating lease rentals of Rs 1.94 million (2018: Rs 1.36 million).

Rupees in thousand	Note	2019	2018
27. OTHER INCOME			
Profit on bank deposits		261,889	488,312
Interest on loans to employees		4,365	3,792
Dividend income		433,334	-
Fair value gain on financial assets at fair value through profit or loss:			
- Realised		486,757	941,709
- Unrealised		67,886	363,246
		554,643	1,304,955
Net gain on disposal of property, plant and equipment		3,032	-
Markup on advances to suppliers		7,144	12,410
Liabilities no longer payable written back		696	14,123
Freight income - net		-	45,985
Compensation from insurer for assets destroyed in fire	27.1	36,132	-
Others		12,287	13,448
		1,313,522	1,883,025

27.1 This represents compensation received from Atlas Insurance Limited (a related party on the basis of common directorship and here-in-after referred to as the 'Insurer') in respect of insurance claim for certain assets damaged in a fire incident in June 2018 at the Company's factory. The fire damaged certain items of property, plant and equipment having a net book value of Rs 3.68 million and stock-in-trade having a carrying value of Rs 168.89 million. The Company filed an insurance claim in respect of these assets and received Rs 205.02 million in aggregate from the Insurer. Out of the insurance claim proceeds, Rs 168.89 million has been adjusted against the carrying value of damaged stock-in-trade and the remaining amount has been booked as gain in accordance with the requirements of IAS 16, 'Property, plant and equipment'.

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	Rupees in thousand	Note	2019	2018
28. OTHER EXPENSES				
Workers' welfare fund	10.7		58,548	174,952
Workers' profit participation fund	10.8		297,480	508,080
Exchange loss - net			916,733	559,517
Freight loss - net			5,869	-
Net loss on disposal of property, plant and equipment			-	2,020
Others			2,377	-
			1,281,007	1,244,569
29. FINANCE COST				
Markup on advances from customers			-	696
Bank charges			11,189	13,780
			11,189	14,476
30. TAXATION				
Current				
- For the year			1,610,902	2,424,968
- Prior years			277,091	492,702
			1,887,993	2,917,670
Deferred	8		(145,533)	66,447
			1,742,460	2,984,117
Percentage			2019	2018
30.1 Tax charge reconciliation				
Numerical reconciliation between the average effective tax rate and the applicable tax rate				
Applicable tax rate as per Income Tax Ordinance, 2001			29.00	30.00
Tax effect of:				
- change in prior years' tax			4.95	5.20
- change in tax rate			(0.46)	(0.57)
- tax credit			(0.80)	(0.89)
- super tax			2.08	-
- lower tax rates and final tax regime			(3.62)	(2.26)
			2.15	1.48
Average effective tax rate charged to statement of profit or loss			31.15	31.48

30.2 Management assessment on sufficiency of provision for income taxes

A comparison of provision on account of income taxes with most recent tax assessment for last three tax years is as follows:

Rupees in thousand	2018	2017	2016
Tax assessed as per most recent tax assessment	2,688,131	2,391,822	1,540,251
Provision in accounts for income tax	2,688,131	2,333,456	1,466,049

As at March 31, 2019, as per the treatments adopted in tax returns filed that are based on the applicable tax laws and decisions of appellate authorities on similar matters, the provision in accounts for income tax is sufficient as there are strong grounds that the said treatments are likely to be accepted by the tax authorities.

30.3 By virtue of amendments introduced through Finance Act 2018 and Finance Supplementary (Second Amendment) Act 2019, the provisions of section 5A of the Income Tax Ordinance, 2001 were amended to the effect that a listed company that derives profit for Tax Year 2019 but does not distribute at least 20% of its after tax profits within six months of the end of the said tax year through cash, shall be liable to pay tax at the rate of 5% of its accounting profit before tax. Liability in respect of such income tax, if any, is recognised when the prescribed time period for distribution of dividend expires. For Tax Year 2018, the Company has made the requisite distribution of its after tax profits as per the law applicable to Tax Year 2018.

	Rupees in thousand	Note	2019	2018
31. CASH (USED IN)/GENERATED FROM OPERATIONS				
Profit before taxation			5,593,573	9,478,567
Adjustments for:				
Depreciation on property, plant and equipment	12.3		881,619	733,870
Net gain on disposal of property, plant and equipment	27		(3,032)	-
Net loss on disposal of property, plant and equipment	28		-	2,020
Profit on bank deposits	27		(261,889)	(488,312)
Markup on advances to suppliers	27		(7,144)	(12,410)
Interest on loans to employees	27		(4,365)	(3,792)
Loss / (gain) on short term investments - units of mutual funds			127,954	(338,281)
Liabilities no longer payable written back	27		(696)	(14,123)
Finance cost	29		-	696
Provision for employees' retirement benefits and other obligations			127,932	98,589
Amortisation on intangible assets	13.1		93,629	90,495
Amortisation of deferred revenue			(4,157)	(4,737)
Royalty			1,874,995	1,811,088
Compensation from insurer for assets destroyed in fire	27		(36,132)	-
Dividend income	27		(433,334)	-
Exchange loss - net	28		916,733	559,517
Working capital changes	31.1		(26,056,007)	(1,843,282)
			(17,190,321)	10,069,905

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	Rupees in thousand	Note	2019	2018
31.1 Working capital changes				
(Increase)/decrease in current assets				
- Stores and spares			(30,225)	(4,210)
- Stock-in-trade			(631,457)	(1,549,308)
- Trade debts			(1,239,504)	(42,905)
- Loans, advances, prepayments and other receivables			3,808,641	(3,560,238)
			1,907,455	(5,156,661)
(Decrease)/increase in current liabilities				
- Trade and other payables			(27,963,462)	3,313,379
			(26,056,007)	(1,843,282)
32. CASH AND CASH EQUIVALENTS				
Cash and cash equivalents included in the statement of cash flows comprise of the following:				
- Cash and bank balances	22		1,391,842	10,993,000
- Short term investments - Treasury bills	21		4,203,355	13,179,643
			5,595,197	24,172,643

33. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount charged in the financial statements for the year for remuneration, including certain benefits to the chief executive, certain directors and other executives of the Company is as follows:

Rupees in thousand	Chief Executive		Executive Director		Non Executive Directors		Executives	
	2019	2018	2019	2018	2019	2018	2019	2018
Short term employee benefits								
Managerial remuneration	897	789	1,202	1,114	15,329	12,774	168,411	126,071
House rent and utilities	3,334	3,256	3,402	3,258	8,428	7,023	92,345	69,122
Bonus	-	-	-	-	7,919	8,249	87,084	77,868
Reimbursement of medical expenses	-	-	-	-	-	-	3,096	2,015
Meeting fee	-	-	-	-	640	480	-	-
Other allowances	4,934	9,294	7,810	8,407	2,420	1,968	27,529	57,444
Post employment benefits								
Contributions to Provident and Gratuity Funds	-	-	-	-	3,994	3,108	42,538	28,821
	9,165	13,339	12,414	12,779	38,730	33,602	421,003	361,341
Number of persons	1	1	1	1	4	3	78	61

33.1 The Chief Executive, certain directors and executives of the Company are provided with Company maintained cars and furnished accommodation.

33.2 Total number of directors of the Company (excluding Chief Executive) is 8 (2018: 8). No remuneration was paid to any of the other directors.

		2019	2018
34. EARNINGS PER SHARE			
34.1 Basic earnings per share			
Profit for the year	Rupees in thousand	3,851,113	6,494,450
Weighted average number of ordinary shares	Number in thousand	142,800	142,800
Basic EPS	Rupees	26.97	45.48

34.2 Diluted earnings per share

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

35. OPERATING SEGMENTS

Management monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment. Operating segments are reported in a manner consistent with internal reporting provided to the CODM. Segment performance is generally evaluated based on certain key performance indicators including business volume and gross profit.

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

35.1 The management has determined the operating segments based on the reports reviewed by the CODM that are used to make strategic and business decisions.

(a) Manufacturing

This segment relates to the sale of locally manufactured cars and parts.

(b) Trading

This segment relates to the trading of CBUs and parts.

35.2 Segment information

Rupees in thousand	Manufacturing		Trading		Total	
	2019	2018	2019	2018	2019	2018
Segment revenue	92,430,747	89,246,123	2,697,542	2,276,749	95,128,289	91,522,872
Segment expenses						
- Cost of sales	(86,079,927)	(79,570,213)	(1,744,288)	(1,503,564)	(87,824,215)	(81,073,777)
Gross profit	6,350,820	9,675,910	953,254	773,185	7,304,074	10,449,095
Distribution and marketing costs					(931,787)	(916,906)
Administrative expenses					(800,040)	(677,602)
Other income					1,313,522	1,883,025
Other expenses					(1,281,007)	(1,244,569)
Finance cost					(11,189)	(14,476)
Profit before taxation					5,593,573	9,478,567
Taxation					(1,742,460)	(2,984,117)
Profit for the year					3,851,113	6,494,450

35.2.1 Segment wise assets and liabilities are not being reviewed by the CODM.

NOTES TO AND FORMING PART
OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2019

36. FINANCIAL RISK MANAGEMENT

36.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, other price risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

Risk management is carried out by the Company's finance department under policies approved by the BOD. The Company's finance department evaluates and hedges financial risks based on principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity, provided by the BOD. All treasury related transactions are carried out within the parameters of these policies.

The Company's overall risk management procedures to minimise the potential adverse effects of financial market on the Company's performance are as follows:

(a) Market risk

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

The Company is exposed to currency risk arising from various currency exposures, primarily with respect to the United States Dollar ('USD'), Japanese Yen ('JPY') and Thai Baht ('THB'). Currently, the Company's foreign exchange risk exposure is restricted to the amounts receivable from / payable to foreign entities. The Company's exposure to currency risk is as follows:

In thousand	2019	2018
In USD		
Cash and bank balances	384	479
Other receivables	26	786
Trade debts	-	2
Trade and other payables	(14,837)	(34,878)
Net exposure	(14,427)	(33,611)
In JPY		
Other receivables	4,880	2,010
Trade and other payables	(410,867)	(184,507)
Net exposure	(405,987)	(182,497)
In THB		
Other receivables	46,351	5,092
Trade and other payables	(64,305)	(77,501)
Net exposure	(17,954)	(72,409)

If the functional currency, at reporting date, had weakened / strengthened by 5% against the USD with all other variables held constant, the impact on post tax profit for the year would have been Rs 70.03 million (2018: Rs 139.60 million) lower / higher, mainly as a result of exchange losses / gains on translation of foreign exchange denominated financial instruments.

If the functional currency, at reporting date, had weakened / strengthened by 5% against the JPY with all other variables held constant, the impact on post tax profit for the year would have been Rs 17.89 million (2018: Rs 7.05 million) lower / higher, mainly as a result of exchange losses / gains on translation of foreign exchange denominated financial instruments.

If the functional currency, at reporting date, had weakened / strengthened by 5% against the THB with all other variables held constant, the impact on post tax profit for the year would not have been material.

(ii) Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company is not exposed to equity price risk since there are no direct investments in equity instruments traded in the market at the reporting date. The Company is also not exposed to commodity price risk since it does not hold any financial instrument based on commodity prices.

(iii) Interest rate risk

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

At the reporting date, the interest rate profile of the Company's significant interest bearing financial instruments was:

Rupees in thousand	Note	2019	2018
Fixed rate instruments			
Financial assets			
Long term loans		64,087	41,117
Short term investments - treasury bills	21.2	4,203,355	13,179,643
Bank balances - deposit accounts		1,284,599	10,916,729
		5,552,041	24,137,489
Financial liabilities			
Net exposure		-	-
		5,552,041	24,137,489

Fair value sensitivity analysis for fixed rate instruments

The company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the reporting date would not affect profit or loss of the Company.

Cash flow sensitivity analysis for variable rate instruments

As at March 31, 2019, the Company does not hold any variable rate financial instruments.

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FOR THE YEAR ENDED MARCH 31, 2019

(b) Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk of the Company arises from deposits with banks, trade debts, investments, loans and advances and other receivables.

(i) Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

Rupees in thousand	2019	2018
Long term deposits	4,042	4,042
Long term trade debts	208,959	-
Trade debts	1,122,986	92,441
Loans, advances and other receivables	1,980,327	6,229,322
Short term investments	4,768,252	20,674,900
Balances with banks	1,388,453	10,989,789
	9,473,019	37,990,494
As of March 31, age analysis of trade debts was as follows:		
Neither past due nor impaired	332,088	-
Past due but not impaired - 1 to 180 days	999,857	92,441
Past due and impaired	16,142	16,142
	1,348,087	108,583

The credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings. The Company believes that it is not exposed to major concentration of credit risk as its exposure is spread over a significant number of counter parties.

(ii) Credit quality of financial assets

The credit quality of financial assets (mainly bank balances and investments in mutual funds) that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rate:

Banks	Rating		Rating Agency	2019	2018
	Short term	Long term		Rupees in thousand	
Banks					
Citibank N.A.	P-1	A1	Moody's	167,153	95,663
Deutsche Bank A.G.	A-2	BBB+	S&P	78,144	22,103
Faysal Bank Limited	A1+	AA	PACRA	2,540	1,021,460
Habib Bank Limited	A-1+	AAA	JCR-VIS	10,109	4,216
MCB Bank Limited	A1+	AAA	PACRA	309,759	5,107,905
National Bank of Pakistan	A-1+	AAA	JCR-VIS	715	716
Soneri Bank Limited	A1+	AA-	PACRA	273,161	3,847,145
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	537,768	841,866
The Bank of Tokyo - Mitsubishi UFJ, Limited	P-1	A1	Moody's	-	20,494
United Bank Limited	A-1+	AAA	JCR-VIS	9,104	28,221
				1,388,453	10,989,789
Mutual Funds					
ABL Income Fund	Not applicable	A(f)	JCR-VIS	-	55,199
NAFA Income Opportunity fund	Not applicable	A(f)	PACRA	-	652,064
NAFA Money Market Fund	Not applicable	AA(f)	PACRA	280,539	3,071,213
Atlas Money Market Fund	Not applicable	AA(f)	PACRA	284,358	1,837,023
Atlas Income Fund	Not applicable	AA-(f)	PACRA	-	1,879,758
				564,897	7,495,257

Due to the Company’s long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligations to the Company. Treasury bills are issued by Government of Pakistan (‘GoP’) and are sold in the primary market through auctions conducted by State Bank of Pakistan (‘SBP’). These are sovereign instruments and are backed by credit of the GoP and hence are considered as risk-free securities i.e. without any credit risk. Accordingly, the credit risk is minimal.

NOTES TO AND FORMING PART
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FOR THE YEAR ENDED MARCH 31, 2019

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the Company's businesses, the Company manages liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. At March 31, 2019, the Company had Rs 5,510 million available borrowing limits from financial institutions and Rs 1,392 million in cash and bank balances.

The table below analyzes the Company's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows as the impact of discounting is not significant.

Rupees in thousand	Carrying amount	Less than one year	One to five years	More than five years
At March 31, 2019				
Accrued markup	17	17	-	-
Unclaimed dividend	46,663	46,663	-	-
Trade and other payables	8,295,225	8,295,225	-	-
	8,341,905	8,341,905	-	-
At March 31, 2018				
Accrued markup	782	782	-	-
Unclaimed dividend	22,600	22,600	-	-
Trade and other payables	9,891,559	9,891,559	-	-
	9,914,941	9,914,941	-	-

36.2 Fair value estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (ie an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

The different levels for fair value estimation used by the Company have been explained 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 (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the financial assets and liabilities that are measured at fair value at March 31, 2019:

Rupees in thousand	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
At fair value through profit or loss				
Short term investments	564,897	4,203,355	-	4,768,252
Liabilities	-	-	-	-

The following table presents the financial assets and liabilities that are measured at fair value at March 31, 2018:

Rupees in thousand	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
At fair value through profit or loss				
Short term investments	7,495,257	13,179,643	-	20,674,900
Liabilities	-	-	-	-

There were no transfers between Levels 1 and 2 & Levels 2 and 3 during the year and there were no changes in valuation techniques during the year. The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period. Changes in level 2 and 3 fair values are analysed at the end of each reporting period during the annual valuation discussion between the Chief Financial Officer and the investment advisor.

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in Level 1.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3. The Company has no such type of financial instruments as on March 31, 2019.

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

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FOR THE YEAR ENDED MARCH 31, 2019

36.3 Financial instruments by categories

Rupees in thousand	At fair value through profit or loss	Loans and receivables	Total
As at March 31, 2019			
Assets as per statement of financial position			
Long term loans	-	346,959	346,959
Long term deposits	-	4,042	4,042
Long term trade debts	-	208,959	208,959
Trade debts	-	1,122,986	1,122,986
Loans, advances and other receivables	-	2,116,670	2,116,670
Short term investments	4,768,252	-	4,768,252
Cash and bank balances	-	1,391,842	1,391,842
	4,768,252	5,191,458	9,959,710

As at March 31, 2018

Assets as per statement of financial position			
Long term loans	-	189,023	189,023
Long term deposits	-	4,042	4,042
Trade debts	-	92,441	92,441
Loans, advances and other receivables	-	6,314,669	6,314,669
Short term investments	20,674,900	-	20,674,900
Cash and bank balances	-	10,993,000	10,993,000
	20,674,900	17,593,175	38,268,075

	Financial liabilities at amortized cost	
Rupees in thousand	2019	2018
Liabilities as per statement of financial position		
Accrued markup	17	782
Unclaimed dividend	46,663	22,600
Trade and other payables	8,295,225	9,891,559
	8,341,905	9,914,941

36.4 Offsetting financial assets and financial liabilities

There are no significant financial assets and financial liabilities that are subject to offsetting, enforceable master netting arrangements and similar agreements.

36.5 Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders or issue new shares.

Consistent with others in the industry and the requirements of the lenders, the Company monitors the capital structure on the basis of gearing ratio. This ratio is calculated as net debt divided by total equity (as shown in the statement of financial position). Net debt is calculated as total borrowings (including current and non-current borrowings) less cash and bank balances and liquid investments.

As at March 31, 2019 and March 31, 2018, there are no borrowings and the entire capital is represented by equity as shown in the statement of financial position.

The Company is not exposed to any externally imposed capital requirements.

37. TRANSACTIONS WITH RELATED PARTIES

37.1 The related parties include the holding company, subsidiaries and associates of the holding company, group companies, related parties on the basis of common directorship, key management personnel of the Company and its holding company and post employment benefit plans (Gratuity Fund and Provident Fund). The Company in the normal course of business carries out transactions with various related parties. Amounts due from and to related parties are shown under receivables and payables. Significant related party transactions have been disclosed in respective notes in these financial statements other than the following:

Rupees in thousand	Note	Holding Company	Key Management personnel	Other related parties	Total
For the year ended March 31, 2019					
Purchase of goods		8,271,914	-	40,889,455	49,161,369
Purchase of property, plant and equipment		1,076	-	37,083	38,159
Sale of goods		-	-	181,847	181,847
Insurance premium		-	-	570,221	570,221
Insurance claims		-	-	258,184	258,184
Technical assistance and training charges		52,169	-	27,193	79,362
Sale of property, plant and equipment		-	-	3,002	3,002
Dividend paid		1,656,837	-	980,949	2,637,786
Recovery booked against warranty claims		15,040	-	479,851	494,891
Short-term employment benefits	37.1.1	-	187,660	-	187,660
Post-employment benefits	37.1.1	-	16,225	-	16,225

For the year ended March 31, 2018

Purchase of goods	6,617,209	-	38,615,446	45,232,655
Purchase of property, plant and equipment	1,485	-	299,029	300,514
Purchase of intangible assets	1,698	-	-	1,698
Sale of goods	-	-	147,157	147,157
Insurance premium	-	-	544,954	544,954
Insurance claims	-	-	73,734	73,734
Technical assistance and training charges	49,052	-	33,497	82,549
Dividend paid	1,251,185	-	740,795	1,991,980
Recovery booked against warranty claims	10,055	-	183,075	193,130
Short-term employment benefits	37.1.1	-	209,637	209,637
Post-employment benefits	37.1.1	-	12,057	12,057

37.1.1 These represent remuneration of the Chief Executive, executive directors and certain executives that are included in the remuneration disclosed in note 33 to these financial statements.

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37.2 The names of related parties with whom the Company has entered into transactions or had agreements / arrangements in place during the year and whose names have not been disclosed elsewhere in these financial statements are as follows (none of these parties hold any share of the Company):

Name	Basis of relationship
Atlas Autos (Private) Limited	Common directorship
The Atlas Foundation	Common directorship
Atlas Metals (Private) Limited	Common directorship
Atlas Power Limited	Common directorship
Honda Motor China Co., Ltd.	Group company
Honda Trading China Co.,Ltd	Group company
Shanghai Honda Trading Co., Ltd.	Group company
Shirazi Trading Company (Private) Limited	Common directorship
Honda Autoparts Manufacturing M. Sdn. Bhd. - Malaysia	Group company
Atlas Battery Limited	Common directorship
Atlas Honda Limited	Common directorship
Atlas Asset Management Limited	Common directorship
Pakistan Oxygen Limited	Common directorship
Atlas Power Product (Private) Limited	Group Company
Honda Trading Corporation	Group Company
American Honda Motor Company, Inc.	Group Company
Honda Trading America Corp.	Group Company
Honda Trading(South China) Co., Ltd.	Group Company
PT. Honda Trading Indonesia	Group Company
Honda Trading Viet Nam Co., Ltd.	Group Company
Honda Assembly (Malaysia) Sdn. Bhd.	Group Company
Honda Trading Europe Ltd	Group Company
Taiwan Honda Trading Co., Ltd.	Group Company
Honda Cars Philippines, Inc.	Group Company

38. PLANT CAPACITY AND ACTUAL PRODUCTION

Number	Capacity		Production	
	2019	2018	2019	2018
Motor vehicles	50,000	50,000	48,608	50,177

The variance of actual production from capacity is primarily on account of production planned as per market demand.

Number	2019	2018
39. NUMBER OF EMPLOYEES		
Total number of employees (including contractual labour) as at March 31	2,284	2,278
Total number of factory employees (including contractual labour) as at March 31	1,876	2,023
Average number of employees during the year (including contractual labour)	2,286	2,143
Average number of factory employees during the year (including contractual labour)	1,888	1,935

40. PROVIDENT FUND RELATED DISCLOSURE

The investments by the provident fund in collective investment schemes, listed equity and debt securities have been made in accordance with the provisions of section 218 of the Act and the conditions specified thereunder.

41. SUMMARY OF SIGNIFICANT TRANSACTIONS AND EVENTS

The Company's financial position and performance was particularly affected by the following events and transactions during the reporting period:

- dividend declared amounting to Rs 3,248.70 million (refer to statement of changes in equity); and
- insurance compensation received in respect of items damaged in fire incident at Company's manufacturing facility during current year amounting to Rs 205.02 million (refer note 27).

42. CORRESPONDING FIGURES

Corresponding figures have been re-arranged and reclassified, wherever necessary, for the purposes of comparison and better presentation. However, no significant rearrangements have been made except for the following:

Rupees in thousand

Punjab infrastructure development cess payable' previously included in 'Accrued liabilities' under 'Trade and other payables' now separately presented under 'Trade and other payables'	299,964
Sindh development and maintenance of infrastructure cess payable' previously included in 'Accrued liabilities' under 'Trade and other payables' now separately presented under 'Trade and other payables'	588,547

43. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on May 20, 2019 by the Board of Directors of the Company.

44. EVENTS AFTER THE REPORTING PERIOD

The Board of Directors of the Company have proposed a final cash dividend for the year ended March 31, 2019 of Rs 12.15 per share amounting to Rs 1,735 million and a transfer of Rs 2,000 million from 'Un-appropriated profit' to 'General reserve' at their meeting held on May 20, 2019 for approval of the members at the Annual General Meeting to be held on June 27, 2019. These financial statements do not include the effect of the above appropriations which will be accounted for in the period in which they are approved.



Yusuf H. Shirazi
Chairman



Hironobu Yoshimura
Chief Executive



Ahmad Umair Wajid
Chief Financial Officer

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that 27th Annual General Meeting of shareholders of Honda Atlas Cars (Pakistan) Limited will be held on Thursday, June 27, 2019 at 10:30 a.m. at Faletti's Hotel, 24-Egerton Road, The Mall, Lahore to transact the following business:

- To confirm the minutes of the Annual General Meeting held on Thursday, June 28, 2018;
- To approve and adopt the annual audited financial statements for the year ended March 31, 2019 together with the Directors' and Auditors' reports thereon;
- To approve cash dividend @ 121.5% (Rs. 12.15/- per share) for the year ended March 31, 2019 as recommended by the Board of Directors;
- To appoint Auditors for the next financial year and fix their remuneration.

SPECIAL BUSINESS:

- To approve remuneration of Chairman & Executive directors for the year 2019-20 and adopt the following resolution:

"The remuneration of Chairman (Non-executive Director) amounting to Rs. 45.5 million (2018-19: Rs. 39.4 million) which includes allowances and other benefits be and is hereby approved for the year ending March 31, 2020."

"The remuneration of President/CEO amounting to Rs. 14.2 million (2018-19: Rs. 9.2 million) and one full-time director for Rs. 15.5 million (2018-19: Rs. 12.4 million) which includes allowances and other benefits, be and is hereby approved for the year ending March 31, 2020"
- To transact any other business with permission of the Chairman.

By order of the Board



(Maqsood ur Rehman Rehmani)

Company Secretary & Vice President (Admin.)

Lahore: June 2, 2019

NOTES:

- The share transfer books of the company will remain closed from June 17, 2019 to June 27, 2019 (both days inclusive).
- A member entitled to attend and vote at the Annual General Meeting may appoint another member as a proxy to attend and vote on his/her behalf. The proxy forms must be received at Registered Office of the Company duly stamped, signed and witnessed; not later than 48 hours before the time of the meeting.
- Any individual Beneficial Owner of Central Depository Company of Pakistan Ltd. (CDC), entitled to attend and vote at this meeting, must bring his/her CNIC or passport along with CDC account number to prove his/her identity and in case of proxy must enclose attested copy of his/her CNIC or passport. Representatives of Corporate members should bring the usual documents required for such purpose.
- Members are requested to immediately inform company's share registrar "M/s Hameed Majeed Associates, HM-House, 7-Bank Square, Lahore." of any change in their address and provide copy of their CNIC or passport (in case of foreigner) unless it has been provided earlier enabling the company to comply with the relevant laws.
- The shareholders residing in a city and collectively holding at least 10% of the total paid up share capital may demand the Company to provide the facility of video-link for participating in the meeting. The demand for video-link facility shall be received by the company at the address given hereinabove at least 7 days prior to the date of the meeting.

STATEMENT UNDER SECTION 134(3) OF THE COMPANIES ACT 2017

As per requirements of the Articles of Association of the Company, approval of the Chairman's remuneration as 'non-executive director' and remuneration of two executive directors is required to be approved by Shareholders. The remuneration of Chairman and executive directors has already been approved by the board of directors in their meeting held on May 20, 2019.

There is no specific interest of the directors in these special resolution, except that mentioned therein.

AUTHORIZED SALES, SERVICE & SPARE PARTS

35 DEALERS

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13-Banglore Town,
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34527070, 34527373,
34527474, 34527575
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Honda Defence
67/1, Korangi Road
Near HINO Circle.
Tel: (021) 35805291-4
Fax: (021) 35389648

Honda SITE
C-1, Main Manghopir Road, SITE.
Tel: (021) 32577411-2, 32564926,
32570301, 32569381
Fax: (021) 32577412

Honda South
1-B/1, Sec. 23, Korangi Industrial Area.
Tel: (021) 35050251-4
Fax: (021) 35064599

Honda Drive In
118-C, Rashid Minhas Road.
Tel: (021) 34992832-7, 34992824-5
Fax: (021) 34992823

Honda Quaideen
233-A-2, PECHS.
Tel: (021) 34556071-3, 34556510-12
Fax: (021) 34554644

HYDERABAD
Honda Palace
Shahbaz Town,
Jamshoro Road.
Tel: (0223) 6671789, 667032
Fax: (0223) 667519

RAHIM YAR KHAN
Honda Rahim Yar Khan
Shahbazpur Road, Cantt. Chowk.
Tel: (068) 5674446-8
Fax: (068) 5674445

SAHIWAL
Honda Montgomery
Sahiwal Bypass Lahore Road near PSO
Tel: 0304-111-45-45
Fax: (40) 4502082

LAHORE
Honda City Sales
75-B, Block L, Gulberg III,
Ferozepur Road.
Tel: (042) 35841100-06
Fax: (042) 35841107

Honda Fort
32 Queens Road.
Tel: (042) 36314162-3, 36309062-3,
36313925
Fax: (042) 36361076

Honda Point
Main Defence Road.
Tel: (042) 35700994-5, 35700997
Fax: (042) 35700993

Honda Gateway
15 - Km, Multan Road,
Tel: (042) 111 333 789
Fax: (042) 37511075

Honda Township
Main Peco Road,
Kot Lakhpat.
Tel: (042) 35843995-7
Fax: (042) 35943371

ISLAMABAD
Honda Classic
Plot 179, I 10/3,
Industrial Area.
Tel: (051) 4438801-5
Fax: (051) 4436446

Honda Avenue
1-Km, Koral Chowk,
Islamabad Highway,
Opp. Judicial Colony.
Tel: (051) 2326121-4, 0320 5007373
Fax: (051) 2326126

RAWALPINDI
Honda Centre
300, Peshawar Road.
Tel: (051) 5125181-5
UAN: (051) 111 300 123
Fax: (051) 5125186

MULTAN
Honda Breeze
63 Abdali Road.
Tel: (061) 4588871-3, 4547484
Fax: (061) 4588874

FAISALABAD
Honda Faisalabad
East Canal Road.
Tel: (041) 8731741-4
Fax: (041) 8524029

Honda Chenab
123 JB Raja Wala,
Green View Colony.
Tel: (041) 2603449, 2603549
Fax: (041) 2603549

Honda Lyallpur
Gattwala Toll Plaza,
Sheikhupura Road.
Tel: (041) 2423774-9

SARGODHA
Honda Citrus Fields
7-Km Lahore Road.
Tel: (048) 3225186-7
Fax: (048) 3225869

GUJRANWALA
Honda Gujranwala
G.T. Road.
Tel: (055) 3415401-3
Fax: (055) 3415407

SIALKOT
Honda Falcon
Pakki Kottli, Daska Road.
Tel: (052) 3252000, 3251251-4
Fax: (052) 3563203

MIRPUR
Honda Empire
Mian Muhammad Road, Quaid-e-Azam
Chowk, Mirpur Azad Kashmir
Tel: (05827) 451501-3
Fax: (05827) 451500

PESHAWAR
Honda North
Main University Road.
Tel: (091) 5854901, 5700807, 5700808
Fax: (091) 5854753

DERA GHAZI KHAN
Honda HiSun
Multan Road, Dera Ghazi Khan
Tel: (064) 111-690-690
Fax: (064) 2689009

AUTHORIZED SERVICE & SPARE PARTS

25 DEALERS

KARACHI
Nazimabad Honda
1-J-8/B, Nazimabad No.1.
Tel: 021-36603336-7
Fax: 021-36606444

LAHORE
Johar Town Honda
892-R-1 Main Boulevard, Johar Town.
Tel: 042-35291712 , 35291771
Fax: 042-35313366

Aabpara Honda
Aabpara Market.
16-Wahdat Road,
Tel: 042-35866932,
Fax: (042) 35912678

Samanabad Honda
Plot No.29/30,
21 Acre Scheme Samanabad.
Tel: 042-37530563 , 37530579
Fax: 042-37522099

Defence Honda
E-105, New Super Town,
Near Main Gate Defence Housing,
Society, Main Boulevard, DHA
Tel: 0333-4444455

Smart Honda
Lidhar adjacent to Shell Pump,
Near Askari-11,Main Bedian Road,
Tel: 0323-4142008

FAISALABAD
Jaranwala Road Honda
Jaranwala Road.
Tel: 041-8710616 , 8541097
Fax: 041-8738786

Civil Lines Honda
21/1 Jail Road, Civil Lines.
Tel: 041-2641925 , 2409394
Fax: 041-2641925

MIRPURKHAS
Mirpurkhas Honda
Plots # A-3 & A-4, Mustafa Town,
Hyderabad Ring Road.
Tel: 0334-3301575

SUKKAR
Clock Tower Honda
Hussaini Road, Near Gurdwara.
Tel: 071-5617683

RAWALPINDI
Royal Honda
445-Meherabad,
Peshawar Road.
Tel: 051-5462464
Fax: 051-5480990

Three Star Motor Workshop
Sitara Market
Chaklala Scheme No.3.
Tel: 051-5591219 , 5591599
Fax: 051-5480990

Swan Honda
Swan Camp G.T. Road,
Adjacent to SOS.
Tel: 0300-5550569

ISLAMABAD
Margalla Honda
Service Road, E 11/4, Block B-2,
Near Aura Grand Marque.
Tel: 0512318051-52

BAHAWALPUR
Horizon Honda
Near Zam Zam PSO Petrol Pump,
Multan Road.
Tel: 062-2886900
Fax: 062-2886900

MULTAN
Prime Honda
1- Irshad Colony,
Industrial Estate Road,
Tel: 061-6538112, 8130005
Fax: 061-6536311

OKARA
Modern Autos Honda
Near Depalpur Chowk,
Depalpur Road.
Tel: 0300-7530400 (Babar)

GUJRAT
River Edge Honda
Near Edhi Center, G.T. Road.
Tel: 053-3523511, 0300-6202195
0314-4545450

AUTHORIZED SPARE PARTS

15 DEALERS

KARACHI
Sugoi Parts Center
Shop No. 1&2 Amber Electronics
Market, M.A Jinnah Road, Karachi No. 3,
Tel: 021-32778211 & 2

Sugoi Sunset Parts Center
Plot No. 12-C, 12th Commercial Street,
Phase II, Extension D.H.A.
Tel: 021-35312766 & 68 / 0300-2000727

LAHORE
Sugoi Parts Center
Shop No. 4-6, ShamyI Center,
4-Montgomery Road.
Tel: 042-36370121 & 042-36375900

Sugoi Defence Parts Center
Shop No. 1 Corner 26/26
Main Walton Road. Lahore Cantt.
Tel: 042-36626987 & 89/0300-9404774

RAWALPINDI
Sugoi Potohar Parts Center
3 Rahim Plaza Opp. Chaklala
Cantonment Board Main Murree Road.
Tel: 051-5130340-41/ 0321-5552656

MULTAN
Sugoi Multan Parts Center
103/9 Iqbal Plaza Opp. RTO Office,
Near Feasta Garden, LMQ Road.
Tel: 061-4586160-61 / 0303-6666712

چیئر مین کا جائزہ

سالانہ رپورٹ میں میں شامل چیئر مین کا جائزہ دیگر امور کے علاوہ برائے اختتام سال 31 مارچ 2019 کو کمپنی کی کارکردگی اور مستقبل کے منظر نامے پر روشنی ڈالتا ہے۔ ڈائریکٹرز اس جائزے کے مندرجات کی توثیق کرتے ہیں۔

کاروباری ضابطہ عمل کی تعمیل کا بیانیہ

کمپنی لسٹڈ کمپنیز (کاروباری ضابطہ عمل) کے ضوابط، 2017 کے لوازمات پر پوری طرح عمل پیرا رہی ہے۔ اس حوالے سے ایک بیانیہ اس رپورٹ کے ساتھ منسلک ہے۔

ملکیتی کمپنی

جاپان میں قائم شدہ، میسرز ہنڈا موٹر کمپنی لمیٹڈ 51 فیصد حصص کے ساتھ ملکیتی کمپنی ہے۔

ملکیت حصص کی ساخت

31 مارچ 2019 کو ملکیت حصص کی ساخت اور اس کا افشاء اس رپورٹ کے ساتھ منسلک ہیں۔

آڈیٹرز

آڈیٹرز میسرز اے ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹینٹس اپنی مدت پوری کر چکے ہیں اور اہل ہونے کے ناطے برائے اختتام سال 31 مارچ 2020 کے لیے اپنی دوبارہ تقرری کی درخواست کرتے ہیں۔ آڈٹ کمیٹی نے ان کی دوبارہ تقرری کی تجویز بورڈ کے حوالے کر دی ہے۔

برائے اور منجانب:

بورڈ آف ڈائریکٹرز

H. Yoshida

ہیرونوبو یوشی مورا

پریذیڈنٹ اسی ای او

تاریخ: 20 مئی 2019

کراچی

عامراتج شیرازی

ڈائریکٹر اور سینئر ایڈوائزر

b- درست ہی کھاتے برقرار رکھے گئے ہیں؛

c- برائے اختتام سال 31 مارچ 2019 کے مالیاتی گوشواروں کی تیاری میں اکاؤنٹنگ کی موزوں پالیسیوں کو باقاعدگی میں عمل میں لایا گیا ہے اور اکاؤنٹنگ کے تخمینے معقول اور محتاط فیصلے پر مبنی ہیں؛

d- مالیاتی گوشواروں کی تیاری میں، پاکستان میں قابل اطلاق بین الاقوامی مالیاتی رپورٹنگ کے معیارات پر عمل کیا گیا ہے؛

e- انٹرئل کنٹرول کا نظام اپنی بناوٹ میں مستحکم ہے اور اس کا موثر انداز میں نفاذ اور نگرانی کی گئی ہے؛

f- آئندہ بھی ایک کاروباری ادارے کے طور پر اپنا سفر جاری رکھنے کی کمپنی کی صلاحیت پر کوئی شبہ نہیں ہے؛

g- لسٹنگ ضوابط میں بیان کردہ، کاروباری عملداری کے بہترین ضابطہ عمل میں کوئی نمایاں انحراف موجود نہیں ہے؛

h- 31 مارچ 2019 کو ایمپلائز پروویڈنٹ فنڈ اور ایمپلائز گریجویٹ فنڈ کی تحویل میں موجود سرمایہ کاریوں کی بک ویلیو بالترتیب 524.25 ملین روپے اور 413.09 ملین روپے تھی۔

i- گزشتہ دس سالوں کا اہم عملی اور مالیاتی ڈیٹا اس رپورٹ میں دیا گیا ہے۔

نمایاں تبدیلیاں

31 مارچ 2019 سے اس رپورٹ کی تاریخ تک کوئی اہم تبدیلیاں عمل میں نہیں آئیں اور اس مدت کے دوران کمپنی ایسے کسی بھی کاروباری معاہدے میں شامل نہیں ہوئی ہے جس کا کمپنی کی مالیاتی حیثیت پر منفی اثر پڑے۔

حصص کی منتقلی

زیر جائزہ مدت کے دوران ڈائریکٹرز، کمپنی سیکریٹری، چیف فنانشل آفیسر اور ان کے شریک حیات یا نابالغ بچوں کی جانب سے کمپنی کے حصص کی فروخت یا خریداری کا معاملہ عمل میں نہیں آیا۔

- روڈ سیفٹی ٹریننگز

تصادم سے پاک ایک ایسے حرکت پذیر معاشرے کے ہنڈا کے خواب کے لیے، جہاں ہمارے کسٹمرز اور سڑک پر سفر کرنے والا ہر شخص تحفظ اور اعتماد کے ساتھ سفر کی آزادی رکھتا ہو، کمپنی نے محفوظ ڈرائیونگ کی ایک انیٹیویٹڈ ویڈیو تیاری کی ہے اور مختلف کالجوں اور یونیورسٹیوں میں روڈ سیفٹی کے کئی تربیتی سیشنز کا اہتمام کیا ہے۔ علاوہ ازیں، کمپنی نے اپنے کوسٹر ڈرائیورز اور ایسوسی ایٹس کے لیے بھی محفوظ ڈرائیونگ کی ٹریننگز کا انعقاد کیا ہے۔ ان ٹریننگز کا مقصد ڈرائیونگ کے دوران بنیادی حفاظتی نکات کو اجاگر کرنا ہے۔

- سڑک کی تعمیر

کمپنی نے مین ملتان روڈ سے ہٹ کر، فیکٹری کی دیوار سے متصل سڑک کو دوبارہ تعمیر کروایا ہے جو کچھ عرصے سے بری حالت میں تھی اور اس پر ٹریفک حادثات اور سڑک جام ہونے کے ممکنہ خطرات موجود تھے۔

- سولر انرجی پنلز کی تنصیب

عمومی طور پر مقامی انڈسٹری اور خصوصی طور پر ملکی صارفین گزشتہ کئی سالوں سے توانائی کی قلت کا شکار ہیں۔ بڑھتی ہوئی تیل کی قیمتوں اور گھٹتی ہوئی حکومتی مراعات کے باعث، بجلی کی لاگت میں رفتہ رفتہ اضافہ ہو گیا ہے، اس کے علاوہ بجلی کی پیداوار کے لیے ناپید ہوتے ہوئے قدرتی ذخائر کا استعمال ایک الگ مسئلہ ہے۔ کمپنی کاربن ڈائی آکسائیڈ کے اخراج میں کمی کے لیے کیے جانے والے مختلف اقدامات کے ذریعے ماحولیاتی تبدیلی سے نمٹنے کے لیے پیش قدمی کر رہی ہے۔ دوران سال، کمپنی نے کلین انرجی سولر پنلز نصب کیے جو اسمبلی انجن، اسمبلی فائنل اور وہیکل کواٹری ڈپارٹمنٹ کو کلین انرجی سولر پنلز پر چلانے کے لیے کمپنی کی بجلی کی ضروریات کو جزوی طور پر پورا کرتے ہیں۔

کارپوریٹ اور مالیاتی رپورٹنگ کا فریم ورک

پاکستان اسٹاک ایکسچینج کی لسٹنگ ضوابط کی دفعات پر عمل درآمد کرتے ہوئے، بورڈ کے اراکین انتہائی مسرت کے ساتھ درج ذیل بیانیے ریکارڈ کرتے ہیں:

a- مالیاتی گوشوارے برائے اختتام سال 31 مارچ 2019 اس کے معاملات، عملی سرگرمیوں کے نتائج، کمیشن فلو ایڈیوٹی میں تبدیلیوں کو درست طور پر ظاہر کرتے ہیں؛

علامت بن چکے ہیں۔ ہم ہر سال کیمپس کی تعداد بڑھاتے ہوئے سہولت پہنچائے جانے والے علاقے میں اضافہ کر رہے ہیں۔ زیر جائزہ سال کے دوران، کمپنی نے مانگا منڈی، گاؤں باتھ، سندھ، تالاب سرائے، کوٹ اسد اللہ اور حویلیاں میں قائم فیکٹری کے گرد و نواح میں آٹھ مفت طبی کیمپس لگائے۔ یہ کیمپس 4,684 مریضوں کو طبی علاج کی سہولت دینے میں کامیاب رہے، یہ تعداد گزشتہ سال کے مقابلے میں 22 فیصد زیادہ ہے۔ آج کے دن تک ان کیمپس میں 16,500 سے زائد مریضوں کو مفت علاج کی سہولت فراہم کی جا چکی ہے۔

- واٹر فلٹریشن پلانٹ

عام طور پر، مانگا منڈی اور اس کے گرد و نواح میں رہنے والے لوگ زیر زمین پانی استعمال کرتے ہیں جو کہ 150 فٹ سے کم کی گہرائی سے نکالا جاتا ہے۔ پانی کا ٹیسٹ کیا گیا اور نتائج سے ظاہر ہوا کہ یہ عالمی ادارہ صحت (WHO) کی رہنما ہدایات کے مطابق پینے کے لیے موزوں نہیں ہے۔

گرد و پیش کی آبادی کی اس صورتحال کے پیش نظر، کمپنی نے مانگا منڈی کے گاؤں میں الٹرا فلٹریشن واٹر پلانٹ کی تنصیب کا آغاز کیا ہے، جو فی گھنٹہ 5,000 لیٹر پانی کی گنجائش رکھتا ہے۔ یہ فلٹریشن پلانٹ کے ارد گرد رہنے والے 20,000 سے زائد افراد کو اعلیٰ معیار کا پینے کا پانی فراہم کرے گا۔ کمپنی مختلف علاقوں میں مزید الٹرا فلٹریشن پلانٹس نصب کرنے کا ارادہ رکھتی ہے تاکہ زیادہ سے زیادہ لوگوں کو پینے کا صاف پانی مہیا کیا جاسکے۔ کمپنی اپنے گرد و پیش کے علاقوں میں رہائش پذیر افراد کی عمومی صحت اور فلاح و بہبود کی بہتری کے لیے کوشاں ہے اور مستقبل میں بھی اس مقصد کا حصول جاری رکھے گی۔

- مقامی اسکولوں کی از سر نو تعمیر

طلباء کے لیے مقامی پرائمری اسکولوں کے انفراسٹرکچر اور سہولیات میں بہتری کی خاطر ان سے تعاون کو جاری رکھتے ہوئے، کمپنی نے زیر جائزہ سال کے دوران گرلز پرائمری اسکول میں ایک کلاس روم تعمیر کروایا۔ یہ سہولت اُن طلباء کو سائبان مہیا کرے گی جو اس سے قبل اسکول کے دالان یا صحن میں بیٹھ کر اپنی کلاسز لیا کرتے تھے۔

تجربے کے نتائج کی بنیاد پر، کمپنی اگلے مالی سال میں کاروباری عملداری سے سب سے زیادہ متعلقہ خطرات کو منتخب کرتی ہے۔ اس کے علاوہ، رسک مینجمنٹ کے اقدامات کے حوالے سے معلومات کا ہر سہ ماہی میں مینجمنٹ کے اجلاس میں اشتراک کیا جاتا ہے اور اس حوالے سے پیش رفت کی باقاعدگی سے نگرانی کی جاتی ہے۔

کاروباری تسلسل کا منصوبہ

کاروباری تسلسل کے منصوبے کے جزو کے طور پر، ہمارے بنیادی سرور میں کسی قسم کا مسئلہ رونما ہونے کی صورت میں، بیک اپ سرور اور ڈیٹا کو برقرار رکھنے کے لیے دور دراز مقام پر آفات سے بحالی کی سائنس موزوں انداز میں قائم کی گئی ہیں۔

ہیومن ریسورس مینجمنٹ

مینجمنٹ کے لیے ہیومن ریسورس کی منصوبہ بندی اور مینجمنٹ کے لیے اہم ترین نکات فکر میں سے ایک ہے۔ بورڈ نے ایک HR&R کمیٹی تشکیل دی ہے جو مینجمنٹ کے اہم عملے کے انتخاب، تجربے، معاوضے اور جانشین کی منصوبہ بندی عمل میں لاتی ہے۔ یہ ہیومن ریسورس پالیسیوں اور طریقہ عمل اور ان کے میعاد جوازوں میں اصلاحات کی سفارشات بھی پیش کرتی ہے۔

صحت، سلامتی اور ماحول

ہم صحت، سلامتی اور ماحول (HSE) کے اعلیٰ ترین معیار قائم رکھنے پر یقین رکھتے ہیں تاکہ نہ صرف ہمارے ساتھ کام کرنے والے افراد بلکہ ہمارے ارد گرد کی معاشرے کی فلاح و بہبود کو یقینی بنایا جاسکے۔

CSR کی سرگرمیاں

کمپنی ”ایک ایسی کمپنی بننا جس کی موجودگی معاشرے کے لیے ضروری ہو“ بننے کا مقصد رکھتی ہے اور صحت، تعلیم، سلامتی و تحفظ اور اپنے زیرِ عمل معاشرے کی عمومی فلاح و بہبود کے شعبے میں مختلف سرگرمیوں کی منصوبہ بندی کرتی ہے۔

- مفت طبی کیمپس

گزشتہ پانچ سالوں میں مفت طبی کیمپس کمپنی کی CSR سرگرمیوں کی انفرادی

انٹرنل کنٹرول فریم ورک

کمپنی نے ایک جامع اور موثر انٹرنل کنٹرول فریم ورک کا نفاذ کیا ہے۔ دوران سال، بورڈ آڈٹ کمیٹی کی درخواست پر ہنڈاموٹر، جاپان کی جانب سے انٹرنل کنٹرول سسٹم آڈٹ، کا انعقاد کیا گیا۔ پورے ہفتے پر مشتمل آڈٹ میں ہنڈاموٹر کے معیارات کے مطابق مختلف شعبے بشمول پروڈکشن، مینجمنٹ، پلانٹ پر تحفظ، نفاذ عمل اور انٹرنل کنٹرول سسٹم شامل تھے۔ رپورٹ اطمینان بخش تھی، آڈیٹر کی جانب سے محض چند اصلاحات کی تجویز دی گئی۔

انٹرنل آڈٹ

کمپنی ایک خود مختار انٹرنل آڈٹ فنکشن کی حامل ہے۔ آڈٹ کمیٹی سہ ماہی بنیاد پر اس فنکشن کے وسائل اور اختیار کی جامعیت و درستگی کا جائزہ لیتی ہے۔ انٹرنل آڈٹ کا سربراہ اپنی ذمہ داریوں کی رپورٹ آڈٹ کمیٹی کو کرتا ہے۔ بورڈ آڈٹ کمیٹی، عملداری کے پہلوؤں کے سالانہ اور سہ ماہی تجربے کی بنیاد پر آڈٹ منصوبے کو منظور کرتی ہے۔ انٹرنل آڈٹ کا فنکشن مالیاتی، عملی اور کمپلائنس کنٹرولز پر جائزے لیتا ہے اور نتائج کی رپورٹ بورڈ آڈٹ کمیٹی، چیف ایگزیکٹو اور ڈویژنل مینجمنٹ کو کرتا ہے۔

رسک مینجمنٹ

کمپنی کی رسک مینجمنٹ پالیسی کا مقصد ہنڈا کے فلسفے کی بنیاد پر ترقی کے سفر کو مسلسل جاری رکھنا اور مینجمنٹ کو مستحکم کرنا اور کمپنی کی عملی سرگرمیوں پر اثر انداز ہونے والے ممکنہ خطرات سے نمٹنا ہے۔ علاوہ ازیں، کمپنی نے رسک مینجمنٹ کی سرگرمیوں کے لیے ایک فریم ورک تخلیق کیا ہے اور اس کے نفاذ کے لیے مزید اقدامات کر رہی ہے۔ بورڈ کے ارکان سے نامزد رسک مینجمنٹ آفیسر کمپنی کے رسک مینجمنٹ کا ذمہ دار ہے۔

خصوصی طریقہ عمل کے تناظر میں، ہنڈا گروپ کے لیے 91 رسک آئیٹمز، بشمول مگر بلا تہدید، معاشی بحران، معاشی تنزلی، شرح مبادلہ میں اتار چڑھاؤ، شرح سود میں اتار چڑھاؤ، ماحولیاتی تبدیلی اور توانائی کے مسائل کی نشاندہی کی گئی ہے۔ کمپنی، عمومی تجزیاتی معیار کو استعمال میں لاتے ہوئے خطرات کے ممکنہ اثر اور وقوع پذیری کی تعداد کی شمار بندی کرتے ہوئے خطرات کا تجزیہ انجام دیتی ہے۔

مینجمنٹ پالیسیوں اور ڈائریکٹرز کی جانب سے آپریشنز کی نگرانی سے متعلقہ فیصلے کرتا ہے۔ مزید برآں، بورڈ آف ڈائریکٹرز کمپنیز ایکٹ 2017 میں بیان کردہ اور اس کے علاوہ آرٹیکلز آف ایسوسی ایشن اور تمام متعلقہ قوانین و ضوابط میں بیان کردہ معاملات کے حوالے سے گفتگو کرتا اور فیصلے لیتا ہے۔ بورڈ آف ڈائریکٹرز نے اپنے چند اختیارات سی ای او اور بورڈ کی کمیٹیوں کو تفویض کیے ہیں تاکہ تمام تر ذمہ داریوں سے باہر ہوتے انداز میں اور بروقت عہدہ برآ ہونے کو یقینی بنایا جاسکے۔

ڈائریکٹرز کا مشاہرہ

کمپنی نے بورڈ آف ڈائریکٹرز کے لیے ایک جامع مشاہرہ پالیسی کا نفاذ کیا ہے۔ اس پالیسی کا مقصد اس بات کو یقینی بنانا ہے کہ ایگزیکٹو اور نان ایگزیکٹو ڈائریکٹرز کے معاوضے ایک ایسے جامع معیار کی ذیل میں آئیں جو کہ کمپنی کی حکمت عملی پر مبنی رہنمائی اور کامیابی کے لیے ان کے گراں قدر کردار پر مبنی ہو۔

برائے اختتام سال 31 مارچ، 2020، بورڈ نے درج ذیل کی منظوری دی ہے:

(a) چیئرمین (نان ایگزیکٹو ڈائریکٹر) کا مشاہرہ 45.5 ملین روپے (19-2018: 39.4 ملین روپے)،

(b) پریذیڈنٹ/سی ای او کا مشاہرہ 14.2 ملین روپے

(19-2018: 9.2 ملین روپے)؛ اور

(c) ایک کل وقتی ڈائریکٹر کا مشاہرہ 15.5 ملین روپے

(19-2018: 12.4 ملین روپے)۔

ہنڈا کا ضابطہ عمل

کسٹمرز اور معاشرے کا اعتماد حاصل کرنے اور مستحکم انداز میں ترقی کا سفر جاری رکھنے کے لیے، ایک کمپنی کو نہ صرف قوانین و ضوابط پر عمل پیرا ہونا چاہیے بلکہ ان قانونی ضابطوں سے بھی بڑھ کر اخلاقی کاروباری طرزِ عمل کو اپنانا چاہیے۔ کمپنی مختلف اقدامات جیسے کہ تمام موجودہ ایسوسی ایٹس میں کتابچوں کی تقسیم، جائے ملازمت پر روزانہ باواز بلند اسے پڑھنے، اور نئے ایسوسی ایٹس کو تعارفی تربیت کی فراہمی کے ذریعے ہنڈا کے ضابطہ عمل کو ہر ایک ایسوسی ایٹ میں جاگزیں کرنے کے لیے کام کر رہی ہے۔

نمبر شمار	کمیٹی کے رکن کا نام	تقریری کی تاریخ	حاضری
1	جناب فیروز رضوی چیئرمین	2 مئی 2018	3
2	جناب عامر ایچ شیرازی رکن	2 مئی 2018	4
3	جناب آکیر امورایما رکن	2 مئی 2018	2
4	محترمہ مشمومہ ہراجمید رکن	2 مئی 2018	2
5	جناب ستوشی سوزوکی رکن	2 مئی 2018	1

آڈٹ کمیٹی کے اجلاسوں میں شرکت نہ کرنے والے اراکین کی چھٹی منظور کر لی گئی تھی۔

ہیومن ریسورس اور مشاہرہ کمیٹی

ہیومن ریسورس اور مشاہرہ (HR&R) کمیٹی پانچ (5) ڈائریکٹرز (2 ایگزیکٹو ڈائریکٹرز؛ 2 نان ایگزیکٹو ڈائریکٹرز؛ اور 1 خود مختار ڈائریکٹر پر مشتمل ہے)۔ HR&R کمیٹی کا چیئرمین ایک خود مختار ڈائریکٹر ہے۔ بورڈ آف ڈائریکٹرز کی تشکیل نو کے بعد مئی 2018 میں HR&R کمیٹی کی دوبارہ تشکیل کی گئی۔

زیر جائزہ سال کے دوران، HR&R کمیٹی کا ایک اجلاس کمیٹی کی وسعت عمل کے تحت آنے والے معاملات پر گفتگو اور منظوری کے لیے منعقد کیا گیا۔ HR&R کمیٹی کے ارکان کی حاضری یہ رہی:

نمبر شمار	کمیٹی کے رکن کا نام	تقریری کی تاریخ	حاضری
1	محترمہ مشمومہ ہراجمید چیئرمین	2 مئی 2018	---
2	جناب عامر ایچ شیرازی رکن	2 مئی 2018	1
3	جناب بیرونو یوشیور رکن	2 مئی 2018	1
4	جناب کینی جی ماسو رکن	2 مئی 2018	1
5	جناب آکیر امورایما رکن	2 مئی 2018	---

HR&R کمیٹی کے اجلاسوں میں شرکت نہ کرنے والے اراکین کی چھٹی منظور کر لی گئی تھی۔

بورڈ آف ڈائریکٹرز کا کردار اور ذمہ داریاں

بورڈ آف ڈائریکٹرز کمپنی کے آپریشنز اور فنکشنز کے مجموعی انتظام اور بصیرت کی ذمہ دار ہے۔ اس حوالے سے بورڈ آف ڈائریکٹرز بنیادی معاملات جیسے کہ

نمبر شمار	ڈائریکٹر کا نام	تقرری کی تاریخ	حاضری
1	جناب یوسف ایچ شیرازی	2 مئی 2018	4
2	جناب ہیر و نو بوشیورا	2 مئی 2018	5
3	جناب عامر ایچ شیرازی	2 مئی 2018	5
4	جناب کینی چی ماٹسو	2 مئی 2018	5
5	جناب فیروز رضوی	2 مئی 2018	3
6	جناب آکیر امورایاما	2 مئی 2018	2
7	جناب ستوشی سوزوکی	2 مئی 2018	2
8	محترمہ مشومہ زہرا مجید	2 مئی 2018	3
9	محترمہ رائی میہارا	2 مئی 2018	3
	جناب ایم نعیم خان		1
	(ڈائریکٹر کے انتخاب میں تبدیل ہوئے)		
4	جناب مقصود الرحمان (کمپنی سیکریٹری)		
5	جناب احمد عمیر واجد (سی ایف او)		

بورڈ کے اجلاس میں شرکت نہ کرنے والے اراکین کی چھٹی منظور کر لی گئی تھی۔

آڈٹ کمیٹی

آڈٹ کمیٹی پانچ (5) نان ایگزیکٹیو ڈائریکٹرز پر مشتمل ہے، جن میں دو خود مختار ڈائریکٹرز شامل ہیں۔ آڈٹ کمیٹی کا چیئر مین ایک خود مختار ڈائریکٹر ہے۔ بورڈ آف ڈائریکٹرز کی تشکیل نو کے بعد مئی 2018 میں آڈٹ کمیٹی کی دوبارہ تشکیل کی گئی تھی۔

زیر جائزہ سال کے دوران، مالیاتی گوشواروں، انٹرنل آڈٹ رپورٹس، متعلقہ قوانین و ضوابط پر عمل درآمد اور دیگر منسلکہ معاملات کے جائزے اور گفتگو کے لیے آڈٹ کمیٹی کے چار (4) اجلاس منعقد ہوئے۔ ان اجلاسوں میں آڈٹ برائے اختتام سال 31 مارچ 2019 کی تکمیل سے پہلے اور بعد میں ایکسٹرنل آڈیٹرز کے ساتھ میٹنگز اور قانون کے تحت لازم دیگر باضابطہ میٹنگز بھی شامل تھیں۔

آڈٹ کمیٹی کے ارکان کی حاضری کا تناسب یہ رہا:

گزشتہ پانچ سالوں کے دوران کمپنی نے حصص مالکان کو ادائیگی کا 37 فیصد اوسط تناسب برقرار رکھا ہے، جب کہ کمپنی کی بیلنس شیٹ کو مستحکم رکھنے کے لیے غیر تقسیم شدہ منافع جات کو اپنی تحویل میں رکھا ہے۔ گزشتہ پانچ سالوں کی اسی مدت کے دوران حصص مالکان کی ایکویٹی میں 3.4 گنا اضافہ ہوا ہے، جو 2015 کے 37 فیصد کے مقابلے میں 31 مارچ 2019 کو اب 55 فیصد کے مجموعی اثاثوں پر مشتمل ہے۔

فی حصص آمدنی

فی حصص بیسک اور ڈیویڈنڈ آمدنی بعد از ٹیکس 26.97 روپے (2018: 45.48 روپے) ہے۔

بورڈ کی تشکیلی ساخت

بورڈ آف ڈائریکٹرز کی تشکیلی ساخت یہ ہے:

ڈائریکٹرز کی مجموعی تعداد:	9
(a) مرد	7
(b) خواتین	2
تشکیلی ساخت:	
(a) خود مختار ڈائریکٹر	3
(b) دیگر نان ایگزیکٹیو ڈائریکٹرز	4
(c) ایگزیکٹیو ڈائریکٹرز	2

زیر جائزہ سال کے دوران بورڈ آف ڈائریکٹرز کا انتخاب عمل میں لایا گیا۔ نتیجتاً، 2 مئی 2018 سے آغاز کرتے ہوئے تین سال کی مدت کے لیے بورڈ آف ڈائریکٹرز کی تشکیل نو کی گئی۔ بورڈ کی تشکیل کے حوالے سے کاروباری ضابطہ عمل لسٹڈ کمپنی (کوڈ آف کارپوریٹ گورننس) ریگولیشن 2017، کے تمام لوازمات کی تعمیل کی گئی۔

بورڈ کے اجلاس

زیر جائزہ سال کے دوران بورڈ آف ڈائریکٹرز کے پانچ (5) اجلاس منعقد ہوئے۔ بورڈ کے ارکان کی حاضری کی صورتحال یہ رہی:

ڈائریکٹرز کی رپورٹ

31 مارچ، 2019

ڈائریکٹرز انتہائی مسرت کے ساتھ کمپنی کی 27 ویں سالانہ رپورٹ کے ہمراہ اپنی رپورٹ برائے اختتام سال 31 مارچ 2019 آڈٹ شدہ مالیاتی گوشواروں کے ہمراہ پیش کر رہے ہیں۔

مالیاتی نتائج:

سال کے اہم مالیاتی نتائج یہ رہے:

(روپے بلین میں)

	برائے اختتام سال 31 مارچ 2019	برائے اختتام سال 31 مارچ 2018
سال کا منافع قبل از ٹیکس	5,593.57	9,478.57
ٹیکسیشن	(1,742.46)	(2,984.12)
سال کا دیگر جامع خسارہ	(49.25)	(32.50)
غیر مختص منافع	3,801.86	6,461.95
* تخصیصات:		
عمومی ذخائر میں منتقلی	(2,000.00)	(2,600.00)
اضافی ڈیویڈنڈ- NIL (41.8%: 2018)	-	(596.90)
تجویز کردہ ڈیویڈنڈ %121.5 (2018: %227.5)	(1,735.02)	(3,248.70)
	(3,735.02)	(6,445.60)
فی حصص آمدنی -- بیسک اور ڈیویڈنڈ (روپوں میں)	26.97	45.48

* بورڈ آف ڈائریکٹرز نے تخصیصات پیش کی ہیں، جنہیں کمپنیز ایکٹ 2017 کے چوتھے شیڈول کی تعمیل میں مالیاتی گوشواروں میں ظاہر نہیں کیا گیا ہے۔

ڈیویڈنڈ

ڈیویڈنڈز کی ادائیگی کے لیے کمپنی کے اس ضابطہ عمل کی پیروی میں، جو حصص مالکان کی توقعات سے بھی بڑھ کر ہوں اور مستقبل کی کاروباری ضروریات کو پورا کریں، بورڈ آف ڈائریکٹرز نے برائے اختتام سال 31 مارچ 2019 کے لیے 121.5 فیصد (12.15 روپے فی حصص) (2018: 22.75 روپے فی حصص) ڈیویڈنڈ کی تجویز دی ہے جس کی ادائیگی کا تناسب 45 فیصد (2018: 59 فیصد) ہے۔

مالیاتی حیثیت کو دوبارہ بہتر بنانے پر توجہ مرکوز کیے ہوئے ہے اور اگلے سال بہتر مالیاتی نتائج کے لیے مثبت امکانات رکھتی ہے۔ ہم ہر شعبے میں مؤثر کارکردگی، جاری اخراجات پر کنٹرول، پراڈکٹ لائن اپ میں جدت انگیزی اور کسٹمر کے اطمینان کی حد تک بعد از فروخت پر توجہ برقرار رکھیں گے۔

ع تجھکو اگر کچھ کہنا نہیں ہے تو مجھکو ہی کہنے دو

اعتراف نامہ

میں اپنے گراں قدر صارفین کا، ہماری مصنوعات پر بھروسے اور اعتماد کے باعث تہہ دل سے شکریہ ادا کرتا ہوں۔ میں ڈیلرز، وینڈرز، بینکرز، حکومتی اداروں اور حصص مالکان کا ان کے تعاون پر اور ہنڈاموٹر کمپنی اور اٹلس گروپ کا ان کی مسلسل رہنمائی پر شکر گزار ہوں۔ جناب ہیرو نو بولوشی مورا اور ان کی ٹیم انتھک محنت اور خلوص پر مبارکباد کی مستحق ہے۔ میں آئندہ برسوں میں بھی کمپنی کے لیے ڈھیر ساری کامیابیوں کے لیے دعا گو ہوں۔



یوسف ایچ شیرازی
چیئر مین

تاریخ: 20 مئی 2019
کراچی

ٹریڈنگ اینڈ ڈویلپمنٹ

ہر انسان سوچنے، سمجھنے اور تخلیق کرنے اور خواب دیکھنے کی ایک آزادانہ حیثیت اور منفرد شخصیت لے کر پیدا ہوتا ہے۔ کمپنی نہ صرف اس پر یقین رکھتی ہے بلکہ انفرادی امتیازات کا احترام اور مساوی پارٹنرز کے طور پر ایک دوسرے پر اعتماد کرتے ہوئے ان خصوصیات کی نشوونما کرتی اور انہیں فروغ دیتی ہے۔ ان خوبیوں کو اپنے ایسوسی ایٹس میں جاگزیں کرنے کے لیے، ملازمتی تبدل اور دوران ملازمت ٹریننگز کے ذریعے پورے انہماک کے ساتھ ہیومن ریسورس کی ترقی و فروغ پر توجہ مرکوز کیے ہوئے ہے، جس سے مختلف اور متنوع صلاحیتوں کے حصول کے دائرہ کار کو وسیع کرنے میں مدد ملتی ہے۔

دوران سال، کمپنی کے ایسوسی ایٹس کو مختلف انتظامی، تکنیکی اور قائدانہ ترقی و فروغ کے کورسز میں شمولیت کے لیے ہیومن ریسورسز اینڈ انڈسٹری ڈویلپمنٹ ایسوسی ایشن (HIDA) جاپان، ایشین ہنڈاموٹرز، تھائی لینڈ اور INSEAD، فرانس بھیجا گیا۔ فارمین کرسچین کالج لاہور اور IBA کراچی سے ڈپلومہ آف بزنس مینجمنٹ (DBM) کے دوسرے بیچ کا آغاز ہوا۔ شعبہ خرید کے سربراہ نے بھی LUMS سے ایگزیکٹو MBA مکمل کیا، اس کے علاوہ ایسوسی ایٹس کے لیے PIM اور LUMS لاہور میں ڈپلومہ کورسز کا انعقاد کیا گیا۔ یہ اقدامات ایسوسی ایٹس میں ان صلاحیتوں کو پروان چڑھانے میں مدد دیں گے جو کہ مستقبل کے کاروباری مسائل کا سامنا کرنے کے لیے ضروری ہیں۔

بورڈ آف ڈائریکٹرز اور بورڈ کی کمیٹیوں کی کارکردگی کا تجزیہ

بورڈ کی جانب سے نگرانی کا کردار اور اس کی مؤثر پذیری کا تجزیہ ایک مسلسل عمل ہے، جس کا تخمینہ خود بورڈ لگاتا ہے۔ قابل توجہ بنیادی پہلو یہ ہیں:

☆ کمپنی کے وژن اور مشن کے ساتھ کاروباری اہداف اور مقاصد کی ہم آہنگی؛

☆ قابل استحکام عمل پذیری کے لیے حکمت عملی کی تخلیق؛

☆ بورڈ کی خود مختاری؛ اور

☆ بورڈ کی کمیٹیوں کی کارکردگی اور اس کے حوالے سے متعلقہ زیر غور نکات و مراحل میں درج کردہ ان کی ذمہ داریوں کی انجام دہی کا تجزیہ۔

مستقبل کا منظر نامہ

بین الاقوامی اور ملکی دونوں محاذوں پر موجود مسائل، آئندہ پیش آمدہ مشکل صورتحال میں استحکام کو یقینی بنانے کے لیے سوچی سمجھی اور فیصلہ کن پالیسی کا تقاضہ کرتے ہیں۔ معاشی حوالے سے، ارتقاء پذیر پیش رفت سے یہ بات ظاہر ہے کہ اسٹریکچر میں موجود مسائل سے نمٹنے کے لیے اقدامات کی ضرورت ہے۔ یہ، اور اس کے ساتھ ساتھ بیرونی فنڈنگ کی سہولت، توازن ادائیگی کی کیفیت کو بے انتہا سہارا فراہم کرے گی۔ پاکستان کے لیے، CPEC غیر ملکی سرمایہ کاری کا بدستور سب سے بڑا ذریعہ ہے۔ وزیر اعظم کی جانب سے کیے جانے والے دورہ چین نے اگلے مرحلے میں داخل ہونے کے لیے دونوں ممالک کو سہولت فراہم کی ہے جس کے تحت باہمی تعاون کے شعبوں کو مزید وسعت ملے گی۔ توانائی کی بلند تر قیمتوں کے باعث خام مال کی بڑھتی ہوئی لاگتیں اور شرح مبادلہ میں تخفیف کا تاخیری اثر مجموعی طلب میں اعتدال کے باوجود ممکنہ طور پر فراطرز پر بالائی دباؤ برقرار رکھیں گے۔ مالی استحکام کے لیے قلیل المیعاد اقدامات متوسط میعاد کی اسٹریکچرل اصلاحات کے نفاذ کے ساتھ ہم آہنگ کیا جانا چاہیے۔ معیشت کو استحکام حاصل ہوتے ہی، توقع ہے کہ معیشت اپنی ترقی کا سفر دوبارہ شروع کر دے گی، جس سے آٹوموبائلز کی طلب میں بھی خاطر خواہ اضافہ ہوگا۔

کمپنی نے طویل المیعاد مستحکم قیادت کی بنیاد رکھ دی ہے اور منافع بخش ترقی، مالیاتی سہولت اور شاندار عملی معیار کے حصول کے لیے پُر عزم ہے۔ کمپنی

منافع 30.10 فیصد کی کمی کے ساتھ 10.449 بلین روپے سے گزر کر 7.304 بلین روپے ہو گیا۔ اس کی وجہ مذکورہ بالا عوامل تھے اور پیداواری لاگت پر اس کا خاطر خواہ اثر پڑا۔ کمپنی نے کار کی قیمتوں میں اضافہ کیا، لیکن پھر بھی اس نے لاگت کے مکمل فرق کو اپنے کسٹمرز کی جانب منتقل نہیں کیا اور اس کا کچھ حصہ خود برداشت کیا، جس سے کمپنی کے منافع جات میں نمایاں کمی آئی۔

فروخت اور عمومی انتظامی (SGA) اخراجات 8.61 فیصد کے سال بہ سال اضافے کے ساتھ 1.594 بلین روپے سے بڑھ کر 1.732 بلین روپے ہو گئے۔ دیگر آمدنی 30.24 فیصد کی کمی کے ساتھ 1.883 بلین روپے سے گھٹ کر 1.314 بلین روپے ہو گئی، جس کی بنیادی وجہ کاروباری سرمائے کے لوازمات کو پورا کرنے کے لیے قلیل المیعا سرمایہ کاری کا وصول تھا۔ مالیاتی اور دیگر چارجز 1.292 بلین روپے ریکارڈ کیے گئے، یعنی ان میں گزشتہ سال کے مقابلے میں 2.63 فیصد سے اضافہ ہوا۔ نتیجتاً، کمپنی نے 40.99 فیصد کی کمی کے ساتھ 9.479 بلین روپے کے مقابلے میں 5.594 بلین روپے کا قبل از ٹیکس منافع حاصل کیا۔ حتمی منافع بعد از ٹیکس گزشتہ سال کی اسی مدت میں حاصل کردہ 6.494 بلین روپے کے مقابلے میں 3.851 بلین روپے رہا۔ چنانچہ فی حصص منافع بھی گزشتہ سال کے 45.48 روپے کے مقابلے میں 26.97 روپے ہو گیا۔

لگا تار تیسرے سال بھی، کمپنی کو سب سے زیادہ ٹیکس ادا کرنے والی کمپنی کے طور پر کسٹم اتھارٹی، پنجاب ریجن کی جانب سے پہلی پوزیشن عطا کی گئی۔ دوران سال، کمپنی نے سیلز ٹیکس، کسٹم ڈیوٹی، انکم ٹیکس اور دیگر سرکاری محصولات کی مد میں حکومت کو 32.227 بلین روپے ادا کیے۔ مجموعی طور پر 1994 سے، کمپنی قومی خزانے میں 207.837 بلین روپے کے ٹیکسز ادا کر چکی ہے۔

اور جنوری 1997 میں 'سٹی' کو اپنی لائن اپ میں شامل کرتے ہوئے کاروباری سرگرمیوں کا آغاز کیا۔ دسمبر 2005 میں اس نے 100,000 ویں اور 2012 میں 200,000 ویں یونٹ کی مجموعی پیداوار کا سنگ میل عبور کیا۔ جبکہ 2016 میں 300,000 یونٹ اور صرف دو سال بعد 400,000 ویں یونٹ کی پیداوار کا ہدف حاصل کیا۔

☆ ہنڈا سٹی کی اب تک کی بلند ترین سیلز

ہنڈا سٹی اپنے 1300cc کے شعبے میں جاذب نظر ڈیزائن اور آرام دہ اسٹرکچر، معیار، اعلیٰ تر خصوصیات اور مناسب قیمت کے باعث بدستور اپنی مثال آپ ہے۔ اس ماڈل نے گزشتہ سال کے مقابلے میں 18.31 فیصد کے اضافے سے 24,687 یونٹس کی اب تک کی بلند ترین سیلز ریکارڈ کی ہیں۔

☆ نئی ڈیلرشپس کا اضافہ

دوران سال، بالترتیب لاہور اور فیصل آباد میں دو نئی ڈیلرشپس کا اضافہ کیا گیا۔ نئی ڈیلرشپس موجودہ اور نئے کسٹمرز کو معیاری سیلز اور بعد از فروخت سروسز کے ساتھ مزید سہولیات فراہم کریں گی۔ مستقبل میں، کمپنی مختلف خطوں میں اپنی موجودگی کی وسعت پذیری جاری رکھے گی۔

مالیاتی نتائج

مخالفانہ صورتحال سے قطع نظر، کمپنی سال 31 مارچ، 2019 کے اختتام پر مجموعی طور پر ایک مثبت کاروباری کارکردگی کا پیغام دے سکتی ہے۔ اعداد و شمار میں چند معمولی تیزیوں کے باوجود، کمپنی کی عملی سرگرمیوں کے نتائج، مالیاتی حیثیت اور حتمی اثاثے اس کی مستحکم مالی حالت کی عکاسی کرتے ہیں۔ اس سال، کمپنی نے گزشتہ سال کے 91.523 بلین روپے کے مقابلے میں 95.128 بلین روپے کا بلند ترین سیلز ریوینیو حاصل کیا۔ اس اضافے کی بنیادی وجہ دوران سال قیمتوں پر کی جانے والی نظر ثانی تھی۔ تاہم، مجموعی

اس سے زائد کی کاروں کا شعبہ 5.33 فیصد سے اضافے کا حامل رہا۔ 800cc تک کا زیریں شعبہ گزشتہ سال 12.93 فیصد سے تنزلی کا شکار رہا جس کی بڑی وجہ موجودہ ماڈل کا خاتمہ تھا۔ 4.03 فیصد کی معمولی گروتھ کی بڑی وجہ گزشتہ سال کے بیک آرڈرز کی نئے سال میں منتقلی تھی۔ مذکورہ بالا منفی وجوہات نے کسٹمرز کو باندھے رکھا اور نئے آرڈرز میں نمایاں طور پر کمی آئی۔

چنانچہ، ایک دہائی سے زیادہ کا عرصہ گزر جانے کے باوجود 2005 میں دیکھا گیا 5 لاکھ یونٹس کی صنعتی پیداوار کا خواب اب بھی بہت دور نظر آتا ہے! اس کی بنیادی وجہ ان باقاعدہ اور معاون پالیسیوں کا فقدان رہا ہے جو کہ کسی بھی صنعت کی ترقی اور مطلوبہ فوائد کے حصول کے لیے لازمی ہوتی ہیں!

کمپنی

زیرِ جائزہ سال کے دوران، کمپنی کی پیداوار گزشتہ سال کے 50,177 یونٹس کے مقابلے میں 48,608 یونٹس رہی، جبکہ سیلز 2.90 فیصد کی تنزلی کے ساتھ، گزشتہ سال کے 50,100 یونٹس کے مقابلے میں 48,648 فیصد رہی۔ مشکل معاشی صورتحال کے باوجود، کمپنی پیداواریت اور سیلز کے لحاظ سے اپنے دوسرے درجے پر بہترین نتائج حاصل کر پائی۔

مارچ 2019 کے اختتام پر سال کے اہم پیلو درج ذیل ہیں:

☆ 400,000 ویں یونٹ کی پیداوار کا جشن

کمپنی نے اکتوبر 2018 میں 400,000 یونٹ کی مجموعی پیداوار حاصل کی۔ یہ بے مثال سنگ میل کسٹمرز کے اعتماد اور کمپنی کی مصنوعات کی مستحکم طلب کو ظاہر کرتا ہے۔ اس ہدف کے حصول میں تمام ماڈلز نے اپنا کردار ادا کیا، جس میں بنیادی طور پر 53 فیصد حصہ 'سٹی' اور 44 فیصد حصہ 'سو' کا رہا۔ 2017 میں متعارف کروائے گئے BR-V ماڈل نے قابلِ اطمینان 3 فیصد کی مجموعی پیداوار حاصل کی۔

کمپنی نے مئی 1994 میں 5th جزییشن 'سو' کو متعارف کرواتے ہوئے

حالیہ زری اور مالیاتی اقدامات نے ملکی طلب کو متاثر کیا ہے۔ حکومت کے ابتدائی منصوبوں کے پیش نظر، بعض تصفیاتی پالیسی اقدامات کی توقع کی جاسکتی ہے، لیکن موجودہ انتہائی غیر مستحکم صورتحال کے باعث صنعتی ترقی کے لیے فوری نوعیت کے اقدامات درکار ہیں۔

آٹوموبائل انڈسٹری

کئی وجوہات کی بناء پر یہ سال آٹوموبائل انڈسٹری کے لیے ایک مشکل سال ثابت ہوا۔ محصولاتی اندراج میں اضافے کی غرض سے، مالی بجٹ 2018-19 میں نان فاکٹرز پر نئی کاروں کی خریداری پر پابندی عائد کر دی گئی۔ اس کے علاوہ 1700cc اور اس سے زائد کی مقامی طور پر تیار کردہ گاڑیوں پر 10 فیصد FED عائد کیا گیا۔ یہ دونوں اقدامات ناموافق صنعتی ردعمل کا باعث بنے۔ اول الذکر اقدام کو اس سال کے آغاز میں واپس لے لیا گیا تھا۔ تاہم، دوسرے اقدام کو بھی حکومت نے جلد واپس لینے کا عندیہ دیا ہے۔ ان بے قاعدہ پالیسیوں نے مارکیٹ میں انتہائی بے یقینی کی کیفیت پیدا کر دی ہے۔ علاوہ ازیں، امریکی ڈالر کے مقابلے میں پاکستانی روپے میں 30 فیصد سے زائد بے نظیر تخفیف قدر نے سال کے دوران قیمتوں پر لاگت میں اضافے کے اثرات پیدا کیے کیونکہ فنکشنل اور ہائی ٹیک پارٹس درآمد کیے جاتے ہیں اور مقامی مارکیٹ سے ان کا متبادل دستیاب نہیں ہوتا۔ مارک اپ کی شرح میں اضافے نے بینکوں کے ذریعے ہونے والی خریداریوں پر منفی اثر ڈالا ہے۔ نتیجتاً نئی بلنگز میں اس مدت کے دوران 40 فیصد سے زائد کی کمی آئی ہے۔

زیرِ جائزہ سال کے دوران، مجموعی صنعتی پیداوار 4.03 فیصد کے اضافے سے 230,728 یونٹس ہو گئی جبکہ صنعتی سیلز 2.57 فیصد کے معمولی اضافے سے 225,062 یونٹس پر ٹھہر گئیں۔ 801cc سے 1000cc کی کاروں کی فروخت میں 17.92 فیصد کا اضافہ دیکھنے میں آیا جبکہ 1300cc اور

چیرمین کا جائزہ

31 مارچ 2019

ماہ کے درآمدی کور سے کم ہیں۔ پاکستانی روپے کی قدر میں 2018 کے دوران اس کی مجموعی مالیت کے ایک تہائی حصے کی کمی واقع ہوئی، تاہم پھر بھی نومبر 2018 کے اختتام سے قدرے مستحکم رہ کر 141 پر بند ہوا۔ اسٹاک مارکیٹ میں پورا سال تنزلی کا رجحان بدستور جاری رہا اور مارچ 2019 کے اختتام پر پی ایس ایکس 100 انڈیکس 38,649 پوائنٹس پر بند ہوا۔ مذکورہ بالا کئی معاشی صورتحال کے تناظر میں، SBP نے استحکام کے حصول کے لیے اپنی پالیسی کی شرح میں 10.75 فیصد تک اضافہ کر دیا۔ اس سے جنوری 2018 سے 5 فیصد کے مجموعی اضافے کا اظہار ہوتا ہے۔

زراعت

زراعت کا شعبہ پاکستان کی معاشی ترقی کے لیے مسلسل بنیادی اہمیت کا حامل رہا ہے۔ تاہم، دورانِ سال، اس شعبے کی کارکردگی اتار چڑھاؤ کا شکار رہی۔ اہم فصلوں کی پیداوار کے حالیہ ترین تخمینے گزشتہ سال کے مقابلے میں کم رہنے کی توقع ہے۔ خصوصاً پانی کی قلت کے باعث اہم خریف فصلوں کی پیداوار میں نمایاں کمی دیکھی گئی۔ ربیع کی اہم ترین فصل، گندم کی پیداوار کھاد کی ناکمل خریداری اور نامناسب موسمی حالات کے سبب متاثر ہوئی۔ تاہم، زرعی مصنوعات کی قیمتوں میں ہونے والے حالیہ اضافے نے ان نقصانات کے اثرات کو جزوی طور پر ختم کر دیا جس سے دیہی علاقوں میں لیکوئڈٹی کو یقینی بنانے میں مدد ملی۔

بڑے پیمانے کی پیداواریت

صنعتی شعبہ عوامی اور نجی دونوں استعمالات میں سست رفتاری کا آئینہ دار ہے۔ نتیجتاً، LSM میں مالی سال 2017-18 کے دوران ہونے والی خاطر خواہ 6.1 فیصد گروتھ کے مقابلے میں 9MFY19 کے دوران 1.72 فیصد سے کمی آگئی۔ کارکردگی میں اس تنزلی کی بڑی وجہ تعمیراتی-اتحادی صنعتوں اور پائیدار صارفی اشیاء کی سست رفتار شرح پیداواریت کو قرار دیا جاسکتا ہے کیونکہ

میں، 31 مارچ 2019 کو مالی سال کے اختتام پر کمپنی کی 27 ویں سالانہ رپورٹ پیش کرتے ہوئے انتہائی خوشی محسوس کر رہا ہوں۔

معیشت

ملکی معاشی صورتحال مستحکم شرح مبادلہ کی حیثیت برقرار رکھنے اور دوہرے خسارے کو روکنے کے لیے حکومت کی جانب سے اسٹرکچر میں معمولی بہتری کے مسائل کے باعث پست رہی۔ نتیجتاً، GDP کی ترقی کی رفتار ازسرنو طے پا کر 3.5 فیصد کی تنزلی پر آگئی۔ CPI افراط زر میں 7.2 فیصد کی خاطر خواہ شرح سے اضافہ ہوا جس کی وجہ توانائی کی قیمتوں میں اضافہ اور پاکستانی روپے کی تخفیف قدر کے وسیع تر اثرات تھے۔ مالی خسارہ ریونیوز میں معمولی بہتری اور قرضے اور سیکورٹی سے متعلقہ اخراجات میں اضافے کے باعث گزشتہ چھ سالوں میں سب سے زیادہ GDP کے 6.9 فیصد تک پہنچنے کی توقع ہے۔ بیرونی محاذ پر، مالیاتی اقدامات میں بہتری نظر آنا شروع ہوگئی ہے۔ کرنٹ اکاؤنٹ کا خسارہ 9MFY19 میں کم ہو کر 9.6 بلین امریکی ڈالرز پر آگیا ہے، گویا گزشتہ سال کے مقابلے میں اس میں 29 کمی واقع ہوئی ہے۔ اس کی بنیادی وجہ 39.3 بلین امریکی ڈالرز کے مجموعی درآمدی بل میں 5 فیصد کی تیز رفتار تنزلی ہے، جبکہ برآمدات کی کارکردگی اتار چڑھاؤ کی حامل رہی۔ ہوم ریٹینینسز 8.7 فیصد کی گروتھ کے ساتھ 16 بلین امریکی ڈالرز پر مستحکم رہی۔

تاہم، کرنٹ اکاؤنٹ کے خسارے کی سرمایہ کاری ناکافی آمد زر کے باعث مشکلات کی حامل رہی۔ نئی حکومت نے توازنِ ادائیگی کو بہتر کرنے کے لیے دوطرفہ وسائل جمع کیے ہیں جبکہ ساتھ ہی ساتھ ابتر معاشی صورتحال کو سہارا دینے کے لیے بین الاقوامی مالیاتی فنڈ کے ساتھ گفت و شنید کا بھی آغاز کیا۔ اسٹیٹ بینک آف پاکستان (SBP) کے زیر مبادلہ کے ذخائر رفتہ رفتہ بہتر ہو کر 10.5 بلین امریکی ڈالرز پر واپس آگئے۔ تاہم، اس کے باوجود یہ تین

FORM OF PROXY

FOR THE YEAR ENDED MARCH 31, 2019

Company Secretary,
Honda Atlas Cars (Pakistan) Ltd.,
1-Mcleod Road, Lahore.

I/We _____ of _____
_____ being member(s) of Honda Atlas Cars (Pakistan) Limited
having Folio No. / CDC Participant I.D No. _____ and _____ number of shares, hereby
appoint Mr./Ms. _____ of _____
who is also a member of the Company having Folio No. _____ and _____
number of shares, as my/our proxy in my/our absence to attend and vote for us on my/our behalf at the Annual General
Meeting of the Company to be held on Thursday, June 27, 2019 at 10:30 a.m. at Faletti's Hotel, 24-Egerton Road, Lahore
and at any adjournment thereof.

Signed on this _____ day of _____ 2019.

Witness 1:

Signed: _____
Name: _____
Address: _____
CNIC / Passport No. _____

Witness 2:

Signed: _____
Name: _____
Address: _____
CNIC / Passport No. _____

NOTES:

1. A member entitled to attend and vote at the Annual General Meeting of the Company is entitled to appoint a proxy to attend and vote instead of his/her. No person shall act, as a proxy who is not a member of the Company except that a corporation may appoint a person who is not a member.
2. The instrument appointing a proxy shall be in writing under the hand on the appointer or his constituted attorney or if such appointer is a corporation or company, under the common seal of such corporation or company.
3. The Form of Proxy, duly completed, must be deposited at Company's registered office, 1-Mcleod Road, Lahore not less than 48 hours before the time of holding the meeting.

Signature of Shareholder

Signature of shareholder should
match the specimen signature
registered with the Company

Affix Rs. 5/-
Revenue
Stamp here

Secretary,
Honda Alas Cars (Pakistan) Limited
 1-Mcleod Road,
 Lahore.

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